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## 刊發發售通函

### DEEP DEVELOPMENT 2025 LIMITED

（於英屬維爾京群島註冊成立的有限公司）

**7,750,000,000港元於2032年到期利率為0.75%的有擔保可交換債券**  
**由下方提供無條件及不可撤回的擔保**



**中国石油化工集团有限公司**

（於中華人民共和國註冊成立之國有有限責任公司）

**可交換為中国石油化工股份有限公司H股**

（於中華人民共和國註冊成立之股份有限公司）

（上海證券交易所證券代號：**600028**；香港聯合交易所證券代號：**00386**）  
**債券代號：5570**

獨家全球協調人、獨家牽頭經辦人及獨家賬簿管理人

高盛(亞洲)有限責任公司

財務顧問

中信證券(香港)有限公司

本公告乃根據香港聯合交易所有限公司(「香港聯交所」)證券上市規則(「《上市規則》」)第37.39A條刊發。茲提述發行人於2025年5月20日就債券在香港聯交所上市所發佈的上市通知。

請參閱隨附的日期為2025年5月13日的發售通函(「發售通函」)，內容關於Deep Development 2025 Limited(「發行人」)發行、由中国石油化工集团有限公司(「擔保人」)無條件及不可撤回擔保的7,750,000,000港元於2032年到期利率為0.75%的有擔保可交換債券(「債券」)。如發售通函所披露，債券僅供專業投資者(定義見《上市規則》第37章)購買，並按照該基準在香港聯交所上市。

發售通函不構成任何司法管轄區向公眾發售證券的招股章程、通知、通函、手冊或廣告，亦非邀請公眾提出要約以認購或購買任何證券，亦非為邀請公眾提出要約以認購或購買任何證券而分發。

香港，2025年5月21日

截至本公告日期，發行人董事會由兩名董事組成，分別為趙立和孫曉光。

截至本公告日期，擔保人董事會由九名董事組成，分別為馬永生、趙東、鐘韜、吳向東、陳玉明、陳碧、周渝波、馮樹臣和秦都。

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**Confirmation of Your Representation:** The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to the Issuer, the Guarantor and the Sole Lead Manager that (1) you are not in the United States and are not a U.S. person nor acting for the account or benefit of a U.S. person and, to the extent you purchase the securities described in the attached Offering Circular, you will be doing so pursuant to Regulation S under the Securities Act; (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions; (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission; (4) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are not a “connected person” (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”)) of Sinopec Corp. (as defined in the attached Offering Circular), which includes but is not limited to any director, chief executive or substantial shareholder of Sinopec Corp. or any of its subsidiaries or any associate of any of them within the meaning of the Listing Rules; and (5) you (and any nominee and any person on whose behalf you are subscribing for the securities to which the attached Offering Circular relates) are, and will immediately after completion of the offering of such securities be, independent of and not acting in concert with, any of such connected persons in relation to the control of Sinopec Corp.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. The Sole Lead Manager will provide a hard copy version to you upon request.

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Except with respect to eligible investors in jurisdictions where such offer or invitation is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Lead Manager or any affiliate of the Sole Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Sole Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver or forward this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached Offering Circular.

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**DEEP DEVELOPMENT 2025 LIMITED**  
(incorporated in the British Virgin Islands with limited liability)

**HK\$7,750,000,000 0.75 per cent. Guaranteed Exchangeable Bonds due 2032**  
**Unconditionally and Irrevocably Guaranteed by**



**CHINA PETROCHEMICAL CORPORATION**  
(中国石油化工集团有限公司)

(a state-owned limited liability company incorporated in the People's Republic of China)

**Exchangeable for the H shares of**  
**CHINA PETROLEUM & CHEMICAL CORPORATION**  
(中国石油化工股份有限公司)

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

**(Shanghai Stock Exchange Stock Code: 600028; Hong Kong Stock Exchange Stock Code: 00386)**

**Issue Price: 100.00 per cent.**

The HK\$7,750,000,000 0.75 per cent. guaranteed exchangeable bonds due 2032 (the "**Bonds**") will be issued by Deep Development 2025 Limited (the "**Issuer**") and will be unconditionally and irrevocably guaranteed (the "**Guarantee**") by China Petrochemical Corporation (中国石化集团有限公司) (the "**Guarantor**" or the "**Company**"). The Bonds will be exchangeable into the H shares of RMB1.00 par value each (the "**H Shares**") in the capital of China Petroleum & Chemical Corporation (中国石油化工股份有限公司) ("**Sinopec Corp.**").

The Bonds will bear interest on their outstanding principal amount from and including 20 May 2025 (the "**Issue Date**") at the rate of 0.75 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear on 20 May and 20 November in each year, beginning on 20 November 2025. All payments of principal, premium (if any) and interest in respect of the Bonds or the Guarantee will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed within the British Virgin Islands or the PRC or any other jurisdiction in which the Issuer or the Guarantor (or any successor to the Issuer or the Guarantor) is organised or tax resident, in each case including any political subdivision, territory or possession thereof, any authority therein having power to tax or any area subject to its jurisdiction, or any jurisdiction from or through which any payment is made to the extent described under "**Terms and Conditions of the Bonds – Taxation**".

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at 109.27 per cent. of their principal amount together with accrued and unpaid interest thereon on 20 May 2032 (the "**Maturity Date**"). At any time the Issuer may (or, if the Guarantee was called, the Guarantor), having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (as defined in the terms and conditions of the Bonds set out in "**Terms and Conditions of the Bonds**" (the "**Conditions**")), redeem all but not some only of the Bonds for the time being outstanding on the date specified in the Tax Redemption Notice at the Early Redemption Amount (as defined in the Conditions) together with interest accrued but unpaid to (but excluding) such date in the event of certain changes relating to taxes, as further described in and subject to the Conditions. The Bonds may also be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Issuer Optional Redemption Date (as defined in the Conditions) (if any) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights (as defined in the Conditions) shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued. Following the occurrence of a Change of Control or a De-listing Event (each as defined in the Conditions), the holder (as defined in the Conditions) of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date (as defined in the Conditions) or, as the case may be, the De-listing Event Put Date (as defined in the Conditions) at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date (if any). The holder of each Bond will also have the right to require the Issuer to redeem all or some only of the Bonds of such holder on 20 May 2028 (the "**First Optional Put Date**") at 103.82 per cent. of their principal amount or on 20 May 2030 (the "**Second Optional Put Date**", and the First Optional Put Date, each an "**Optional Put Date**") at 106.49 per cent. of their principal amount, together in each case with interest accrued but unpaid to (but excluding) such Optional Put Date. See "**Terms and Conditions of the Bonds – Redemption and Purchase**".

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3(a) of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3(a) of the Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

The denomination of the Bonds will be HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof.

The Guarantor will enter into a deed of guarantee (the "**Deed of Guarantee**") with Citicorp International Limited (the "**Trustee**") on the Issue Date. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3(a) of the Conditions, at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.

The Guarantor will undertake to register or cause the Deed of Guarantee and other related documents to be registered with the State Administration of Foreign Exchange of the PRC or its local branch ("**SAFE**") within 15 PRC Business Days (as defined in the Conditions) after the Issue Date in accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理规划) promulgated by SAFE on 12 May 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理操作指引) promulgated by SAFE on 12 May 2014 ("**Cross-Border Security Registration**"). The Guarantor will also undertake to (i) use its best endeavours to complete the Cross-Border Security Registration and obtain a valid SAFE outbound guarantee registration form and related business registration evidence (业务登记凭证) from SAFE or any other document evidencing the completion of registration issued by SAFE; and (ii) ensure that the registration from SAFE in respect of the giving of the Guarantee of the Bonds remains in full force and effect for so long as the Bonds remain outstanding and comply with all applicable PRC laws and regulations in relation to the Deed of Guarantee.

The Guarantor has made an application for the pre-issuance registration of the offering of the Bonds with the National Development and Reform Commission (the "**NDRC**") in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企业中长期外债审核登记管理办法(国家发展和改革委员会令第56号)) issued by the NDRC and effective from 10 February 2023 ("**Order 56**"), and has obtained a certificate of registration from the NDRC dated 3 January 2025 (the "**NDRC Pre-issuance Registration Certificate**"). The Guarantor will undertake to (i) within ten PRC Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with Order 56 and (ii) comply with the continuing obligations under Order 56 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

The Guarantor will also undertake to file or cause to be filed with the China Securities Regulatory Commission (the "**CSRC**") within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境内企业境外发行证券和上市管理试行办法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time (the "**CSRC Filing Rules**") and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

Each Bondholder will have the right to exchange all or any of its Bonds at any time during the Exchange Period (as defined in the Conditions) for a *pro rata* share (as defined in the Conditions) of the Exchange Property (as defined below) as at the relevant Exchange Date (as defined in the Conditions). On exercise of Exchange Rights, Bondholders will initially be entitled to receive 166,666.6667 H Shares in respect of each HK\$1,000,000 principal amount of Bonds delivered for exchange (before applying Condition 7(a)(iii) of the Conditions) (the "**Exchange Property**"). The "**Exchange Price**" will initially be HK\$6.00 per H Share but will be subject to adjustment in the manner provided in the Conditions. The number of H Shares constituting the Exchange Property on a given day will be determined by dividing the principal amount of the Bonds outstanding by the Exchange Price in effect at the Exchange Date. The H Shares are listed on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**").

Application will be made to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) ("**Professional Investors**") only. This document is for distribution to professional investors only.

**Notice to Hong Kong investors:** The Issuer and the Guarantor confirm that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer and the Guarantor confirm that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds, the Issuer, the Guarantor or the Group (as defined below) or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.

**Investing in the Bonds involves risks, including but not limited to risks associated with guaranteed bonds and the exchangeable features of the Bonds, and there are various other risks relating to the Bonds, the Exchange Property, the Group, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See "Risk Factors" beginning on page 17 for a discussion of certain factors to be considered in connection with an investment in the Bonds and the H Shares.**

The Bonds, the Guarantee and the H Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). For a description of these and certain further restrictions on offers and sales of the Bonds and the H Shares deliverable upon exchange of the Bonds, the giving of the Guarantee and the distribution of this Offering Circular, see "**Subscription and Sale**" below.

The Bonds will initially be represented by a global certificate (the "**Global Certificate**") in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depositary for, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate. See "**Summary of Provisions relating to the Bonds in Global Form**".

The Bonds are expected to be assigned a rating of "A+" by S&P Global Ratings ("**S&P**") and "A1" by Moody's Investors Service Inc. ("**Moody's**"). A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

**Sole Global Coordinator, Sole Lead Manager and Sole Bookrunner**

**Goldman Sachs (Asia) L.L.C.**

**Financial Adviser**

**CITIC Securities (Hong Kong) Limited**

**Offering Circular dated 13 May 2025**



## NOTICE TO INVESTORS

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This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer, the Guarantor and the Group. Each of the Issuer and the Guarantor accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Each of the Issuer, and the Guarantor, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and the Guarantor and their respective subsidiaries taken as a whole (the “**Group**”) and to the Guarantee, the H Shares and the Bonds which is material in the context of the issue and offering of the Bonds (including the information which, is required by applicable laws of the British Virgin Islands, Hong Kong and the PRC and according to the particular nature of the Issuer, the Guarantor, the Guarantee, the H Shares and the Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and the Guarantor and of the rights attaching to the Guarantee, the H Shares and the Bonds); (ii) the statements contained in this Offering Circular relating to the Issuer, the Guarantor and to the Group, are in every material particular true and accurate and not misleading; (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer, the Guarantor and to the Group are honestly held, have been reached after reasonably considering all relevant circumstances and are based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the Group or the Guarantee, the H Shares or the Bonds, the omission of which would, in the context of the issue and offering of the Bonds make any statement in this Offering Circular misleading; (v) all reasonable enquiries have been made by the Issuer and the Guarantor to ascertain such facts and to verify the accuracy of all such information and statements; (vi) this Offering Circular does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (vii) the statements in this Offering Circular under the sections headed “*Taxation*” and “*PRC Regulations*” fairly and accurately summarise the matters therein described in all material respects.

Each of the Issuer and the Guarantor has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Goldman Sachs (Asia) L.L.C. (the “**Sole Lead Manager**”), the Issuer, the Guarantor, the Trustee or the Agents (as defined in the Conditions) or any of their respective directors, officers, employees, representatives, agents, affiliates or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose

possession this Offering Circular comes are required by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee and the Agents and each of their respective directors, officers, employees, representatives, agents, affiliates or advisers and each person who controls any of them to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds, the giving of the Guarantee or the H Shares deliverable upon exchange of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on offers and sales of the Bonds and the H Shares deliverable upon exchange of the Bonds, the giving of the Guarantee and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the PRC, Singapore, the British Virgin Islands and Japan and to persons connected therewith. For a description of further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*” below. By purchasing the Bonds, investors are deemed to have represented and agreed to all of those provisions contained in that section of this Offering Circular. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for, or otherwise acquire, the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised. Each prospective investor, by accepting delivery of this Offering Circular, is deemed to have agreed to the foregoing and to make no photocopies of this Offering Circular or any documents referred to in this Offering Circular.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Guarantor, the Group, the Bonds, the Guarantee or the H Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective directors, officers, employees, agents, representatives, affiliates or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Guarantor or the Group since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. This Offering Circular is not intended to invite offers to subscribe for or purchase H Shares.

This Offering Circular is being furnished by the Issuer and the Guarantor in connection with the offering of the Bonds and is exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and the Guarantor and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than the consideration of an investment in the Bonds offered by this Offering Circular is prohibited. By accepting delivery of this Offering Circular each investor is deemed to have agreed to these restrictions.

None of the Sole Lead Manager, the Trustee, or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them has independently verified the information contained in this Offering Circular. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of the respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds.

Each person receiving this Offering Circular acknowledges that it has not relied on the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision, and such person must rely on its own examination of the Issuer, the Guarantor and the Group, and the merits and risks involved in investing in the Bonds. See “*Risk Factors*” below for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the contents of this Offering Circular and assumes no responsibility for the contents, accuracy, completeness or sufficiency of any such information or for any other statement, made or purported to be made by the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them or on their behalf in connection with the Issuer, the Guarantor or the Group or the issue and offering of the Bonds or the giving of the Guarantee. Each of the Sole Lead Manager, the Trustee and the Agents and each of their respective affiliates, officers, employees, agents, representatives, directors and advisers and each person who controls any of them accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them undertakes to review the results of operations, financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the arrangements contemplated by this Offering Circular or to advise any investor or prospective investor in the Bonds of any information coming to the attention of the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them.

In connection with the offering of the Bonds, the Sole Lead Manager and/or its affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. These entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Sole Lead Manager and/or its affiliates, or affiliates of the Issuer or the Guarantor, as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.

The Bonds are expected to be assigned a rating of “A+” by S&P and “A1” by Moody’s. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

**Singapore SFA Product Classification** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and are Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

**PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); and (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the “UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); and (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.



**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors:** Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including the Sole Lead Manager, are “capital market intermediaries” (together, the “**CMI**s”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors.

The Sole Lead Manager is also acting as an “overall coordinator” (the “**OC**”) for this offering and is subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an association (an “**Association**”) with the Issuer, the Guarantor, the CMI or the relevant group company. Prospective investors associated with the Issuer, the Guarantor or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with the Sole Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Sole Lead Manager or its group company has more than 50 per cent. interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with the Sole Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the Sole Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Sole Lead Manager and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, the OC, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

## **Industry and Market Data**

Market data and certain information and statistics included in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although each of the Issuer and the Guarantor believes the information to be reliable, it has not been independently verified by the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them and none of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, agents, advisers or representatives or any person who controls any of them makes any representation as to the accuracy or completeness of such information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified. In making an investment decision, each investor must rely on its own examination of the Issuer, the Guarantor, the Group and the terms of the offering and the Bonds, including the merits and risks involved.

## CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Circular, the term “**Group**” refers China Petrochemical Corporation (中国石化集团有限公司) and its subsidiaries and the term “**Guarantor**” or “**Company**” refers to China Petrochemical Corporation (中国石化集团有限公司) individually, in each case unless the context otherwise requires. The term “**Issuer**” refers to Deep Development 2025 Limited, a wholly-owned subsidiary of the Guarantor.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**”, “**mainland China**” or the “**Mainland**” are to the People’s Republic of China (for the purpose of this Offering Circular only, excluding the Hong Kong and Macau Special Administrative Regions of the People’s Republic of China and Taiwan Region), all references to “**PRC government**” means the central government of the PRC, including all political subdivisions (including provincial, municipal and other regional or local governmental entities) and instrumentalities thereof, or, where the context requires, any of them, all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China, all references to “**Macau**” are to the Macau Special Administrative Region of the People’s Republic of China, all references to “**Renminbi**” and “**RMB**” are to the lawful currency of the PRC, all references to “**Hong Kong dollars**” and “**HK\$**” are to the lawful currency of Hong Kong, and all references to “**U.S. dollars**” and “**U.S.\$**” are to the lawful currency of the United States of America.

Unless otherwise specified, where financial information has been translated into Hong Kong dollars, it has been so translated for information purposes only at the rate of RMB0.92604 to HK\$1.00, the central parity rate of Renminbi published by CFETS as authorised by the PBOC on 31 December 2024. No representation is made that the Renminbi or Hong Kong dollar amounts referred to herein could have been or could be converted into Renminbi or Hong Kong dollars, as the case may be, at any particular rate or at all.

In this Offering Circular, references to:

- “**CFETS**” are to the China Foreign Exchange Trade System;
- “**CSG**” are to coal seam gas, a form of natural gas extracted from coal beds;
- “**CSRC**” are to the China Securities Regulatory Commission;
- “**GDP**” are to gross domestic product;
- “**LNG**” are to liquefied natural gas, a form of natural gas that has been converted to liquid form for ease of storage or transport;
- “**MOF**” are to the Ministry of Finance of the PRC;
- “**MOFCOM**” are to the Ministry of Commerce of the PRC;
- “**NDRC**” are to the National Development and Reform Commission of the PRC;
- “**PBOC**” are to the People’s Bank of China, the central bank of the PRC;
- “**provinces**” are to provinces and to provincial-level autonomous regions and municipalities in China which are directly under the supervision of the central PRC government;

- **“SAFE”** are to the State Administration of Foreign Exchange of the PRC or its local branch;
- **“SAT”** are to the State Administration of Taxation of the PRC;
- **“SASAC”** are to the State-owned Assets Supervision and Administration Commission of the State Council of China;
- **“Sinopec Corp.”** are to China Petroleum & Chemical Corporation (中国石油化工股份有限公司), a PRC joint stock limited company (unless the context requires otherwise, including any subsidiary of Sinopec Corp.);
- **“Sinopec Engineering”** are to Sinopec Engineering (Group) Co., Ltd. (中石化炼化工程(集团)股份有限公司), a PRC joint stock limited company (unless the context requires otherwise, including any subsidiary of Sinopec Engineering);
- **“Sinopec Oilfield Service”** are to Sinopec Oilfield Service Corporation (中石化石油工程技术服务股份有限公司), a PRC joint stock limited company (unless the context requires otherwise, including any subsidiary of Sinopec Oilfield Service);
- **“SOE”** are to state-owned enterprises;
- **“State Council”** are to the State Council of the PRC; and
- **“VAT”** are to value added tax.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purpose only. In the event of any inconsistency, the Chinese name prevails.

## PRESENTATION OF INFORMATION

### Financial Information

This Offering Circular contains consolidated financial information of the Guarantor as at and for the years ended 31 December 2022, 2023 and 2024, which has been derived from the audited consolidated financial statements of the Guarantor as at and for the years ended 31 December 2023 and 2024 (the “**Audited Consolidated Financial Statements**”) included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared and presented in accordance with Accounting Standards for Business Enterprises in the PRC (“**PRC GAAP**”) and have been audited by BDO China Shu Lun Pan Certified Public Accountants LLP (“**BDO China**”), the Guarantor’s independent auditors.

In accordance with the relevant provisions of the Ministry of Finance’s Interpretation of Accounting Standards for Business Enterprises No. 16, the Guarantor made adjustments to the opening retained earnings and other related items in the financial statements of the Guarantor as at and for the year ended 31 December 2023. As a result, certain financial information of the Guarantor as at and for the year ended 31 December 2022 reflects the amounts as adjusted on 1 January 2023 or during the year of 2023 (as applicable) and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2023. See “*Summary Financial Information of the Guarantor*” and the notes to the Guarantor’s financial statements for the year ended 31 December 2023 for further details. Investors must therefore exercise caution when making comparisons of any such financial figures after 1 January 2023 against the Group’s historical financial figures prior to 1 January 2023 and when evaluating the Group’s financial condition, results of operations and results.

According to the relevant provisions of the Ministry of Finance’s Interpretation of Accounting Standards for Business Enterprises No. 18, the Guarantor made a retroactively adjustment of the quality guarantee that was originally included in the selling and distribution expenses in accordance with the provisions of the “*Accounting Standards for Business Enterprises No. 13 – Contingent Matters*”. As a result, certain financial information of the Guarantor for the year ended 31 December 2023 reflects the amounts as adjusted during the year of 2024 and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2024. See “*Summary Financial Information of the Guarantor*” and the notes to the Guarantor’s financial statements for the year ended 31 December 2024 for further details. Investors must therefore exercise caution when making comparisons of any such historical financial figures during the year of 2023 against the Group’s historical financial figures prior to 2023 and when evaluating the Group’s financial condition, results of operations and results.

PRC GAAP differs in certain respects from IFRS. See “*Summary of Certain Differences Between PRC GAAP and IFRS*”.

### Rounding

Certain monetary amounts included in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the individual items and actual numbers may differ from those contained herein due to rounding.



## Oil and Gas Reserves

Oil and gas reserves are key elements in the Group's investment decision-making process in relation to its exploration and production business. The term "**reserves**" describes the recoverable quantity of oil and gas volumes that are commercially viable for development given the prevailing economic situation, in particular the prices of crude oil and natural gas, present at the time of estimation. Reserves are estimated using either a deterministic method, in which a single best estimate is made based on known geological, engineering and economic data, or a probabilistic method, in which known geological, engineering and economic data are used to generate a range of estimates and their associated probabilities. All oil and gas reserves data are estimates, which are revised when additional information becomes available (for example, when additional wells are drilled or when actual production commences). The term "**proved reserves**" refers to the estimated quantities of crude oil and natural gas that geological and engineering data demonstrate have reasonable certainty of being recovered in future years from known reservoirs under existing economic and operating conditions (that is, prices and costs at the date the estimate is made). To qualify as proved reserves, there should be at least a 90 per cent. probability that the quantities actually recovered will equal or exceed the proved estimate.

Unless otherwise indicated, information regarding the Group's oil and gas reserves and production in this Offering Circular refers to the Group's share of reserves and production based on its percentage of equity interest in the relevant properties.

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements”. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include, but are not limited to, statements as to the business strategy, revenue, profitability, planned projects and other matters as they relate to the Issuer, the Guarantor, and/or the Group discussed in this Offering Circular regarding matters that are not historical facts.

The factors that could cause the actual results, performances and achievements of the Issuer, the Guarantor, the Group or any member of the Group to be materially different include, among others:

- general economic, political and business conditions and competitive environment, including those related to the PRC and globally;
- ability to successfully implement business plans and strategies;
- capital expenditure plans and ability to carry out those plans;
- ability of the Group to control its costs;
- the continued availability of capital and financing;
- interest rates and foreign exchange rates, taxes and duties;
- the actions and developments of the Group’s competitors;
- financial condition and performance;
- any changes in the laws, rules and regulations of the central and local governments in the PRC, the British Virgin Islands and other relevant jurisdictions in which the Group operates and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operates;
- various business opportunities that the Group may pursue;
- macroeconomic measures taken by the PRC government to manage economic growth;
- natural disasters, industrial action, terrorist attacks and other events beyond the Group’s control;
- other risks associated with industries in which the Group operates; and
- other factors, including those discussed in “*Risk Factors*” below.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in “*Risk Factors*” below and elsewhere in this Offering Circular. Each of the Issuer and the Guarantor cautions investors not to place undue reliance on these forward-looking statements which reflect their managements’ view only as at the date of this Offering Circular. None of the Issuer or the Guarantor undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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## SUMMARY

*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors and terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety.*

### **The Issuer**

The Issuer was incorporated with limited liability on 14 March 2025 in the British Virgin Islands under the BVI Business Companies Act. Its registered office is located at CCS Trustees Limited, Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands. The Issuer is indirectly wholly-owned by the Guarantor through the Guarantor's wholly-owned subsidiary, Sinopec Century Bright Capital Investment Limited 中國石化盛駿國際投資有限公司 ("**Century Bright**"), a company incorporated with limited liability in Hong Kong.

Under the Issuer's memorandum of association, the Issuer has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in the British Virgin Islands. However, so long as the Bonds are outstanding, the Issuer will limit its permitted activities as described under "*Terms and Conditions of the Bonds – Covenants – Issuer Activities*". The Issuer's primary purpose is to act as one of the Guarantor's and Century Bright's financing subsidiaries to issue the Bonds. The Issuer has no material business nor assets and does not have any employees. In the future, the Issuer may issue further bonds and engage in other business activities related to the Guarantor and/or Century Bright and may incur substantial liabilities and indebtedness.

### **The Group**

#### **Overview**

The Group is a large-scale integrated energy and petrochemical company with upstream, mid-stream and downstream operations, and one of the largest in the world in terms of revenue, according to the "2024 Fortune Global 500". The Group is the largest refined oil producer in the world in terms of its refining capacity in 2023 and the second largest chemical products producer in the world in terms of its production capacity in 2023. The Group is also the largest suppliers of refined oil products in China measured by sales volume, and the number of its service stations ranked second in the world as of 31 December 2023. The Group is the largest supplier of chemical products in China measured by sales volume in 2023. The Group has been named in the "Fortune Global 500" since 2003 and ranked fifth in the "2024 Fortune Global 500".

The Company was established in July 1998 on the basis of the former China Petrochemical Corporation. The Company is a state-authorised and invested entity and one of China's key SOEs under the supervision of the SASAC. The Group conducts the following key businesses:

- **Exploration and Production:** The Group is a large-scale oil and gas producer in China. The Group has maintained a balanced portfolio of domestic and overseas resources, optimised its development programmes in mature oilfields, and increased the production capacity in new fields. The Group has made a number of breakthroughs in its discoveries of oil and gas in the Taim Basin, the Junggar Basin, the Shengli Oil Field, the North Jiangsu Basin, the Sichuan Basin, West Sichuan and South Sichuan. As of 31 December 2023, the Group had 2,798 million barrels of proved reserves of crude oil and 12,498 bcf of proved reserves of natural gas. In 2023, the Group's production of crude oil and natural gas were 426.2 million barrels and 1,531.5 bcf, respectively. The Group is also exploring



the possibility of using unconventional resources as a substitute for or supplement to conventional resources in order to provide a more sustainable supply of hydrocarbon energy. The Group's new energy operations include CSG, shale oil, shale gas, LNG, geothermal heating, solar photovoltaics, hydrogen power and other unconventional energies.

- **Refining:** The Group is the largest refined oil producer in the world in terms of its refining capacity in 2023. In 2024, the Group processed 252.3 million tonnes of crude oil and produced 153.5 million tonnes of refined oil.
- **Chemicals:** The Group is the second largest chemical products producer in the world in terms of its production capacity in 2023. The Group believes that it has greater economies of scale in most of its production facilities and more extensive distribution channels in China than its competitors. The Group ranked second in C&EN's "Global Top 50 Chemical Companies" as released in July 2024 in terms of sales volume of chemical products. The Group produces a wide range of chemical products including intermediate petrochemicals, synthetic resins, synthetic fibre monomers and polymers, synthetic fibre, synthetic rubbers and synthetic ammonia. In 2024, the Group produced 13.5 million tonnes of ethylene, the primary feedstock for the Group's chemical production. The Group's chemical products are widely distributed throughout China and used in various industries including textiles, agriculture, construction, shoes, housewares, packaging, electronic appliances and automobiles.
- **Marketing and Distribution:** The Group is the largest supplier of refined oil products and chemical products in China measured by sales volume in 2023. In 2023, the Group's domestic market share with respect to the sales of refined oil products was over 60 per cent., which include gasoline, diesel and kerosene (including jet fuel). In 2023, the Group also ranked second in the world's bunker supplier rankings. The Group sells most of its major refined oil products through retail service stations that operate under the "Sinopec" brand. The Group's strong retail network provides extensive geographic coverage of retail sales across China. As of 31 December 2024, the Group had 30,987 service stations, representing the largest oil products distribution network in China and one of the largest in the world. For the year ended 31 December 2024, the Group's refined oil products sales volume was 239.3 million tonnes, of which 182.8 million tonnes were domestic sales. The retail sales volume of the Group's refined oil products accounted for approximately 62.1 per cent. of the Group's refined oil products sales volume in China for the year ended 31 December 2024. The Group has developed non-fuel businesses for its full-service stations to transform its network of traditional service stations into a comprehensive one-stop multifunctional integrated service platform that combines "fuelling, shopping, dining and car services".
- **Oil and Petrochemical Engineering Technical Services:** The Group believes that it is one of the largest refining and chemical engineering technical service providers in China measured by revenue, and the Group believes that it has the most comprehensive capability in the design and construction of refineries and ethylene production facilities among the industry players in China. Equipped with its in-house technologies and patents, the Group is a technological leader in refining and chemical engineering design both in China and overseas. In 2024, the aggregate value of new contracts of Sinopec Engineering's refining and chemical engineering technical services amounted to RMB100.6 billion, including overseas new contracts with amount of RMB38.5 billion. In 2024, the aggregate value of new contracts of Sinopec Oilfield Service's oil engineering technical services amounted to RMB91.2 billion, including overseas oil engineering technical services with amount of RMB24.3 billion.
- **Others:** The Group also engages in international trade, research and development and other businesses, which are collectively referred to as its "Others" segment.

### ***Competitive Strengths***

- The Group is a global leader and a large-scale integrated petroleum and petrochemical company in China with strong government support.
- The Group operates effectively as an integrated petroleum and petrochemical company with a leading position in every segment along the oil and gas value chain.
- The Group's market-leading petroleum and petrochemical downstream businesses in China offer stable cash flow generation and growth potential.
- The Group develops its operational excellence by reducing operating costs, adjusting production to market demands and improving efficiency and reliability.
- The Group has prudent financial policies and an effective risk management system which contribute to its solid financial results.
- The Group has an experienced management team with a strong corporate governance system and a high-performance corporate culture.

### **Strategies**

- Reinforce the advantages of the Group's integrated business model with a value-oriented approach
- Continue to stimulate the momentum of the Group's operations through innovation
- Improve the Group's operational and financial efficiencies through optimising resource allocation
- Increase the Group's cooperation with reputable partners
- Emphasise low-carbon consumption and sustainable development

### **Recent Developments**

#### ***Increase of shareholding in Sinopec Corp.***

On 10 November 2023, Sinopec Corp. announced that the Company, as a sign of confidence in Sinopec Corp.'s prospects, plans to, through itself and its wholly-owned subsidiary, increase its shareholding in Sinopec Corp. by an amount between RMB1 billion and RMB2 billion (both inclusive) within 12 months from 11 November 2023 (the "**Shareholding Increase**"). On 11 November 2024, Sinopec Corp. announced that as of 10 November 2024, the Shareholding Increase was completed. Following such increase in shareholding, the Company directly and indirectly holds 84,104,723,096 shares in Sinopec Corp. (83,062,059,096 A shares and 1,042,664,000 H shares, among which 2,390,438,247 A shares were subscribed by the Company in March 2024), accounting for approximately 69.11 per cent. of Sinopec Corp.'s total issued share capital.

On 8 April 2025, Sinopec Corp. announced that the Company, as a sign of continuous confidence in the development prospects of Sinopec Corp., plans to increase its shareholdings in A shares and H shares of Sinopec Corp. by itself and its wholly-owned subsidiary, by an amount of not less than RMB2 billion (inclusive) and not more than RMB3 billion (inclusive) in the coming 12 months. Such increase will be financed by the internal funds of the Company and its wholly-owned subsidiary and special loans for increasing of stock holdings from financial institutions.

As at the date of this Offering Circular, the Company's shareholding in Sinopec Corp. is approximately 69.35 per cent.

#### ***Changes of Directors and Senior Management***

On 30 April 2025, the Company published an announcement that Mr. Pan Zhengyi and Mr. Zhang Shaofeng resigned as the External Director and the Chief Financial Officer of the Company respectively. With the approval of the SASAC, Mr. Zhou Yubo and Mr. Feng Shuchen have been appointed as the External Directors of the Company. With the approval of the board of directors of the Company, Mr. Cai Yong has been appointed as the Chief Financial Officer of the Company. For the biography of Mr. Zhou Yubo, Mr. Feng Shuchen and Mr. Cai Yong, please see "*Directors and Senior Management*".

#### ***Financial Performance of the Group as of and for the three months ended 31 March 2025***

On 30 April 2025, the Company published its unaudited and unreviewed consolidated financial statements as at and for the three months ended 31 March 2025 in the Chinese language only which are available on the website of CFETS at <https://www.chinamoney.com.cn/chinese/index.html>. Such financial statements are not included in and do not form a part of this Offering Circular. As of 31 March 2025, the Group recorded increases in total assets, total liabilities and net assets as compared with 31 December 2024. For the three months ended 31 March 2025 as compared with the same period in 2024, the Group's total operating revenue, operating cost and net profits slightly decreased. Such information has not been audited or reviewed by the Company's independent auditor or any other independent auditor and may be subject to adjustments if audited or reviewed. Consequently, such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such information to evaluate the Company's or the Group's financial condition and results of operations.

## SUMMARY FINANCIAL INFORMATION OF THE GUARANTOR

*The Guarantor's summary consolidated financial information and other financial data as of and for the years ended 31 December 2022, 2023 and 2024 presented below has been derived from the Audited Consolidated Financial Statements included elsewhere in this Offering Circular. The Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP and have been audited by BDO China, the Guarantor's independent auditors.*

*The summary financial information below should be read in conjunction with the Audited Consolidated Financial Statements and related notes included elsewhere in this Offering Circular.*

*In accordance with the relevant provisions of the Ministry of Finance's Interpretation of Accounting Standards for Business Enterprises No. 16, the Guarantor made adjustments to the opening retained earnings and other related items in the financial statements of the Guarantor as at and for the year ended 31 December 2023. As a result, certain financial information of the Guarantor as at and for the year ended 31 December 2022 reflects the amounts as adjusted on 1 January 2023 or during the year of 2023 (as applicable) and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2023. See the notes to the Guarantor's financial statements for the year ended 31 December 2023 for further details. Investors must therefore exercise caution when making comparisons of any such financial figures after 1 January 2023 against the Group's historical financial figures prior to 1 January 2023 and when evaluating the Group's financial condition, results of operations and results.*

*According to the relevant provisions of the Ministry of Finance's Interpretation of Accounting Standards for Business Enterprises No. 18, the Guarantor made a retroactively adjustment of the quality guarantee that was originally included in the selling and distribution expenses in accordance with the provisions of the "Accounting Standards for Business Enterprises No. 13 – Contingent Matters". As a result, certain financial information of the Guarantor for the year ended 31 December 2023 reflects the amounts as adjusted during the year of 2024 and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2024. See the notes to the Guarantor's financial statements for the year ended 31 December 2024 for further details. Investors must therefore exercise caution when making comparisons of any such financial figures during the year of 2023 against the Group's historical financial figures prior to 2023 and when evaluating the Group's financial condition, results of operations and results.*

*PRC GAAP differs in certain respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, see "Summary of Certain Differences Between PRC GAAP and IFRS".*

## Consolidated Income Statement

	Year Ended 31 December		
	2022	2023	2024
	(audited) RMB	(audited) RMB	(audited) RMB
<b>Operating revenue</b> . . . . .	3,366,866	3,245,388	3,138,768
<b>Total operating costs</b> . . . . .	3,272,327	3,152,515	3,064,397
Incl.: Operating costs . . . . .	2,840,171	2,707,661 <sup>(2)</sup>	2,628,924
Taxes and surcharges . . . . .	266,782	276,467	270,955
Selling and distribution expenses . . . . .	58,433	61,119 <sup>(2)</sup>	61,308
General and administrative expenses . . . . .	74,990	72,964	66,046
Research and development expenses . . . . .	18,068	19,239	21,006
Exploration costs . . . . .	10,593	11,332	9,460
Financial expenses . . . . .	3,290	3,733	6,698
Add: Other income . . . . .	9,005	11,950	12,913
Investment income . . . . .	16,602	9,922	20,695
Gain/(loss) from changes of fair value . . . . .	(1,169)	1,923	(3,108)
Expected credit loss . . . . .	3,007	325	626
Assets impairment loss . . . . .	(10,162)	(3,419)	(6,961)
Gain/(loss) from assets disposal . . . . .	1,766	5,333	4,663
<b>Operating profit</b> . . . . .	113,588	118,907	103,199
Add: Non-operating income . . . . .	13,862	2,558	3,435
Less: Non-operating expenses . . . . .	6,976	4,396	5,552
<b>Total profit</b> . . . . .	120,474	117,069	101,082
Less: Income tax expenses . . . . .	24,361 <sup>(1)</sup>	20,440	18,551
<b>Net profit</b> . . . . .	96,113	96,629	82,531
Less: Profit/loss attributable to minority interests . . . .	30,594 <sup>(1)</sup>	30,131	24,708
<b>Net profit attributable to parent company</b> . . . . .	65,519 <sup>(1)</sup>	66,498	57,823

### Notes:

- (1) This reflects the amount as adjusted during the year of 2023 and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2023 in accordance with the relevant provisions of the Ministry of Finance's Interpretation of Accounting Standards for Business Enterprises No. 16.
- (2) This reflects the amounts as adjusted during the year of 2024 and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2024 in accordance with the relevant provisions of the Ministry of Finance's Interpretation of Accounting Standards for Business Enterprises No. 18 and "Accounting Standards for Business Enterprises No. 13 – Contingent Matters".



## Consolidated Balance Sheet

	As of 31 December		
	2022	2023	2024
	(audited)	(audited)	(audited)
	RMB	RMB	RMB
		(in millions)	
<b>Current Assets</b>			
Cash at bank . . . . .	230,343	225,864	228,767
Financial assets held for trading . . . . .	33,541	32,480	32,319
Derivative financial assets . . . . .	19,335	9,759	2,554
Accounts receivable . . . . .	55,744	61,836	63,018
Receivables Financing . . . . .	5,589	4,919	6,041
Prepayments . . . . .	23,671	18,734	20,635
Other receivables . . . . .	36,540	33,970	38,216
Inventories . . . . .	308,917	314,644	321,424
Contract assets . . . . .	26,281	27,563	29,657
Non-current assets due within one year . . . . .	15,294	5,379	3,698
Other current assets . . . . .	107,498	169,460	137,300
<b>Total current assets . . . . .</b>	<b>862,753</b>	<b>904,608</b>	<b>883,629</b>
<b>Non-current assets</b>			
Long-term receivables . . . . .	986	13,152	13,570
Long-term equity investments . . . . .	233,540	235,954	249,949
Other equity instrument investments . . . . .	24,496	28,143	32,242
Fixed assets . . . . .	593,236	641,531	651,804
Construction in progress . . . . .	217,816	203,534	229,043
Oil and gas assets . . . . .	163,534	200,880	219,428
Right-of-use assets . . . . .	40,243	41,078	39,709
Intangible assets . . . . .	146,714	164,167	163,690
Goodwill . . . . .	8,649	8,657	8,678
Long-term deferred expenses . . . . .	19,767	21,728	19,883
Deferred tax assets . . . . .	24,351 <sup>(1)</sup>	26,260	25,011
Other non-current assets . . . . .	209,754	226,551	203,486
<b>Total non-current assets . . . . .</b>	<b>1,683,086</b>	<b>1,811,635</b>	<b>1,856,493</b>
<b>Total assets . . . . .</b>	<b>2,545,839</b>	<b>2,716,243</b>	<b>2,740,122</b>
<b>Current liabilities</b>			
Short-term loans . . . . .	81,099	139,443	114,019
Notes payable . . . . .	21,937	40,978	53,972
Accounts payable . . . . .	288,921	282,700	259,096
Contract liabilities . . . . .	157,232	162,687	161,043
Employee benefits payable . . . . .	25,785	28,018	24,372
Taxes and surcharges payable . . . . .	38,370	45,453	43,735
Other payables . . . . .	135,773	119,232	120,501
Non-current liabilities due within one year . . . . .	75,830	58,872	92,649
Other current liabilities . . . . .	37,681	31,872	32,624
<b>Total current liabilities . . . . .</b>	<b>862,628</b>	<b>909,255</b>	<b>902,011</b>

	As of 31 December		
	2022	2023	2024
	unadjusted (audited) RMB	adjusted (audited) RMB (in millions)	adjusted (audited) RMB
<b>Non-current liabilities</b>			
Long-term loans . . . . .	92,639	174,997	204,761
Bonds payable . . . . .	163,792	137,266	146,937
Long-term payables . . . . .	13,598	49,790	41,235
Lease liabilities . . . . .	25,213	24,545	22,158
Estimated liabilities . . . . .	51,898	58,532	59,735
Deferred tax liabilities . . . . .	8,969 <sup>(1)</sup>	14,958	15,702
Other non-current liabilities. . . . .	10,747	19,133	36,003
<b>Total non-current liabilities. . . . .</b>	<b>366,856</b>	<b>479,221</b>	<b>526,531</b>
<b>Total liabilities . . . . .</b>	<b>1,229,484</b>	<b>1,388,476</b>	<b>1,428,542</b>
<b>Owners' equity</b>			
Paid-in capital . . . . .	326,424	326,525	326,090
Capital reserves . . . . .	62,622 <sup>(1)</sup>	62,672	67,441
Other comprehensive income. . . . .	(6,120) <sup>(1)</sup>	(8,997)	(8,602)
Special reserves . . . . .	3,013	2,874	2,741
Surplus reserves . . . . .	242,485 <sup>(1)</sup>	250,010	257,872
General risk reserves . . . . .	2,817	2,936	2,960
Retained earnings . . . . .	282,616 <sup>(1)</sup>	286,713	259,751
<b>Total equity attributed to parent company . . . . .</b>	<b>913,857</b>	<b>922,733</b>	<b>908,253</b>
Minority interests . . . . .	402,498 <sup>(1)</sup>	405,034	403,327
<b>Total equity. . . . .</b>	<b>1,316,355</b>	<b>1,327,767</b>	<b>1,311,580</b>
<b>Total liabilities and equity. . . . .</b>	<b>2,545,839</b>	<b>2,716,243</b>	<b>2,740,122</b>

*Note:*

- (1) This reflects the amount as adjusted on 1 January 2023 and reflected in the financial statements of the Guarantor as at and for the year ended 31 December 2023 in accordance with the relevant provisions of the Ministry of Finance's Interpretation of Accounting Standards for Business Enterprises No. 16.

## Consolidated Statement of Cash Flows

	Year Ended 31 December		
	2022	2023	2024
	(audited) RMB	(audited) RMB (in millions)	(audited) RMB
<b>I. Cash flows from operating activities</b>			
Cash received from sales and services . . . . .	3,600,712	3,607,169	3,574,883
Refund of tax and surcharges . . . . .	21,796	12,068	8,462
Other cash received relating to operating activities . . .	334,750	198,951	159,737
Subtotal of cash inflows from operating activities . . .	3,957,258	3,818,188	3,743,082
Cash paid for goods and services . . . . .	2,870,468	2,796,335	2,750,850
Cash paid to and for employees . . . . .	144,599	151,289	154,270
Payments of taxes and surcharges . . . . .	399,872	345,145	353,767
Other cash paid relating to operating activities . . . . .	412,048	336,457	325,268
Subtotal of cash outflows from operating activities . . .	3,826,987	3,629,226	3,584,155
Net cash flows from operating activities . . . . .	130,271	188,962	158,927
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments . . . . .	49,088	83,142	79,444
Cash received from investment income . . . . .	17,429	15,515	16,695
Net cash received from disposal fixed assets, intangible assets and other long-term assets . . . . .	1,465	6,350	3,539
Net cash received from disposal of subsidiaries and other operating units . . . . .	10,049	404	78
Other cash received relating to investing activities . . .	60,326	6,185	61,552
Subtotal of cash inflows from investing activities . . .	138,357	111,596	161,308
Cash paid for purchasing fixed assets, intangible assets and other long-term assets . . . . .	187,490	187,865	154,554
Cash paid for acquisition of investments . . . . .	63,370	121,077	71,077
Net cash paid to acquire subsidiaries and other operating units . . . . .	29,383	—	—
Other cash paid relating to investing activities . . . . .	4,598	37,026	32,754
Subtotal of cash outflows from investing activities . . .	284,841	345,968	258,385
Net cash flows from investing activities . . . . .	(146,484)	(234,372)	(97,077)
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions . . . . .	3,385	1,863	3,713
Cash received from borrowings . . . . .	884,890	921,817	935,312
Other cash received relating to financing activities . . .	1,076	6,024	1,940
Subtotal of cash inflows from financing activities . . .	889,351	929,704	940,965
Cash repayments of borrowings . . . . .	861,585	825,768	892,930
Cash paid for dividends, profits distribution or interest . . . . .	52,061	45,732	47,717
Other cash paid relating to financing activities . . . . .	11,299	22,078	61,815
Subtotal of cash outflows from financing activities . . .	924,945	893,578	1,002,462
Net cash flows from financing activities . . . . .	(35,594)	36,126	(61,497)
<b>IV. Effect of foreign exchange rate changes on cash . . . . .</b>	11,098	1,935	52
<b>V. Net increase in cash and cash equivalents . . . . .</b>	(40,709)	(7,349)	405
Add: Cash and cash equivalents at the beginning of the period . . . . .	271,095	230,386	223,037
<b>VI. Cash and cash equivalents at the end of the period . . . . .</b>	230,386	223,037	223,442

## THE OFFERING

*The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this Offering Circular. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Words and expressions defined in “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a more complete description of the terms of the Bonds, see “Terms and Conditions of the Bonds” in this Offering Circular, which shall prevail in the event of any inconsistency with this section.*

<b>Issuer</b>	Deep Development 2025 Limited.
<b>Guarantor</b>	China Petrochemical Corporation (中国石油化工集团有限公司).
<b>Sinopec Corp.</b>	China Petroleum & Chemical Corporation (中国石油化工股份有限公司).
<b>Bonds</b>	HK\$7,750,000,000 0.75 per cent. guaranteed exchangeable bonds due 2032 exchangeable into a <i>pro rata</i> share of the Exchange Property as at the relevant Exchange Date.
<b>A Share(s)</b>	The ordinary domestic shares of par value RMB1.00 each issued by Sinopec Corp. which are traded in Renminbi on the Shanghai Stock Exchange.
<b>H Share(s)</b>	H shares of RMB1.00 par value each in the capital of Sinopec Corp. (ISIN: CNE1000002Q2, Stock code: 0386), which are traded in Hong Kong dollars on the Hong Kong Stock Exchange.
<b>Issue Price</b>	The Bonds will be issued at 100.00 per cent. of their principal amount.
<b>Form and denomination</b>	The Bonds will be issued in registered form in the specified denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 in excess thereof.
<b>Issue Date</b>	20 May 2025.
<b>Maturity Date</b>	20 May 2032.
<b>Status</b>	The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 3(a) of the Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Conditions 3(a) of the Conditions, at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

<b>Guarantee</b>	The Guarantor will unconditionally and irrevocably guarantee the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in respect of the Trust Deed and the Bonds will be contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3(a) of the Conditions, at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.
<b>Limitation on liens</b>	The Bonds will contain a limitation on liens provision as further described in Condition 3(a) of the Conditions.
<b>Interest</b>	The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 0.75 per cent. per annum, payable semi-annually in arrear on 20 May and 20 November in each year, beginning on 20 November 2025.
<b>Exchange Right</b>	Each Bondholder will have the right to exchange all or any of its Bonds at any time during the Exchange Period for a <i>pro rata</i> share of the Exchange Property as at the relevant Exchange Date.
<b>Exchange Period</b>	Subject to applicable law and save as provided in the Conditions (including without limitation Condition 7(a)(iv) of the Conditions), the Exchange Right relating to any Bond may be exercised by the holder thereof, at any time during the period from (and including) 30 June 2025 up to (and including) the earliest to occur of (i) the close of business (at the place where the Bond is deposited for exchange) on the date which falls 10 days prior to the Maturity Date, or (ii) if such Bond is to be redeemed pursuant to Condition 9(b) of the Conditions prior to the Maturity Date, then up to (and including) the close of business (at the place aforesaid) in Hong Kong on the date which falls 10 days prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 9(c) of the Conditions, then up to the close of business (at the place aforesaid) in Hong Kong on the date prior to the giving of such notice.
<b>Exchange Property</b>	On exercise of Exchange Rights, Bondholders will initially be entitled to receive 166,666.6667 H Shares in respect of each HK\$1,000,000 principal amount of Bonds delivered for exchange (before applying Condition 7(a)(iii) of the Conditions), as further described in Condition 7 of the Conditions.
<b>Exchange Price</b>	The Exchange Price will initially be HK\$6.00 per H Share but will be subject to adjustment for, among other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distribution, rights issues of Shares or options over Shares, rights issue of other securities, issues at less than current market price, modification of rights of conversion etc., other offers to shareholders, adjustment upon change of control and certain other events, subject to and as further described in Condition 7(c) of the Conditions. See “ <i>Terms and Conditions of the Bonds – Exchange Right – Adjustments to Exchange Price</i> ”.



**Final redemption**

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at 109.27 per cent. of their principal amount together with accrued and unpaid interest thereon on the Maturity Date.

**Redemption for taxation reasons**

At any time the Issuer may (or, if the Guarantee was called, the Guarantor), having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders, redeem all but not some only of the Bonds for the time being outstanding on the date specified in the Tax Redemption Notice at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date in the event of certain changes relating to taxes as further described in Condition 9(b)(i) of the Conditions.

**Redemption for minimum outstanding amount**

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Issuer Optional Redemption Date (if any) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued, as further described in Condition 9(b)(ii) of the Conditions.

**Redemption following a Change of Control**

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date (if any), as further described in Condition 9(c)(i) of the Conditions.

**"Change of Control"** means the occurrence of one of more of the following events:

- (i) the Guarantor ceasing to own and control directly or indirectly 100 per cent. of the issued share capital of the Issuer; or
- (ii) the government of the PRC or Persons controlled by the government of the PRC ceasing to own and control directly or indirectly or in combination (through controlled entities) 100 per cent. of the Voting Shares of the Guarantor; or
- (iii) the Guarantor ceasing to hold (directly or indirectly) at least 50 per cent. of the Voting Rights in Sinopec Corp.

**Redemption following a De-listing Event**

Following the occurrence of a De-listing Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the De-listing Event Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date (if any), as further described in Condition 9(c)(ii) of the Conditions.

**Redemption at the option of the Bondholder**

On 20 May 2028 (the “**First Optional Put Date**”), the holder of each Bond will have the right to require the Issuer to redeem all or some only of the Bonds of such holder on the First Optional Put Date at 103.82 per cent. of their principal amount together with interest accrued but unpaid to (but excluding) such First Optional Put Date, and on 20 May 2030 (the “**Second Optional Put Date**”), the holder of each Bond will have the right to require the Issuer to redeem all or some only of the Bonds of such holder on the Second Optional Put Date at 106.49 per cent. of their principal amount together with interest accrued but unpaid to (but excluding) such Second Optional Put Date, as further described in Condition 9(c)(iii) of the Conditions.

**Taxation**

All payments of principal, premium (if any) and interest in respect of the Bonds or the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed within the British Virgin Islands or the PRC or any other jurisdiction in which the Issuer or the Guarantor (or any successor to the Issuer or the Guarantor) is organised or tax resident, in each case including any political subdivision, territory or possession thereof, any authority therein having power to tax or any area subject to its jurisdiction (each, a “**Relevant Jurisdiction**”), or any jurisdiction from or through which any payment is made (together with Relevant Jurisdictions, each, a “**Relevant Taxing Jurisdiction**”), unless such Taxes are required by law to be withheld or deducted.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 13 May 2025 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (a) by or within the PRC in excess of the Applicable Rate or (b) by or within other Relevant Taxing Jurisdiction, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, to the extent as further described in Condition 11 of the Conditions.

**Events of Default**

Upon the occurrence and continuation of certain events as described in Condition 12 of the Conditions, the Trustee at its discretion may and, if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the outstanding Bonds and/or if so directed by an Extraordinary Resolution, shall (in each case subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice to the Issuer and the Guarantor declaring the Bonds to be, whereupon they shall immediately become, due and payable at the higher of (i) Early Redemption Amount together with any accrued and unpaid interest (if any) and (ii) the Default Cure Amount (as defined in the Conditions).

**Cross-acceleration**

The Bonds will contain a cross-acceleration provision as further described in Condition 12(h) of the Conditions.

**Lock-up**

The Issuer and the Guarantor has agreed in the Subscription Agreement (as defined below) that, unless as otherwise agreed, the Issuer, the Guarantor and any persons acting on any of their behalf will not, and each of the Issuer and the Guarantor will procure that neither Sinopec Corp. nor any of their respective subsidiaries nor any person acting on its behalf will, for a period from the date of the Subscription Agreement up to 90 days after the Issue Date, without the prior written consent of the Sole Lead Manager (a) issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible or exchangeable into or exercisable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Lead Manager between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive); except for the Bonds and the H Shares delivered on exchange of the Bonds and any Shares issued pursuant to the Share Schemes.

**“Shares”** means (i) ordinary shares with a nominal value of RMB1.00 each having ISIN number CNE1000002Q2 issued by Sinopec Corp. to investors which are traded in Hong Kong dollars on the Hong Kong Stock Exchange; (ii) ordinary shares with a nominal value of RMB1.00 each issued by Sinopec Corp. and which are traded in Renminbi on the Shanghai Stock Exchange and (iii) any other fully-paid and non-assessable shares of any class or classes of the ordinary shares of Sinopec Corp. authorised after the date of the Subscription Agreement which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of Sinopec Corp.

**“Share Schemes”** means the share option, share award, restricted share or employee share incentive schemes or plans in compliance with the applicable listing rules of the Hong Kong Stock Exchange and publicly disclosed by Sinopec Corp. in its announcements and reports published on the website of the Hong Kong Stock Exchange.

**Clearing Systems**

The Bonds will initially be represented by a Global Certificate in registered form, which will be registered in the name of a nominee of, and shall be deposited on the Issue Date with, a common depositary for Euroclear and Clearstream. Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, individual certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Common Code and ISIN for the Bonds are 303762108 and XS3037621086, respectively.

**Legal entity identifier (LEI) of the Issuer**

254900FHVD3YNZ5XIC45.

**Listing**

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.

**Governing law and jurisdiction**

English law and Hong Kong courts.

**Trustee**

Citicorp International Limited.

**Principal Paying and Exchange Agent and Transfer Agent**

Citibank, N.A., London Branch.

**Registrar**

Citicorp International Limited.

**Further issues**

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them, the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the CSRC Post-Issuance Filings (each as defined in the Conditions)) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds; provided that the *pro rata* share of the Exchange Property corresponding to each Bond shall be adjusted accordingly.

**Use of proceeds**

See “*Use of Proceeds*”.

**Selling restrictions**

The Bonds, the Guarantee and the H Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). Also see “*Subscription and Sale*”.

**Ratings**

The Bonds are expected to be assigned a rating of “A+” by S&P and “A1” by Moody’s. A rating is not a recommendation to buy, sell or hold securities, does not address the likelihood or timing of prepayment and may be subject to revision, qualification, suspension or withdrawal at any time by the assigning rating organisation. A revision, qualification, suspension or withdrawal of any rating assigned to the Bonds may adversely affect the market price of the Bonds.

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**Note:**

Concurrent delta placement: The Sole Lead Manager will facilitate some or all of the hedging activities that may be executed by investors in the Bonds through a concurrent delta placement to the Guarantor at the closing price of the Shares on 13 May 2025.

## RISK FACTORS

*You should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below, before investing in the Bonds. Any of the following risks and uncertainties could have a material and adverse effect on the Group's business, financial condition, results of operations and prospects.*

### **Risks relating to the Group's Business Operation**

***The Group's business may be adversely affected by the fluctuation of crude oil, natural gas and refined oil product prices.***

The Group consumes a large amount of crude oil to produce refined oil products and chemical products. A decline in crude oil prices will reduce the Group's crude oil revenues derived from external customers, and may cause the Group to incur impairment to its investments and assets. A sharp decline in crude oil and gas prices may impact the Group's cash flow, profit and ability to maintain its long-term investment projects, and a prolonged period of low oil and gas prices may impact the base of the Group's proved oil or natural gas reserves and the Group may have to write down assets and re-assess the viability of certain projects. An increase in crude oil prices may, however, increase the production costs of refined oil products, which the Group may not be able to pass on to customers in a timely manner or at all due in part to the control of retail prices by the PRC government. A decline in refined oil products prices will reduce the Group's revenue derived from refining operations. An increase in the refined oil products prices, however, will increase the production costs of chemical products which use refined oil products as raw materials. Global oil prices have experienced and may continue to experience considerable volatility, as a result of, amongst others, the global oil supply and demand dynamics and geopolitical conflicts between Russian and Ukraine and in the Middle East, and the effective economic sanctions on Russia. See “– *The Group's operations may be adversely affected by global, regional and domestic economic conditions.*” The Group does not have, and will not have, control over the factors affecting international prices for crude oil and refined oil products. The Group uses financial derivatives, including but not limited to commodity futures and swaps, to hedge applicable risks of the volatility in crude oil price. The use of such financial derivatives may not successfully hedge all risks. The fair value of derivatives fluctuates due to the volatility of crude oil price, which in turn impacts the Group's results of operations. In low crude oil price environments, the Group may be negatively impacted by losses in the fair value of and increases in margin deposits required for the Group's financial derivative instruments. While the Group tries to adjust the sale price of its products to track international crude oil price fluctuations, the Group's ability to pass on the increased cost resulting from crude oil price fluctuations to its customers may be limited, and is dependent on international and domestic market conditions as well as the PRC government's price controls over refined oil products. Due to the volatile prices in the international oil market in recent years, the NDRC promulgated a price-setting mechanism for domestic refined oil products so that domestic refined oil products prices are in line with those in the international markets. Although the current price-setting mechanism for refined oil products in the PRC allows the PRC government to adjust prices in the PRC market when the average international crude oil price fluctuates beyond certain levels within a certain time period, the PRC government still retains discretion as to whether or when to adjust the refined oil products prices.

The PRC government generally exercises certain price controls over refined oil products once international crude oil prices experience sustained rises or become significantly volatile. For example, effective from 2 January 2025, the NDRC increased the retail prices of gasoline and diesel each by RMB70 per tonne. Effective from 16 January 2025, the NDRC increased the retail prices of gasoline and diesel by RMB340 per tonne and RMB325 per tonne, respectively. Effective from 19 February 2025, the NDRC

decreased the retail prices of gasoline and diesel by RMB170 per tonne and RMB160 per tonne, respectively. Effective from 5 March 2025, the NDRC decreased the retail prices of gasoline and diesel by RMB135 per tonne and RMB130 per tonne, respectively. On 19 March 2025, the NDRC again lowered the retail prices of gasoline and diesel by RMB280 per tonne and RMB270 per tonne, respectively. Effective from 2 April 2025, the NDRC increased the retail prices of gasoline and diesel by RMB230 per tonne and RMB220 per tonne, respectively. Effective from 17 April 2025, the NDRC decreased the retail prices of gasoline and diesel by RMB480 per tonne and RMB465 per tonne, respectively. As a result, the Group's results of operations and financial condition may be materially and adversely affected by the fluctuation of crude oil, natural gas and refined oil product prices.

***The Group's continued business success depends in part on its ability to replace reserves and develop newly discovered reserves.***

The Group's ability to achieve its growth objectives is dependent in part on the Group's level of success in discovering or acquiring additional oil and natural gas reserves and further exploring the Group's current reserve base. The Group's exploration and development activities for additional reserves also expose the Group to inherent risks associated with drilling, including the risk that no proved oil or natural gas reserves might be discovered. Exploring for, developing and acquiring reserves is highly risky and capital intensive. The fluctuation in the prices of crude oil and natural gas will impact the estimation of the Group's proved oil or natural gas reserves. There can be no assurance that the Group would continue to actively expand its exploration and production activities or to acquire additional oil and gas reserves. Without reserve additions through further exploration and development or acquisition activities, or if the prices of crude oil and natural gas fall sharply, the Group's reserves and production will decline over time, which may materially and adversely affect the Group's results of operations and financial condition.

***The Group relies heavily on outside suppliers for crude oil and other raw materials, and the Group may experience disruption of its ability to obtain crude oil and other raw materials.***

The Group purchases a significant portion of the Group's crude oil and other feedstock requirements from outside suppliers located in different countries and areas in the world, of which a small proportion of crude oil processed by the Group's refinery business was sourced from countries, regions or entities that are the subject of various U.S. economic sanction regimes administrated by the Office of Foreign Assets Control ("OFAC") of the U.S. Department of Treasury. In addition, the Group's continued development may require the Group to source an increasing amount of crude oil from outside suppliers. The Group is subject to the political, geographical, economic, regulatory and legal risks associated with certain of these countries and areas, including the following:

- changes in international political and economic conditions, as well as social conditions;
- military hostilities, war, political unrest or acts of terrorism;
- challenges caused by distance, language, local business customs and cultural differences;
- difficulty in obtaining licences, permits or other regulatory approvals from local authorities and in enforcing the oil and gas segment's rights under contracts;
- with respect to those countries that are members of OPEC, the lowering of petroleum production volume pursuant to OPEC policy;
- changes in laws, regulations or government policies, or in the interpretation or enforcement of laws, regulations and government policies, including changes driven by resource nationalism, or uncertainties thereof;



- measures which may be introduced to control inflation or changes in the rate or method of taxation;
- imposition of additional restrictions on currency conversion and remittances abroad or reduction in tariff protection and other import restrictions;
- natural disasters, epidemics or pandemic outbreaks or pollution; and
- changes in the usage and costs of state-controlled transportation services.

If the Group's contractual relationships with one or more outside suppliers were terminated or suspended due to any natural disasters, epidemics, other disasters or political events, it is possible that the Group would not be able to find sufficient alternative sources of supply in a timely manner or on commercially reasonable terms. As a result, the Group's business and financial condition would be materially and adversely affected.

***The oil and natural gas reserves data in this Offering Circular are only estimates, and the Group's actual production, revenues and expenditures with respect to the Group's reserves may differ materially from these estimates.***

There are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves, and in the timing of development expenditures and the projection of future rates of production. The reserve data set forth in this Offering Circular represent third-party estimates only. Adverse changes in economic conditions may render it uneconomical to develop certain reserves. The Group's actual production, revenues, taxes and fees payable and development and operating expenditures with respect to the Group's reserves may vary from these estimates.

The reliability of reserves estimates depends on:

- the quality and quantity of technical and economic data;
- the prevailing oil and gas prices applicable to the Group's production;
- the production performance of the reservoirs; and
- extensive engineering judgement.

In addition, new drilling, testing and production results following the estimates may cause substantial upward or downward revisions in the estimates.

***Oilfield exploration and drilling involves numerous risks, including risks that no commercially productive crude oil or natural gas reserves can be discovered and risks of failure to acquire or retain reserves.***

The Group's oil and gas business is currently involved in exploration activities in various regions, including in some areas where natural conditions may be challenging and where the costs of such exploration activities may be high. As a result, the Group's oil and gas business may incur cost overruns or may be required to curtail, delay or cancel drilling operations because of many factors, including, but not limited to, the following:

- disruption caused by unexpected stratigraphic factors;

- pressure or irregularities in geological formations;
- equipment failures or accidents;
- oil or gas well blowouts;
- adverse weather conditions or natural disasters;
- compliance with existing or enhanced environmental regulations;
- governmental requirements and standards; or
- delays in the availability of drilling rigs and delivery and maintenance of equipment.

The future production of the Group's oil and gas business depends significantly upon the Group's success in finding or acquiring additional reserves and retaining and developing such reserves. If the Group's oil and gas business fails to conduct successful exploration activities or to acquire or retain assets holding proved reserves, it may not meet its production or growth targets, and its proved reserves will decline as it extracts crude oil and natural gas from the existing reservoirs, which could adversely affect the Group's business, financial condition and results of operations.

In addition, there can be no assurance that the Group can successfully locate sufficient alternative sources of crude oil supply or at all due to the complexity of the international political, economic and other conditions. If the Group fails to obtain sufficient alternative sources of crude oil supply, the Group's results of operations and financial condition may be adversely affected.

***As a guarantor of certain obligations and a creditor of SIPC, the Group is exposed to risk of loss if SIPC defaults.***

As the former sole shareholder of Sinopec International Petroleum Exploration and Production Corporation (中国石化集团国际石油勘探开发公司) (“SIPC”), the Group has provided guarantees to SIPC to support its business operation, which include but are not limited to loan guarantees and performance guarantees. Although the Group's equity interest in SIPC has decreased to 30 per cent. from 1 January 2015 following the capital restructuring of SIPC, the Group remains bound by such guarantees and the Group's liabilities under such guarantees have not decreased proportionally with the decrease of the Group's equity interest in SIPC. If SIPC defaults for any reason or if SIPC has limited or no financial resources to make full payment, the Group may be obligated to perform the contracts as a primary obligor or make payments on behalf of SIPC, and its return and results of operations could be materially and adversely affected.

***The Group's business faces operational risks and natural disasters that may cause significant property damage, personal injuries and interruption of operations, and the Group may not have sufficient insurance coverage for all the financial losses incurred by the Group.***

Exploring for, producing and transporting crude oil and natural gas and producing and transporting refined oil and chemical products involves a number of operating hazards. The Group's operations are subject to significant hazards and risks inherent in refining operations and in transporting and storing crude oil, intermediate products and refined oil products. These hazards and risks include, but are not limited to, natural disasters, fires, explosions, pipeline ruptures and spills, third-party interference and mechanical failure of equipment at the Group's facilities or third-party facilities, any of which could result in

production and distribution difficulties and disruptions, environmental pollution, personal injury or wrongful death claims and other damage to the Group's properties and the property of others. There is also risk of mechanical failure and equipment shutdowns both in general and following unforeseen events. In such situations, undamaged refinery processing units may be dependent on or interact with damaged process units and, accordingly, are also subject to being shut down. Even though the Group has a strong institutional focus on the safety of its operations and has implemented health, safety and environment management system within the Group with a view to preventing accidents and reducing personal injuries, property losses and environment pollution, the Group's preventative measures may not be effective. The Group also maintain insurance coverage on its property, personnel, plant, equipment and inventory and potential third-party liability, but the Group's insurance coverage may not be sufficient to cover all the financial losses caused by the operation risks and natural disasters. Significant operating hazards and natural disasters may cause interruption to the Group's operations, property or environmental damages as well as personal injuries, and each of these incidents could have a material adverse effect on the Group's financial condition and results of operations.

***The Group's business operations may be adversely affected by present or future environmental protection regulations.***

The Group has incurred, and expects to continue to incur, substantial capital, operating, maintenance and remediation costs relating to compliance with increasingly complex laws and regulations for the protection of the environment and human health and safety, including:

- costs of preventing, controlling, eliminating or reducing certain types of emissions to air and discharges to the sea, including costs incurred in connection with government action to address the risk of spills and concerns about the impacts of climate change;
- remediation of environmental contamination and adverse impacts caused by the Group's activities or accidents at various facilities owned or previously owned by the Group and at third-party sites where the Group's products or waste have been handled or disposed of;
- compensation of persons and/or entities claiming damages as a result of the Group's activities or accidents; and
- costs in connection with the decommissioning of drilling platforms and other facilities.

For example, as an integrated petroleum and petrochemical company, the Group is subject to extensive environmental protection laws and regulations in the PRC. These laws and regulations permit:

- the imposition of fees for the discharge of waste substances;
- the levy of fines and payments for damages for serious environmental offences;
- the government, at its discretion, to close any facility which fails to comply with orders and require it to correct or stop operations causing environmental damage; and
- litigations and liabilities arising from pollutions and damages to the environment and public interests.

The Group's production operations produce substantial amounts of wastewater, exhaust gas, solid waste materials as well as noise. Although the Group believes that it maintains waste materials treatment and pollution control systems in line with applicable laws and regulations, the Group's production facilities require operating permits that are subject to renewal, modification and revocation. The Group has established a system to treat waste materials to prevent and reduce pollution. However, the PRC government has moved, and may move further, toward more rigorous enforcement of applicable laws, and toward the adoption of more stringent environmental standards, which, in turn, would require the Group to incur additional expenditures on environmental matters.

In recent years, the Group has commenced exploration and production of unconventional oil and gas resources, such as shale oil and gas and coal bed methane, through the application of relatively advanced and expensive technologies. As a result, the Group's unconventional oil and gas operations are subject to the limitations of unproven technology and expose the Group to higher environmental compliance standards and requirements. In the event of any failure to comply with such standards and requirements, the Group may be subject to public concerns about the Group's unconventional oil and gas operations, which may also harm the Group's corporate reputation.

Furthermore, in countries where the Group operates or expects to operate in the near future, new laws and regulations, the imposition of stricter licensing requirements, increasingly strict enforcement of or new interpretations of existing laws and regulations, the remedial measures taken following operational catastrophes in which the Group or any member of the Group's industry is involved or the discovery of previously unknown contamination may require future expenditures in order to, amongst other things:

- modify operations;
- install pollution control equipment;
- implement additional safety measures;
- perform site cleanups;
- curtail or cease certain operations;
- temporarily shut down the Group's facilities;
- meet technical requirements;
- increase monitoring, training, record-keeping and contingency planning; and
- establish credentials in order to be permitted to commence drilling.

Compliance with laws, regulations and obligations relating to climate change and environmental protection could result in substantial capital expenditures, reduced profitability as a result of increased operating costs, and adverse effects on revenue generation and strategic growth opportunities.

***The Group's business may be adversely affected by actions and regulations prompted by global climate changes.***

As the international community has reached consensus on the importance and urgency of addressing climate change, the oil and gas industry in which the Group operates is drawing increasing concerns on global climate change in recent years. A number of international, national and regional measures to limit

greenhouse gas emissions have been enacted. For example, the Paris Agreement became effective in November 2016, and many of the countries that have ratified the Paris Agreement are adopting domestic measures to meet the Paris Agreement goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources. The implementation of such measures in a number of countries and other potential legislation limiting emissions could affect the global demand for fossil fuels. If China or other countries in which the Group operates or intends to operate enact new laws that focus on limiting greenhouse gas emissions, it could result in substantial impact on capital expenditure from compliance with these laws, and revenue generation and strategic growth opportunities. In November 2014, China and the United States made joint announcement against the threat of climate change, whereby China undertook to peak CO<sub>2</sub> emissions by around 2030 or earlier if possible, and to increase the proportion of non-fossil fuel based energy to approximately 20 percent by 2030. China has also implemented a national carbon emissions trading scheme in 2017, power generation industry has been included initially. In December 2021, the State Council published the “*Notice from the State Council on Issuing the Comprehensive Work Plan for Energy Conservation and Emission Reduction for the 14th Five-Year Plan*” (国务院关于印发“十四五”节能减排综合工作方案的通知), which outlines China’s policy measures for advancing energy conservation and reducing emissions for 2021-2025. As most of the Group’s producing subsidiaries in China may be recognised as emission control enterprises, such change could materially and adversely affect the Group’s business and results of operations. At the same time, the Group’s business and results of operations are also affected by the increasing market penetration rate of renewable or alternative energy products, such as the increasing market share of electric vehicles.

***The Group’s operations may be adversely affected by cyber-attacks or similar disruptions.***

The Group devotes significant resources to protecting its digital infrastructure and data against cyber-attacks. If the Group’s systems against cyber-security risk prove to be ineffective, the Group could be adversely affected by, amongst other things, disruptions to its business operations, and loss of proprietary information, including intellectual property, financial information and employer and customer data, injury to people, property, environment and reputation. As cyber-security attacks continue to evolve, the Group may be required to expend additional resources to enhance the Group’s protective measures against cyber-security breaches.

***The Group’s overseas exploration, development and operations are exposed to political, economic, regulatory and legal risks, and may be subject to additional compliance costs and risks.***

The Group is subject to various political, legal and regulatory environments in foreign countries and regions where the Group and its affiliates operate, some of which are known to be unstable and differ in certain significant respects from those prevailing in developed countries. Some countries and regions where the Group has made significant investments are among the most undeveloped countries as defined by the United Nations, and their laws, regulations and policies are less established or predictable due to political and economic uncertainties. Furthermore, operations in foreign countries considered fragile states may face a number of obstacles, such as pressure from external or government groups, social unrest, general strikes and other labour disputes, crime and corruption, which could result in disruption, suspension or termination of the Group’s or its affiliates’ operations. In addition, the results of the Group’s or its affiliates’ operations may be adversely affected by a number of factors in the countries and regions in which the Group operates or has interests, including the same risks as those associated with certain countries and regions of the Group’s third-party suppliers, as set out in the risk factor “– *The Group relies heavily on outside suppliers for crude oil and other raw materials, and the Group may experience disruption of its ability to obtain crude oil and other raw materials.*”

The Group has expanded its global footprints in many of its business segments in recent years through mergers and acquisitions, and the Group plans to continue to grow its business internationally. As the Group's international operations expand into many foreign jurisdictions, the Group faces new regulatory environment and compliance challenges that the Group may not be familiar with. From time to time, the Group's international operations and foreign management personnel may be involved in governmental investigations and other legal proceedings for alleged illegal business, improper payments and/or personal conducts. Government investigations and legal proceedings against the Group or its affiliates regarding violations of law may lead to judgments, settlements, fines, penalties or other results adverse to the Group, which could materially and adversely affect the Group's business, financial condition or results of operations, and cause serious reputational harm to the Group. In addition, future developments in the ongoing proceedings and other potential proceedings, such as responding to the requests of governmental authorities and cooperating with them, could divert the Group's management's attention and resources from other issues facing the Group's business. Furthermore, the Group may be required to devote significant additional resources to understanding, adapting and formulating the Group's corporate governance and regulatory compliance framework to, and monitoring changes in, the laws and regulations in multiple foreign jurisdictions where have business operations, and incur high costs in structuring and operating the Group's businesses to comply with such laws and regulations and implementing and administering related internal policies and procedures.

***The Group may not be able to detect and/or prevent any prior or future fraud, corruption or other misconduct committed by its employees or third parties.***

Despite the fact that the Group has in place relevant policies and mechanism to monitor the management system, and a supervisory body to oversee and inspect the system from time to time, fraud or other misconduct by the Group's employees, such as bribery, unauthorised business transactions, breach of its internal policies and procedures and violation of law, or by third parties, may be difficult to detect or prevent. It could subject the Group to financial loss and sanctions imposed by governmental authorities while seriously damaging its reputation. It may also impair the Group's ability to effectively attract customers, obtain financing on favourable terms, compete in invitations to tender and conduct other business activities. While the Group's internal control policies and procedures are designed to punish employees that participate in bribery or otherwise obtaining improper benefits from their positions, such policies and procedures may not be effective or comprehensive, and thus it may be unable to prevent, identify or address non-compliance and/or suspicious transactions in a timely manner or at all. Therefore, the Group will continue to face the risk that fraud, corruption and other misconduct may occur in the future, which may have an adverse effect on the Group's business reputation, financial condition and results of operations.

***The Group's development projects and production activities involve many uncertainties and operating risks that can prevent the Group from realising profits and cause substantial losses.***

The Group's development projects and production activities may be curtailed, delayed or cancelled for many reasons, including equipment shortages or failures, natural hazards, unexpected drilling conditions or reservoir characteristics, pressure or irregularities in geological formations, accidents, mechanical and technical difficulties and industrial action. These projects and activities, which include projects focused on unconventional oil and gas exploration and development, will also often require the use of new and advanced technologies, which may be expensive to develop, purchase and implement, and may not function as expected. There is a risk that development projects that the Group undertakes may not yield adequate returns. In addition, the Group's development projects and production activities, particularly those in remote areas, could become less profitable, or unprofitable, if the Group experiences a prolonged period of low oil or gas prices or cost overruns.



***The Group may encounter problems with its joint projects and disputes with its joint venture and other business partners may adversely affect the Group's business, financial condition and results of operations.***

In the course of its business, the Group has in the past formed, and will in the future continue to form, joint ventures, consortiums or other cooperative relationships with other parties, including in some cases foreign governmental entities or foreign companies, to jointly engage in certain business activities, which include, amongst others, jointly operating the oilfields. The Group also relies on third-party operators to operate certain of the Group's projects for the Group's overseas business and the Group may be unable to control the actions of such third-party operators.

The Group may bear joint and several liabilities to the project owners or other parties with third-party operators, other consortium members or joint venture or business partners under the relevant consortium, joint venture or other agreements, and, as a result, the Group may incur damages and other liabilities for any defective work or other breaches by third-party operators, other consortium members or joint venture or business partners.

In addition, if there are disagreements between the Group and its joint venture partners regarding the business and operations of the joint projects, there can be no assurance that they will be able to resolve them in a manner that will be in the Group's best interests. Certain major decisions, such as selling or refinancing these projects, may require the consent of all other partners. These limitations could adversely affect the Group's ability to sell, refinance or otherwise operate and profit from these projects.

Any of these and other factors may have an adverse effect on the performance of the Group's oil and gas joint projects and expose such projects to a number of risks, including the risk that these projects may not be able to fulfil their obligations under contracts with customers, resulting in disputes not only between the Group and its partners, but also between the joint ventures and their customers, or create unexpected complications. Such a material adverse effect on the performance of the joint projects may in turn adversely affect the Group's business, financial condition and results of operations.

***The Group is dependent upon subcontractors and other third parties for various services and products in the Group's business.***

The Group may from time to time subcontract portions of its engineering and construction projects to independent third-party subcontractors. In addition, if the Group needs extra manpower due to a shortage of labour, or in order to accelerate the progress of project work, the Group may need to subcontract labour services internally, hire short-term temporary workers, or engage independent third-party subcontractors. The Group also relies on third-party manufacturers or other service providers for production and supply of certain parts, components and services in connection with the Group's resources development, equipment manufacturing and property development operations. Outsourcing to subcontractors and other third parties supplements the Group's capacity, reduces the Group's need to employ a large workforce, including skilled and semi-skilled labour in different specialised areas, and increases the Group's flexibility and cost effectiveness in carrying out contracts. The Group has established a system with respect to the selection and control of subcontractors in the Group's engineering and construction business, which involves, amongst others, maintaining a regularly updated list of qualified subcontractors and entering into agreements with them to set forth each party's rights and obligations. In its other businesses, the Group also endeavours to source products and services from third-party manufacturers and service providers whom the Group believes are able to meet its quality, delivery schedule and other requirements. Nevertheless, the Group may not be able to monitor the performance of these subcontractors and other third parties as directly and efficiently as the Group's own staff. In addition, qualified subcontractors and



other third parties may not always be readily available when the Group's needs for outsourcing arise. If the Group is unable to hire qualified subcontractors and other third parties, the Group's ability to complete projects or other contracts could be impaired. If the amounts that the Group is required to pay to subcontractors and other third parties exceed what the Group has estimated, especially in the case of customer contracts with a pre-agreed price, the Group may suffer losses on those contracts. Outsourcing also exposes the Group to risks associated with non-performance, delayed performance or substandard performance by subcontractors or other third parties. As a result, the Group may experience a deterioration in the quality or late delivery of its construction projects, incur additional costs due to delays or higher prices in sourcing the services, equipment or supplies, or be subject to liability under the relevant contract for the non-performance, delayed performance or substandard performance of the Group's subcontractors or other third parties. Such events could have a material and adverse impact upon the Group's profitability, financial performance and reputation, and may result in litigation or damage claims against the Group.

***The Group faces challenges in achieving its strategic objective of successfully exploiting growth opportunities.***

An important element of the Group's strategy is to continue to pursue attractive and profitable growth opportunities available to the Group, by both enhancing and repositioning its asset portfolio and expanding into new markets. The opportunities that the Group is actively pursuing may involve the acquisition of businesses or properties that complement or expand the Group's existing portfolio.

The Group's ability to successfully implement this strategy will depend on a variety of factors, including its ability to:

- identify acceptable opportunities;
- negotiate favourable terms;
- develop new market opportunities or acquire properties or businesses promptly and profitably;
- integrate acquired properties or businesses into the Group's operations;
- arrange financing, if necessary; and
- comply with legal regulations.

As the Group pursues business opportunities in new and existing markets, the Group anticipates significant investments and costs in connection with the development of such opportunities. The Group may incur or assume unanticipated liabilities, losses or costs associated with assets or businesses acquired. Any failure by the Group to successfully pursue and exploit new business opportunities could result in financial losses and inhibit growth.

Any such new projects that the Group acquires will require additional capital expenditure and will increase the cost of the Group's discoveries and development. These projects may also have different risk profiles than the Group's existing portfolio. These and other effects of such acquisitions could result in the Group's having to revise either or both of the Group's forecasts with respect to unit production costs and production. To the extent that some acquisitions may have operational complexities due to the nature of their business, the election to not fully integrate such acquisitions may be made if such integration does not quantitatively improve operational or financial efficiencies. Some integration efforts will be phased in to ensure that desired efficiencies are quickly and cost effectively realised. Any element of integration

must be justified rationally on potential cost savings realised by the business. If the Group is unable to successfully integrate some or all of the operations of the Group's acquired overseas businesses or future acquisitions, this could have a material adverse effect on the Group's business and operations.

In addition, the pursuit of acquisitions or new business opportunities could divert financial and management resources away from the Group's day-to-day operations to the integration of acquired operations or properties. The Group may require additional debt or equity financing to undertake or consummate future acquisitions or projects, and such financing may not be available on terms satisfactory to the Group, if at all, and it may, in the case of equity, be dilutive to the Group's earnings per share.

***The Group's exploration, development and production activities and the Group's refining and petrochemical business require substantial expenditure and investments and the Group's plans for and ability to make, such expenditures and investments are subject to various risks.***

Exploring, developing and producing crude oil and natural gas fields are capital-intensive activities involving a high degree of risk. The Group's ability to undertake exploration, development and production activities and make the necessary capital expenditures and investments is subject to many risks, contingencies and other uncertainties, which may prevent the Group's oil and gas business from achieving the desired results, or which may significantly increase the expenditures and investments that the Group's oil and gas business makes, including, but not limited to, the following:

- ability to generate sufficient cash flows from operations to finance the Group's expenditures, investments and other requirements, which are affected by changes in crude oil and natural gas prices and other factors;
- availability and terms of external financing;
- mix of exploration and development activities conducted on an independent basis and those conducted jointly with other partners;
- extent to which the Group's ability to influence or adjust plans for exploration and development related expenditures is limited under joint operating agreements for those projects in which the Group has partners;
- government approvals required for exploration and development-related expenditures and investments in jurisdictions in which the Group conducts business; and
- economic, political and other conditions in jurisdictions in which the Group conducts business.

The Group may expand its exploration and production segment and, from time to time, construct new and/or revamp existing refining and petrochemical facilities. Expansion and construction activities of this nature require substantial capital expenditures and investments, and there can be no assurance that the cash generated by the Group's operations will be sufficient to fund these development plans or that the Group's actual future capital expenditures and investments will not significantly exceed its current planned amounts. The Group's inability to obtain sufficient funding for development plans could adversely affect its business, financial condition and results of operations.

*The Group's indebtedness level could have an adverse effect on the Group's financial condition, diminish the Group's ability to raise additional capital to fund the Group's operations and limit the Group's ability to explore business opportunities. The Group had net current liabilities at times during the past few years, which may expose the Group to liquidity risks.*

The Group maintains a certain level of indebtedness to finance its operations and may incur significant capital expenditures for maintaining the Group's existing facilities and investing in production capacity expansions and possible acquisitions. The Group recorded net current assets of RMB125 million as of 31 December 2022, net current liabilities of RMB4,647 million as of 31 December 2023 and net current liabilities of RMB18,382 million as of 31 December 2024, respectively. The Group may continue to have net current liabilities in the future as the Group's business expands and as part of the Group's financial management strategies and there is no assurance that the Group will not have net current liabilities position in the future. The Group's indebtedness could have an adverse effect on the Group, for example, by:

- increasing the Group's vulnerability to adverse general economic or industry conditions;
- limiting the Group's flexibility to plan for, or react to, changes in the Group's business or the industry in which the Group operates;
- limiting the Group's ability to raise additional debt or equity capital in the future or increasing the cost of such funding;
- restricting the Group from making strategic acquisitions or taking advantage of business opportunities; and
- making it more difficult for the Group to satisfy the Group's obligations with respect to the Group's debt.

The Group's indebtedness will require it to maintain an adequate level of cash flow to satisfy its obligations as they become due. The Group's primary sources of funding include cash inflow from operation activities and short-term and long-term borrowings. Cash inflow from the Group's operating activities were RMB3,957.3 billion, RMB3,818.2 billion, and RMB3,743.1 billion, respectively, for the years ended 31 December 2022, 2023 and 2024. The Group's net interest expenses for the years ended 31 December 2022, 2023 and 2024 were approximately RMB3.2 billion, RMB4.0 billion, and RMB5.8 billion, respectively. Changes in monetary policy and interest rate fluctuations may impact the Group's cost of funding. As of 31 December 2024, the total lines of credit available to the Group were approximately RMB2.1 trillion, of which approximately RMB1.6 trillion had been unused. However, there can be no assurance that the Group will always be able to generate enough cash through operating activities or financing activities to repay or to refinance the Group's indebtedness upon maturity. Any decrease in the Group's cash flow from operating or financing activities in the future may have a material and adverse effect on the Group's business, liquidity, financial condition, results of operations and the Group's ability to repay its indebtedness, including the Bonds.

***The Group's activities in or related to certain countries or with certain individuals or entities that are the subject of U.S. sanctions could result in negative media and investor attention and materially and adversely affect investment in the Bonds.***

In recent years, the U.S. government has implemented a number of sanctions targeting non-U.S. companies that engage in certain Iran-related transactions and has broadened the range of sanctionable Iran-related transactions. For example, under the Iran Sanctions Act, or the ISA, which has been amended and expanded on several occasions since 1996, including by the Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, the President of the United States is authorised to initiate an investigation into the activities of non-U.S. companies in Iran's energy sector and to impose sanctions on companies that, amongst other things, make investments above certain thresholds that contribute to the development of Iranian petroleum resources (including natural gas resources); export certain levels of refined oil products to Iran; provide certain types and levels of assistance to Iran in developing petroleum resources, producing refined oil products, or importing refined oil products; transport crude oil from Iran; or conceal the Iranian origin of crude oil and refined petroleum products transported on vessels. In January 2016, the United States suspended most secondary sanctions (those designed to target the activities of non-U.S. persons) pursuant to the terms of the Joint Comprehensive Plan of Action (the "JCPOA"). In May 2018, the United States withdrew from the JCPOA. By 5 November 2018, all sanctions on Iran by the United States including those on the crude oil and petrochemical sectors had been re-imposed, with eight countries and regions including China granted temporary "significant reduction exceptions" by the United States as exemptions to certain sanctions to allow the importation of crude oil from Iran, which exemptions expired on 2 May 2019.

In November 2020, the President of the United States issued Executive Order 13959, which prohibits U.S. persons from making investments in certain Chinese companies that are identified by the Secretary of Defense and/or the Secretary of Treasury as "Communist Chinese military companies." In June 2021, the President of the United States issued Executive Order 14032, which came into effect on 2 August 2021. Executive Order 14032 revises the sanctions framework related to Communist Chinese military companies and rename the framework to cover "Chinese Military-Industrial Complex" companies, or CMICs. The CMIC regime expands the scope of the national emergency declared in Executive Order 13959 as a means to deter U.S. persons from investing in Chinese companies identified by the government of the United States as having ties to China's military or surveillance industry. While the Group is not designated as a CMIC company, there is no assurance that the Group may not become subject to such executive orders. Furthermore, there is no assurance that the Group will not be subject to similar executive orders as there is significant amount of uncertainty about the policies and the future actions that may be taken by the government of the United States. If the Group is subject to similar regulations or executive orders prohibiting U.S. investors from investing in the Bonds, the liquidity of the market and the trading price of the Bonds will be adversely impacted.

The Group engages, or has engaged, in certain business activities in or related to Iran that could be interpreted as activities targeted by the ISA or other U.S. sanctions.

In addition, the Group engages, or has engaged, through various group entities, in limited international oil and gas production investment and related services, petrochemical engineering technical services, and international oil and gas trading activities with certain individuals or entities and in countries that are the subject of other U.S. economic sanctions regimes, including Russia.

In response to Russia's military activities relating to Ukraine launched in February 2022, the U.S. government has imposed significant sanctions and export control measures targeting Russia. In broad terms, the U.S. restrictions enacted to date include: territorial embargoes on the Donetsk People's Republic and Luhansk People's Republic regions of Ukraine pursuant to Executive Order 13660, prohibitions on trade in certain goods and services between the United States and Russia and new investment in Russia

by U.S. persons pursuant to Executive Orders 14068 and 14071, asset blocking sanctions on a number of Russian individuals and entities, restrictions on transactions involving certain Russian financial institutions and Russia's Central Bank, National Wealth Fund, and Ministry of Finance, and restrictions on dealing in Russian sovereign debt and debt or equity of certain Russian companies pursuant to Executive Order 14024. Since December 2022, the U.S. Department of the Treasury has announced and imposed further prohibitions on certain services by U.S. persons related to the maritime transport of crude oil and petroleum products of Russian origin, also known as the Russian oil price cap policy. Other G7 group of countries have also implemented similar Russian oil price cap policies.

On 22 December 2023, President Biden issued Executive Order 14114, which modifies Executive Order 14024 and authorises the imposition of sanctions on non-U.S. financial institutions that engage in significant transactions involving persons sanctioned by the U.S. government for operating in the technology, defence and related materiel, construction, aerospace, or manufacturing sectors of the Russian Federation economy or involving Russia's military-industrial base. On 12 June 2024, the U.S. Treasury Department announced that it was broadening the definition of Russia's military-industrial base to include all persons blocked pursuant to Executive Order 14024, meaning that non-U.S. financial institutions risk being sanctioned for conducting or facilitating significant transactions, or providing any service, involving such blocked persons. On 10 January 2025, the U.S. Secretary of the Treasury issued a determination that authorises the imposition of economic sanctions on any person determined to operate or have operated in the energy sector of the Russian Federation economy. A sector determination does not automatically impose sanctions on all persons who operate or have operated in the sector. Additional or expanded sanctions may be imposed in the future. There is no assurance that the Group will not be the subject of sanctions under U.S. sanctions laws in the future due to the Group's activities in relation to Russia's energy sector. If the Group (or its subsidiaries) were sanctioned under any such laws, it could materially and adversely affect the market price of the Bonds and you might be unable to sell, or receive distributions with respect to, the Bonds.

Although the Group's overall operations and activities in or related to those countries and with those individuals or entities that are the subject of any U.S. sanction regimes represent a de minimis percentage of the Group's consolidated assets, revenues and net profit, the Group cannot predict the interpretation or implementation of the sanction-related government policies by the U.S. government with respect to any current or future activities by the Group or its affiliates in these countries or with these individuals or entities. If it is determined that the Group engages in activities targeted by U.S. sanctions laws, regulations or executive orders, the Group could be subject to secondary sanctions ranging from restrictions on U.S. exports or bank financing to outright blocking of the Group's property within the U.S. jurisdiction or held or controlled by U.S. persons. If the U.S. blocking sanctions were applied to the Group, then the Group and entities owned 50 per cent. or more by the Group (including the Issuer) would be prohibited from engaging in business activities in the United States or with individuals or entities, and U.S. transactions in the Bonds that pass through the U.S. and the distribution of the Bonds to U.S. individuals and entities would also be prohibited. There is no assurance that the Group will not be the subject of sanctions under U.S. sanctions laws in the future due to the Group's activities in or related to sanctioned countries or with any sanctioned individuals or entities. If the Group were sanctioned under any such laws, it could materially and adversely affect the market price of the Bonds and you might be unable to sell, or receive distributions with respect to, the Bonds. In addition, certain U.S. state and local governments and colleges have restrictions on the investment of public funds, pension funds, or endowment funds, respectively, in companies that are members of corporate groups with activities in certain countries that are or were the subject of U.S. sanctions. These investors may not wish to invest, and may divest their investment in the Group because of the Group's investments and activities in the OFAC sanctioned countries. It is possible that, as a result of activities by the Group or its affiliates in these countries and with these individuals or entities, the Group may be subject to negative media or investor attention, which may distract management, consume internal resources and negatively affect investors' perception of the Group.

***The Group's auditors were subject to investigation initiated by relevant PRC authorities.***

BDO China, the Group's independent auditors, is a registered accounting firm in the PRC supervised by relevant PRC regulatory agencies, including the Ministry of Finance and the CSRC. During the past few years, regulatory authorities including CSRC and its local counterparts announced certain administrative measures against BDO China in relation to its services provided to various companies. These companies were all unrelated to the Group. The measures involved confiscation of revenue, temporary suspension of certain business operations, requirements to rectify any audit irregularities and fines. BDO China has confirmed that they have taken the required rectification measures and made the required written report to the relevant regulatory authorities. As of the date of this Offering Circular, BDO China is not being suspended with respect to any part of its business. If BDO China is found to be deficient in performing its audit tasks for other companies, it could affect investors' confidence in all companies and their financial statements audited by BDO China. There is no assurance that there will be no new investigations or administrative measures taken by relevant regulatory authorities against BDO China in the future, nor can there be any assurance that further negative news about BDO China would not have a material and adverse effect on the Group.

### **Risks relating to the Group's Industry**

***The Group's operations may be adversely affected by global, regional and domestic economic conditions.***

The Group's results of operations are materially affected by economic conditions in the PRC and elsewhere around the world. Although nations around the world have adopted various economic policies to mitigate the adverse influences caused by factors such as the slowdown of world economy, the financial crisis (including the collapse of certain bank and non-bank financial institutions in early 2023) and the U.S.-China trade conflicts, it is uncertain how quickly the world economy will grow going forward.

The economic recovery since the 2008 global financial crisis has been slow, with economic growth rates in major economies such as Europe, the United States, Japan and China generally remaining persistently lower than pre-crisis levels. Global economic conditions have been, and are likely to continue to be, affected by concerns over increased geopolitical tensions, including the ongoing U.S.-China trade conflicts. In particular, the latest escalating trade dispute in 2025 between the United States and other major economies could result in significant adverse impacts, including a slowdown in global economic growth and higher inflation, reduced trade flows and business investment and downside risks for equity, bond and commodity prices. While the Group does not source any amount of significance of crude oil or other supplies from the U.S., nor does the Group derive any significant revenues from exports to the U.S. market, the increased tariffs, along with any additional tariffs or other trade actions that may be implemented by each of the U.S. and China, may increase the cost of certain materials and/or products that the Group imports from the U.S., and make the Group's products in the U.S. less competitive, thereby adversely affecting the Group's profitability and business. It is uncertain as to when the trade tension between the U.S. and China will ease. A further escalation of the trade war between the U.S. and China may have a material and adverse impact on the global economy. In addition, other evolving situations and social unrest in different regions of the world may impact the stability of the political, social and economic conditions globally or regionally. Global crude oil prices have experienced extreme volatility in the first quarter of 2020, driven by disagreements between Saudi Arabia and Russia over their daily production outputs of crude oil and the reduction in demand for oil. In March 2020, the global price for a barrel of oil tumbled by 25 per cent. within one day shortly after Saudi Arabia announced its intention to continue to significantly increase its daily output of oil in the coming months. Although a deal was reached in early April 2020 by the OPEC+ group, an alliance between OPEC and other oil producers including Russia, to cut oil production by 9.7 million barrels a day, the precipitous decline in demand for crude oil has led to excess supply in oil markets and concerns that global oil storage may reach maximum capacity



imminently. Prompted by such concerns, U.S. oil prices fell into negative territory, with the price of May 2020 futures for WTI, the benchmark for U.S. oil, trading below zero bbl on 20 April 2020. In the first three quarters of 2020, the average spot price of Platt's Brent was U.S.\$42.5 per barrel, down by 34.4 per cent. on a year-on-year basis. The oil prices staged a slight recovery in 2021. In 2022, the oil prices fluctuated widely with a sharp rise in the first half and a remarkable drop in the second half, affected by military conflicts between Russia and Ukraine, as well as global supply and demand dynamics. In 2023, geopolitical tensions intensified, macro-environment became increasingly unstable and uncertain, and international oil prices continued to fluctuate with wide range. The spot price of Platt's Brent for the year of 2023 averaged U.S.\$82.17 per barrel, down by 17.0 per cent. year on year, and the spot price of Platt's Brent for the year of 2024 averaged U.S.\$79.86 per barrel, down by 2.8 per cent. year on year. The volatility in oil prices, if sustained, may have a material and adverse impact on the Group's revenues and financial condition. Although the Group uses financial derivatives, including but not limited to commodity futures and swaps, to hedge the risks of volatility in crude oil prices, there is no guarantee that such financial derivatives can successfully hedge all such risks. See also “– *The Group's business may be adversely affected by the fluctuation of crude oil, natural gas, and refined oil product prices.*”

Governments and central banks around the globe have introduced fiscal and monetary stimulus measures which aim to stabilise the markets and provide liquidity easing to the markets. There is no assurance that such measures will be introduced in time or will be sufficient or effective in delivering their policy objectives or be successful in containing the economic impact of the epidemic or stabilising the markets. As a result, the global economy is facing significant uncertainties and the global financial markets are experiencing significant volatilities which may adversely affect the economies of the countries in which the Group operates, and in turn, have a material adverse impact on the Group's business and financial condition and the value of the Bonds.

***The Group's operations may be adversely affected by the cyclical nature of the market.***

Most of the Group's revenues are attributable to sales of refined oil products and chemical products, and certain of these businesses and related products have historically been cyclical and sensitive to a number of factors that are beyond the Group's control. These factors include the availability and prices of feedstock and general economic conditions, such as changes in industry capacity and output levels, changes in regional and global economic conditions, prices and availability of substitute products and changes in consumer demand. Although the Group is an integrated company with upstream, midstream and downstream businesses, the Group has limited ability to mitigate the adverse impact of the cyclical nature of global markets.

***The Group faces strong competition from domestic and foreign competitors.***

Among the Group's competitors, some are major integrated petroleum and petrochemical companies within and outside China, which have recently become more significant participants in the petroleum and petrochemical industry in China. The PRC government has gradually eased the restrictions on the right to use imported crude oil and relaxed control over the right to import refined oil products.



This development may lead to refining overcapacity in China and intensify competition among local refineries. The relaxation of import control may drive up cost of crude oil imports and reduce the prices of refined oil products, thus adversely impact the Group's refining margin. The Chinese crude oil and refined oil product markets are becoming increasingly dynamic and internationalised with implementation of tariff concessions and relaxation of market access as part of China's commitment for its accession to the WTO. The potential trade conflict and increased trade protection measures implemented by several countries may adversely affect the production, trade or demand in petroleum and petrochemical industries, and may have a significant impact on Group's results of operations. In the current wholesale market of refined oil products, the Group is facing stronger competition with new players and imported products entering the market. The Group's market share of chemical products is also under stronger competitive pressure due to the increasingly active participation of diversified new market players including multinational petroleum and petrochemical companies and domestic private enterprises. In addition, the Group also expects to face competition in both domestic and international petrochemical product market as a result of the Group's domestic and international competitors' increasing production capacity. Increased competition may have a material adverse effect on the Group's financial condition and results of operations.

### **Risks relating to the Group's Financial Statements**

***The Group may continue to publish periodical financial information in the PRC pursuant to applicable PRC regulatory rules. Investors should be cautious and not place any reliance on the financial information other than that disclosed in this Offering Circular.***

The Group from time to time issues corporate bonds, private placement bonds and medium term notes in the domestic capital markets in the PRC. According to applicable PRC securities regulations on debt capital markets, the Group needs to publish its quarterly, half year and annual financial information to satisfy its continuing disclosure obligations relating to its bonds in the domestic capital markets. The periodic financial information published by the Group in the PRC is normally derived from the Group's management accounts which may not have been audited or reviewed by independent auditors, and such financial information may change if it is subject to an audit or a review. As such, the financial information published by the Group in the PRC does not provide the same quality of information associated with any audited or reviewed information. Such published financial information does not form part of this Offering Circular and should not be referred to or relied upon by potential investors. The published financial information in the PRC may be adjusted or restated to address subsequent changes in accordance with the accounting standards, the Group's accounting policies and/or applicable laws and regulations affecting the Group's financial reporting or to reflect the subsequent comments given by the independent auditors during the course of such auditors' audit or review. Such adjustment or restatement may cause discrepancies between the financial information with respect to a particular period or date contained in the Group's management accounts published in the PRC and the audited consolidated financial statements of the Guarantor disclosed elsewhere in this Offering Circular. The Group is not responsible to holders of the Bonds for the unaudited and unreviewed financial information from time to time published in the PRC and therefore potential investors should not place any reliance on any such financial information.

## **Risks relating to Conducting Business in the PRC**

### ***Government regulations may limit the Group's activities and affect the Group's business operations.***

The PRC government, though gradually liberalising its regulations on entry into the petroleum and petrochemical industry, continues to exercise certain controls over the petroleum and petrochemical industry in China. These control mechanisms include granting licenses to explore and produce crude oil and natural gas, granting licenses to market and distribute crude oil and refined petroleum products, adjusting upper limit of the retail prices for gasoline and diesel, collecting special gain levies, formulating import and export quotas and procedures, imposing safety, environmental and quality standards, and promulgating policies to conserve energy and reduce emission; meanwhile, there could be potential changes to macroeconomic and industry policies such as further improvement of pricing mechanism of petroleum products, reforming and improvement of pricing mechanism of natural gas, and reforming resource tax and environmental tax, which could affect the Group's production and operations. Such control mechanisms may have material adverse effects on the Group's operations and profitability.

On the other hand, the PRC government has been gradually relaxing the control over imports of crude oil and refined oil products, which may result in refining overcapacity in China and intensify competition among refining companies in China. Such relaxation of the import control may have material and adverse effects on the Group's refining margin, including procurement cost of imported crude oil and lower prices of refined oil products.

### ***Some of the Group's development plans require compliance with state policies and governmental regulation.***

The Group is currently engaged in a number of construction, renovation and expansion projects. Some of the Group's large construction, renovation and expansion projects are subject to governmental confirmation and registration. The timing and cost of completion of these projects will depend on numerous factors, including when the Group can receive the required confirmation and registration from relevant PRC governmental authorities and general economic conditions in China. If any of the Group's key projects required for its future growth is not confirmed or registered, or not confirmed or registered in a timely manner, the Group's results of operations and financial condition could be adversely impacted.

### ***The Group is subject to extensive control and supervision by various PRC governmental authorities and the Group's activities and business operations may be limited or adversely affected by government actions.***

The Group, as one of the key SOEs under the direct supervision of the SASAC, is subject to various inspections, examinations, audits, inquiries or similar actions by other PRC governmental authorities. While the Group operates its business pursuant to applicable laws and regulations, the Group cannot predict the outcome of such governmental audits and inspections. If the Group is found to have material misstatements or omissions in its financial reports or material incompliance with laws or other irregularities in the Group's operation, the Group may be subject to fines and other disciplinary actions imposed by such government authorities, and the Group's reputation, business and financial conditions may be materially and adversely affected.

In addition, the PRC government has identified the reform of SOEs as an essential step in the structural transformation of China's economy in recent years, with a goal to increase the competitiveness and promote the growth of SOEs. Such reform is taking place by various means, such as requiring the SOEs to bring in multiple types of investors or sell stake to their employees, promoting mergers and acquisitions among the large SOEs, and forcing the merger of underperforming and smaller SOEs into other centrally owned SOEs. If the Group or any of the Group's subsidiaries is required by the PRC government to participate in the reform, the Group's activities and business operations may be materially affected.

***Government regulation of currency conversion and exchange rate fluctuation may adversely affect the Group's operations and financial results.***

The Group receives a significant majority of its revenues in Renminbi. A portion of such revenues will need to be converted into other currencies to meet the Group's foreign currency needs, which include, amongst other things:

- import of crude oil and other materials;
- debt service on foreign currency-denominated debt;
- purchases of imported equipment; and
- payment of the principal and interest on bonds issued overseas.

The existing foreign exchange regulations have significantly reduced government foreign exchange controls for transactions under the current account, including trade and service-related foreign exchange transactions and payment of dividends. Foreign exchange transactions under the capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to foreign exchange controls and require the approval or registration of the SAFE. These limitations could affect the Group's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

The exchange rate of the Renminbi against the Hong Kong dollar, the U.S. dollar and other foreign currencies fluctuates and is affected by, amongst other things, the changes in the PRC's and international political and economic conditions. On 21 July 2005, the PRC government introduced a floating exchange rate system to allow the value of the Renminbi to fluctuate within a regulated band based on market supply and demand and by reference to a basket of foreign currencies. On 19 June 2010 and 11 August 2015, respectively, the PBOC decided to further promote the reform of exchange rate regime and enhance the flexibility of Renminbi exchange rate. Please see the section entitled "*Exchange Rate Information*". Most of the Group's crude oil purchases are settled in foreign currencies calculated on the basis of prices in U.S. dollars. Fluctuations in the exchange rate of the Renminbi against the U.S. dollars and certain other foreign currencies may adversely affect the Group's oil and gas business, financial condition and results of operations. Meanwhile, the pricing mechanism of refined oil products implemented by the PRC government is pegged to the exchange rate of the Renminbi against the U.S. dollars. Thus, the prices of domestic refined oil products fluctuate with Renminbi exchange rate and the prices of other domestic refined and chemical products would also be influenced by fluctuation of Renminbi exchange rate, which largely offsets the impact of Renminbi exchange rate fluctuation on the purchase cost of crude oil.

***Uncertainties with respect to the PRC legal system could limit the protections available to the Guarantor.***

The PRC legal system is a civil law system based on written statutes. Unlike in common law systems, prior court decisions may be cited for reference but have limited precedential value. Since 1979, PRC legislation and regulations have significantly enhanced the protections afforded to various forms of foreign investments in China. However, since many laws, rules and regulations are relatively new and the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group. For example, the Group may have to resort to administrative and court proceedings to enforce the legal protections that the Group enjoys either by law or contract. Since PRC

administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate and predict the outcome of PRC administrative and court proceedings and the level of legal protection the Group enjoys in China as compared to more developed legal systems. These uncertainties may impede the Group's ability to enforce the Group's contracts with future partners, service providers and suppliers. The effect of future developments in the PRC legal system cannot be predicted, particularly with regard to the oil and gas industry in China, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. These uncertainties could limit the legal protections available to the Group and other foreign investors. In addition, any litigation in China may be protracted and result in extra costs and diversion of the Group's resources and management attention.

***Acts of God, epidemics and other disasters could affect the Group's business.***

The Group's business is subject to general and social conditions. Natural disasters, epidemics, acts of God and other events and disasters that are beyond the Group's control may materially and adversely affect the economy, infrastructure and livelihoods of people in China. Some cities in China are under the threat of flood, typhoon, earthquake or drought. The Group's business, financial condition and results of operations may be materially and adversely affected if natural disasters or other such events occur. An outbreak of a health epidemic or contagious disease, including Coronavirus disease 2019 ("COVID-19") avian influenza, Severe Acute Respiratory Syndrome ("SARS"), Ebola virus disease ("Ebola"), Middle East Respiratory Syndrome ("MERS"), H5N1 influenza, H1N1 influenza or H7N9 influenza, could result in a widespread health crisis and restrict the level of business activity in affected areas, which may in turn adversely affect the Group's business, financial condition and results of operations.

***It may be difficult to enforce any judgments obtained from non-PRC courts against the Group in the PRC.***

The Conditions and the transaction documents relating to the Bonds will be governed by English law and the Issuer and the Guarantor will submit to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Moreover, most companies in the Group (including the Guarantor) are incorporated in the PRC and a substantial amount of the Group's assets and companies are located in the PRC. Therefore, investors may encounter difficulties in effecting service of process and/or enforcing any judgments obtained from outside PRC upon the Group.

It is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which the Group is subject are also relatively undeveloped and untested. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by the courts in most other jurisdictions.

On 18 January 2019, the Supreme People's Court of the PRC and the Hong Kong government entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (关于内地与香港特别行政区法院相互认可和执行民商事案件判决的安排) (the "**2019 Arrangement**"). The 2019 Arrangement has been implemented in Hong Kong by the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance (Cap. 645), which came into operation on 29 January 2024. In the Mainland, the Supreme People's Court promulgated a judicial interpretation to implement the 2019 Arrangement on 25 January 2024 (the "**Judicial Interpretation**"), which came into operation on 29 January 2024. The 2019 Arrangement applies to judgments made on or after 29 January 2024.

Unlike other bonds issued in the international capital markets where holders of such bonds would typically not be required to submit to an exclusive jurisdiction, the Bondholders will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts. Thus, the Bondholders' ability to initiate a claim outside Hong Kong will be limited.

Under the 2019 Arrangement, where the Hong Kong court has given a legally effective judgment in a civil and commercial matter, any party concerned may apply to the relevant People's Court of the Mainland for recognition and enforcement of the judgment, subject to the provisions, limits, procedures and other terms and requirements of the 2019 Arrangement and the Judicial Interpretation. The recognition and enforcement of a Hong Kong court judgment could be refused if the relevant People's Court of the Mainland consider that the enforcement of such judgment is contrary to the basic principles of law of the Mainland or the social and public interests of the Mainland. While it is expected that the relevant People's Courts of the Mainland will recognise and enforce a judgment given by a Hong Kong court in respect of matters governed by English law, there can be no assurance that such courts will do so for all such judgments as there is no established practice in this area.

***The PRC government has no payment or other obligations under the Bonds.***

The PRC government is not an obligor and shall under no circumstances have any obligation arising out of or in connection with the Bonds, the Guarantee, the Trust Deed or the Agency Agreement in lieu of the Issuer or the Guarantor.

The PRC government as the ultimate equity holder of the Guarantor only has limited liability in the form of its equity contribution in the Guarantor. As such, the PRC government does not have any payment or other obligations under the Bonds, the Guarantee, the Trust Deed or the Agency Agreement. The Bonds are solely to be repaid by the Issuer or the Guarantor (if the Guarantee were called) as an obligor under the relevant transaction documents and as an independent legal person, and the Guarantor shall meet the conditions and qualifications prescribed by the PRC laws.

Therefore, investors should base their investment decision only on the financial condition of the Issuer, the Guarantor and the Group and base any perceived credit risk associated with an investment in the Bonds only on the Group's own financial information reflected in its financial statements.

***Under the EIT Law, the Issuer or any of the other offshore members of the Group may be classified as a "resident enterprise" of the PRC, which could result in unfavourable tax consequences to its financial condition and the Bondholders.***

Under the Enterprise Income Tax Law of the PRC (the "EIT Law"), an enterprise established outside the PRC with a "de facto management organisation" located within the PRC will be considered a "resident enterprise" and consequently will be treated in a manner similar to a Chinese enterprise for EIT Law purposes. The implementing rules of the EIT Law define "de facto management" as "substantial and overall management and control over the production and operations, personnel, accounting and properties" of the enterprise. However, it is still unclear how the PRC tax authorities will determine whether an entity will be classified as a "resident enterprise".

If the PRC tax authorities determine that the Issuer or any of the other offshore members of the Group is a "resident enterprise" for PRC enterprise income tax purposes, a number of unfavourable PRC tax consequences could follow. For example, the Issuer or the relevant offshore member of the Group may be subject to EIT Law at a rate of 25 per cent. on its worldwide taxable income as well as EIT Law reporting obligations. This would mean that income such as interest from any investment of any portion of the offering proceeds and other income sourced from outside the PRC would be subject to EIT Law at a rate of 25 per cent.

If the Issuer is considered a "resident enterprise", interest payable to certain "non-resident enterprise" Bondholders may be treated as income derived from sources within the PRC and be subject to withholding tax at a rate of 10 per cent. or a lower rate for holders who qualify for the benefits of a double-taxation treaty with the PRC, and capital gains realised by the Bondholders may be treated as income derived from



sources within the PRC and be subject to a 10 per cent. withholding tax. For example, for Bondholders that reside in Hong Kong, according to the Arrangement between the PRC and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排), the withholding tax rate is up to 7 per cent. on the payments of interest and certain other amounts on the Bonds.

If the Issuer is required under the EIT Law to withhold tax on its interest payable to the Bondholders who are “non-resident enterprises”, it will be required to pay such additional amounts as will result in receipt by a Bondholder of such amounts as would have been received by such Bondholder had no such withholding been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Bonds and could have a material adverse effect on the Issuer’s ability to pay interest on, and repay the principal amount and premium (if any) of, the Bonds, as well as their profitability and cash flow. The requirement to pay such additional amounts may, in certain circumstances, also give rise to a right of the Issuer to redeem all the Bonds at their principal amount together with any unpaid interest accrued up to but excluding the date fixed for redemption. For more information, as further described in Condition 6(b).

Furthermore, under the EIT Law, the profits of a foreign invested enterprise generated in 2008 and onwards, which are distributed to its immediate holding company outside the PRC, will be subject to a withholding tax rate of 10 per cent. or a lower treaty rate, as contained in any income tax treaty or agreement to which the PRC is a party. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5 per cent. if a Hong Kong resident enterprise owns 25 per cent. or more equity interest in a PRC company. However, according to the SAT Announcement on Administrative Measures on Non-resident Taxpayers Enjoying Treaty Benefits (非居民纳税人享受税收协定待遇管理办法), which became effective on 1 January 2020, the 5 per cent. withholding tax rate does not automatically apply and approvals from competent local tax authorities are required before an enterprise can enjoy any benefits under the relevant taxation treaties. Moreover, according to a tax circular issued by the State Administration of Taxation (“SAT”) in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate for which an offshore entity would otherwise be eligible. The PRC tax authorities might not grant approvals on the 5 per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, which could materially and adversely affect the Group’s results of operations and financial condition as a whole.

In addition to the uncertainty as to the application of the “resident enterprise” classification and the receipt of the approval from PRC tax authorities on the 5 per cent. withholding tax rate on dividends received by the Group’s subsidiaries in Hong Kong from the Group’s PRC subsidiaries, the PRC government could amend or revise the taxation laws, rules and regulations to impose stricter tax requirements, higher tax rates or apply the EIT Law or any subsequent changes in PRC tax laws, rules or regulations retroactively. If such changes occur or are applied retroactively, there could be a material adverse effect on the Group’s business, financial condition and results of operations.

In addition, according to the Interim Regulation of the People’s Republic of China on Value Added Tax (2017 Revision), which took effect on 19 November 2017, and the Circular on Overall Implementation of the Pilot Programme of Replacing Business Tax with Value-added Tax (“**Circular 36**”) issued by the Ministry of Finance and the State Administration of Taxation, which took effect on 1 May 2016, entities and individuals providing services within the PRC are subject to VAT. The services are treated as being sold within the PRC where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. Circular 36 further clarifies that “loans” refer to the activity of lending capital for another’s use and receiving interest income thereon.

Based on the definition of “loans” under Circular 36, the issuance of Bonds is likely to be treated as a “loan” provided by the Bondholders to the Issuer, which thus shall be regarded as financial services for VAT purposes. In general, income derived from the provision of loans will not be subject to VAT in the PRC if neither the Issuer nor the Bondholders is within the PRC. However, it is uncertain whether a foreign incorporated company which is deemed to be a PRC resident enterprise would be regarded as being within the PRC. In the event that the Issuer is deemed to be a PRC resident enterprise and is deemed to be within the PRC by the PRC tax authorities, the Bondholders may be deemed to be providing financial services to the Issuer within the PRC, and consequently, the amount of interest on the Bonds payable by the Issuer to any non-resident Bondholders may be subject to VAT at the rate of 6.0 per cent.

As at the date of this Offering Circular, the Issuer has not been treated as a PRC resident enterprise by the PRC tax authorities. As a result, it is expected that, in practice it will not be required to withhold VAT or local levies from interest payments to Bondholders.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise by the PRC tax authorities in future. Pursuant to the EIT, Individual Income Tax Law of the PRC, the Business Tax Laws and the VAT reform detailed above, the Issuer may need to withhold EIT or individual income tax (should such tax apply) from the payments of interest in respect of the Bonds for any non-PRC-resident Bondholders and the Issuer may need to withhold business tax or VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC.

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of the Bonds to the extent that the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside the PRC.

### **Risks Relating to the Bonds, the Guarantee and the H Shares**

#### ***Bondholders will bear the risk of fluctuations in the price of the H Shares.***

The market price of the Bonds at any time will be affected by, amongst other things, fluctuations in the trading price of the H Shares. It is impossible to predict whether the trading price of the H Shares will rise or fall. Trading prices of the H Shares will be influenced by, among other things, Sinopec Corp.’s results of operations, announcements of new projects, strategic alliances or agreements by Sinopec Corp. or its competitors, adoption or modification of regulations, policies, procedures or programmes applicable to the energy industry and political, economic, financial and other factors that can affect the markets in which the H Shares are traded and the energy industry and other related industries in the PRC, Hong Kong and internationally. In addition, if the stock markets experience a loss of investor confidence, the trading price of the H Shares could decline for reasons unrelated to Sinopec Corp.’s business, financial condition or operating results. The trading price of the H Shares might also decline in reaction to events that affect other companies in the energy industry even if these events do not directly affect Sinopec Corp. Any decline in the price of the H Shares would adversely affect the secondary market price of the Bonds. There can be no assurance that the price at which the H Shares have historically traded will correspond to the price at which the H Shares will trade in the market subsequent to the issue of the Bonds.

#### ***There may be no active market for the H Shares.***

The H Shares are listed on the Hong Kong Stock Exchange. No assurance can be given as to the liquidity or sustainability of the trading market for the H Shares, the ability of shareholders to sell their H Shares or the price at which shareholders will be able to sell their H Shares. If a market for the H Shares fails to be sustained, the trading price of the H Shares could fall. The Sole Lead Manager has no obligation to



make a market for the H Shares. The market for debt and equity securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the H Shares. There can be no assurance that the markets for the H Shares, if any, will not be subject to similar disruptions. Any disruptions in these markets may have an adverse effect on the market price of the H Shares.

***Bondholders will have no rights as holders of H Shares until the Bonds are exchanged.***

Unless the Bondholders acquire H Shares upon exchange of the Bonds and until such H Shares are registered in their names, the Bondholders will have no rights with respect to the H Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the H Shares. If the Bonds are exchanged, exchanging holders will be entitled to exercise the rights as holders of the H Shares only as to actions for which the applicable record date occurs after the holders are registered as holders of the H Shares. In exercising any voting rights attaching to the H Shares or making any such election, the shareholders of Sinopec Corp. are not obliged to take account of the interests of the Bondholders and therefore, such shareholders may act in a manner which is contrary to the interests of the Bondholders.

***Risks relating to further issues or sales of H Shares.***

There can be no certainty as to the effect, if any, that future issues or sales of H Shares, or the availability of H Shares for future issue or sale, would have on the market price of the H Shares prevailing from time to time and therefore on the price of the H Shares. Sales of a substantial number of H Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the H Shares and, in turn, the Bonds. There can be no assurance that such sales of the H Shares will not occur.

***Bondholders should rely on publicly available information on Sinopec Corp.***

Information on Sinopec Corp.'s business, financial results and operations are not included in this Offering Circular save to the extent that this has been described as part of the Group's overall operations nor have they been incorporated by reference. Accordingly, the Bondholders should rely on publicly available information on the business, financial results and operations of Sinopec Corp., and there can be no assurance that such information presents an accurate description of Sinopec Corp.'s business, financial results and operations and that it addresses any significant business changes of respective companies which could affect the value of the H Shares or the A Shares.

***Sinopec Corp. has no obligations with respect to the Bonds.***

Sinopec Corp. has no obligation with respect to the Bonds, including any obligation to consider the needs of the Issuer, the Guarantor or holders of the Bonds. As a consequence, there can be no assurance that all events occurring prior to the date hereof that would affect the trading price of the H Shares (and therefore the price of the Bonds) are available to prospective investors. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning Sinopec Corp. could affect the trading price of the H Shares deliverable upon exchange of the Bonds and therefore the trading price of the Bonds. Sinopec Corp. will not receive any of the proceeds from the offering of the Bonds and is not responsible for, and has not participated in, the determination of the timing of, price for, or quantities of, the Bonds.

***Any failure to complete the relevant filings with NDRC under Order 56 and the relevant registration with SAFE within the prescribed timeframe following the completion of the issue of the Bonds may have adverse consequences for the Issuer, the Guarantor and/or the investors of the Bonds.***

Effective from 10 February 2023, the NDRC issued Order 56 which has superseded the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (国家发展改革委关于推进企业发行外债备案登记制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044). Under Order 56, the Guarantor shall (i) obtain the NDRC Pre-issuance Registration Certificate, (ii) file or cause to be filed with the NDRC the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the NDRC Pre-issuance Registration Certificate in accordance with Order 56, (iii) file or cause to be filed with the NDRC the requisite information and documents within five PRC business days before the end of January and the end of July each year, (iv) file or cause to be filed the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations and comply with other obligations under Order 56.

The Guarantor has obtained the NDRC Pre-issuance Registration Certificate dated 3 January 2025 in accordance with Order 56. Failure to comply with the NDRC post-issue and continuing obligations (such as post-issue reporting, pre-issuance certificate expiration reporting, periodical reporting and major event reporting, etc.) under articles 24 and 26 of Order 56 may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed timeframes, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the "Credit China" website and the national enterprise credit information publicity system, among others.

The Guarantor will undertake to (i) within ten PRC Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with Order 56 and (ii) comply with the continuing obligations under Order 56 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

However, Order 56 is new, and its implementation may involve significant uncertainty. The administration and enforcement of Order 56 may be subject to executive and policy discretion of the NDRC.

In accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理规定) issued by the SAFE on 12 May 2014, the Guarantor shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. According to the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理操作指引) promulgated by SAFE on 12 May 2014, the Guarantor is required to register the Deed of Guarantee within 15 PRC Business Days after its execution and complete such registration in accordance with the relevant provisions and guidelines. Although non-registration does not render the Guarantee ineffective or invalid under PRC law, SAFE may impose penalties on the Guarantor if registration is not carried out within the stipulated timeframe.

The Guarantor intends to register the Deed of Guarantee as soon as practicable. The Guarantor will also undertake to (i) use its best endeavours to complete the Cross-Border Security Registration and obtain a valid SAFE outbound guarantee registration form and related business registration evidence (业务登记凭证) from SAFE or any other document evidencing the completion of registration issued by SAFE; and (ii) ensure that the registration from SAFE in respect of the giving of the Guarantee of the Bonds remains in full force and effect for so long as the Bonds remain outstanding and comply with all applicable PRC laws and regulations in relation to the Deed of Guarantee.

If SAFE registration is not completed within the prescribed timeframe, in the case the Bondholders are required to rely on the exercise of the Deed of Guarantee, they may face logistical hurdles at the time of remittance of funds (if any cross border payment is to be made by the Guarantor under the Guarantee) as domestic banks may require evidence of SAFE registration in connection with the Deed of Guarantee in order to effect such remittance, although this does not affect the validity of the Guarantee itself. In such circumstances, the value and secondary market price of the Bonds may also be materially and adversely affected.

***The filing or other requirements of the CSRC in relation to the proposed issuance of the Bonds or further capital raise activities may be required under PRC laws.***

On 17 February 2023, the CSRC released the CSRC Filing Rules and five supporting guidelines, which came into effect on 31 March 2023. The CSRC Filing Rules regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, exchangeable bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering.

The Guarantor will comply with applicable filing requirements as appropriate. However, given that there remains substantial uncertainty as to the CSRC Filing Rules' interpretation, application, and enforcement and how they will affect the Group's operations and its future financing, there is no assurance that the Guarantor could meet such requirements or complete such filing in a timely manner or at all. In addition, there is no assurance that new rules or regulations promulgated in the future will not impose any additional requirements on the Guarantor. If it is determined that the Guarantor is subject to any approval, filing, other governmental authorisation or requirements from the CSRC, the Guarantor may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject the Guarantor to fines, penalties or other sanctions which will affect the Group's business and financial condition as well as the Issuer's ability to complete the repayment of the Bonds.

***The Bonds and the Guarantee are unsecured obligations.***

There are no custody arrangements relating to the Exchange Property. Neither the Trust Deed nor the Bonds creates any security interest in favour of Bondholders either to secure the payment obligations arising under the Bonds or to secure the satisfaction of the Exchange Rights thereunder.

As the Bonds and the Guarantee are unsecured obligations of the Issuer and the Guarantor, respectively, the repayment of the Bonds and payment under the Guarantee may be compromised if:

- the Issuer or the Guarantor enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's or the Guarantor's secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's or the Guarantor's indebtedness.

If any of these events were to occur, the Issuer's or the Guarantor's (as the case may be) assets and any amounts received from the sale of such assets may not be sufficient to pay amounts due on the Bonds.

***The Issuer is a special purpose vehicle with no business activities of its own and will be dependent on funds from the Guarantor to make payments under the Bonds. The Issuer and Guarantor will not receive financial support from SASAC with respect to the Bonds.***

The Issuer was established by the Guarantor specifically for the purpose of raising funds through the issuance of the Bonds and other notes described under “*Description of the Issuer — Business Activities*” and will use the net proceeds from the issuance of the Bonds for the purposes described under “*Use of Proceeds*”. The Issuer does not and will not have any material assets but it will receive repayment(s) from the Guarantor and/or Century Bright and/or its related companies in respect of loan(s) made by the Issuer to any of those companies, which will be the only material sources of funds available to meet the claims of holders of the Bonds. The Bonds are unconditionally and irrevocably guaranteed by the Guarantor, which is a state-owned limited liability company incorporated in the PRC. The Guarantee will constitute the Guarantor’s direct, unsecured and unsubordinated obligations ranking *pari passu* (except obligations preferred by applicable law) with all other unsecured and unsubordinated indebtedness. As a result, the Issuer is subject to all the risks to which the Guarantor is subject, to the extent that such risks could limit their ability to satisfy in full and on a timely basis their respective obligations to the Issuer under any such loans. Further, while the Guarantor is a state-owned limited liability company, investors should note that ownership or control of the Guarantor by SASAC does not necessarily correlate to, or provide any assurance as to, the Guarantor’s financial condition. As the Issuer and the Guarantor will not receive financial support from SASAC with respect to the Bonds, the Bonds will remain the sole obligation of the Issuer and the Guarantor.

***The Bonds may not be a suitable investment for all investors under applicable laws and regulations.***

The Bonds are complex financial instruments and may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor’s overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor’s overall investment portfolio.

Additionally, the investment activities of certain investors are subject to investment laws and regulations that impose an approval requirement on or restrict certain investments. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legally permitted for it to invest in, (b) the Bonds can be used as collateral for applicable types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institution investors should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

For example, on 28 October 2024, the U.S. Department of Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern to implement the Executive Order 14105, which came into effect on 2 January 2025 (the “**Final Rules**”). U.S. persons (as defined under the Final Rules) are prohibited from knowingly engaging in or required to notify the U.S. Treasury (i.e., “prohibited transaction” and “notifiable transaction” as such terms are defined in the Final Rules) regarding, a broad range of investment transactions in entities in “countries of concern” (presently limited to mainland China, Hong Kong, and Macau) that are engaged in activities related to semiconductors and microelectronics, quantum information technologies, and artificial intelligence systems (together, “**Covered Activities**”). Investments by U.S. persons that are affected by the Final Rules include, among others, acquisition of an equity interest or contingent equity interest in a “Covered Foreign Person” (as defined in the Final Rules) and conversion of a contingent equity interest into an equity

interest in a Covered Foreign Person, such as an investment in convertible securities of an entity engaging in a Covered Activity and the subsequent conversion of the securities. Debt financing that affords or will afford U.S. person investors an interest in profits of a Covered Foreign Person, the right to appoint members of the board of directors (or equivalent) of a Covered Foreign Person, or other comparable financial or governance rights characteristic of an equity investment but not typical of a loan is also regulated by the Final Rules.

In addition, on 21 February 2025, U.S. President Donald J. Trump issued a memo entitled the “America First Investment Policy” (the “**America First Memo**”). The America First Memo states that Executive Order 14105 is under review by the Administration and that the review will consider new or expanded restrictions on United States outbound investment in China in sectors such as semiconductors, artificial intelligence, quantum, biotechnology, hypersonics, aerospace, advanced manufacturing, directed energy, and other areas implicated by China’s national Military-Civil Fusion strategy. The America First Memo also states that the review will consider applying restrictions on investment types including private equity, venture capital, greenfield investments, corporate expansions, and investments in publicly traded securities, from sources including pension funds, university endowments, and other limited-partner investors.

As of the date of this Offering Circular the Issuer and the Guarantor believe that Sinopec Corp. is not a “Covered Foreign Person” and the investments in the Bonds will not constitute a “notifiable transaction” or a “prohibited transaction”. However, the Final Rules became effective only recently and are only accompanied by limited guidance from the U.S. Treasury. There is no guarantee that certain aspects of the business activities of Sinopec Corp. are not Covered Activities under the Final Rules. If Sinopec Corp. is found to be a Covered Foreign Person, a U.S. person investor may need to assess its obligations under the Final Rules, for example, making a post-transaction report to the U.S. Treasury or evaluating potential risks when exercising the exchange rights of the Bonds.

In addition, the recent change in U.S. presidential administration, evolving national security-related concerns, technological developments, and geopolitical events could impact implementation of, and result in enactment of additional laws and regulations, and changes to the Final Rules and/or the America First Memo and/or other regulations, which could take place during the life of the Bonds. Such changes could result in potential impacts on the Group’s operations and transactions that it enters into in the future. They could also impact the exercise of the exchange rights of the Bonds by investors, which in turn affect the liquidity and value of the Bonds. Investors should exercise caution on any potential investment restrictions or compliance obligations that may result from such changes in the future. If Sinopec Corp. becomes a Covered Foreign Person as a result of its business expansion during the life of the Bonds and no exceptions are available under the applicable laws and regulations, exchange of the Bonds by U.S. persons may be subject to the notification requirement or prohibited under the Final Rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

***An active trading market for the Bonds may not develop.***

The Bonds are a new issue of securities for which there is currently no trading market. Although an application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange, no assurance can be given that such application will be approved, or even if the Bonds become so listed, an active trading market for the Bonds will develop or be sustained. No assurance can be given as to the ability of holders to sell their Bonds or the price at which holders will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. Bondholders should note that they may need to hold their Bonds until maturity as there may not be an active secondary market for the Bonds. The Sole Lead Manager is not obligated to make a market in the Bonds, and if the Sole Lead Manager does so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to, or exempt from, registration under the Securities Act.

***Investors in the Bonds may be subject to foreign exchange risks.***

The Bonds are denominated and payable in Hong Kong dollars. An investor who measures investment returns by reference to a currency other than Hong Kong dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Group has no control. Depreciation of the Hong Kong dollars against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

***Changes in market interest rates may adversely affect the value of the Bonds.***

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Bonds will carry a fixed interest rate. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If Bondholders sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.



***The liquidity and price of the Bonds following the offering may be volatile.***

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's turnover, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, changes in government regulations and changes in general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

***Developments in other markets may adversely affect the market price of the Bonds.***

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuer in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

***The Issuer or the Guarantor may be unable to redeem the Bonds upon the due date for redemption thereof.***

On certain dates, including the occurrence of an early redemption event and at maturity of the Bonds, the Issuer (or, as applicable, the Guarantor) may be required to redeem some or all of the Bonds, and at maturity will be required to redeem all of the Bonds. If such an event were to occur, the Issuer or the Guarantor may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to redeem the Bonds by the Issuer or the Guarantor, in such circumstances, would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness of the Guarantor and its subsidiaries.

***Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds. Modifications and waivers may be made in respect of the Conditions, the Trust Deed, the Deed of Guarantee or the Agency Agreement by the Trustee or less than all of the holders of the Bonds.***

The Conditions contain provisions for calling meetings of holders of the Bonds to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of the holders of the Bonds may be adverse to the interests of the individuals.



The Conditions also provide that the Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Guarantor, to the Bondholders as soon as practicable thereafter.

***The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or pre-funding to its satisfaction.***

Where the Trustee is under the provisions of the Trust Deed, bound to take any steps and/or action and/or institute any proceeding at the request or direction of the Bondholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take any steps and/or action and/or institute any proceeding, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Trust Deed or the Conditions and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Bonds to take such actions directly.

***The Bonds may be redeemed by the Issuer prior to maturity.***

The Issuer (or, if the Guarantee was called, the Guarantor) may redeem the Bonds at its option, in whole but not in part, at the Early Redemption Amount, together with interest accrued up to but excluding the date fixed for redemption if, subject to certain conditions, as a result of *inter alia*, a change relating to taxes, the Issuer (or, if the Guarantee were called, the Guarantor) has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions), as further described in and subject to Condition 9(b)(i) of the Conditions.

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Issuer Optional Redemption Date (if any) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued, as further described in Condition 9(b)(ii) of the Conditions.

If the Issuer (or the Guarantor, as the case may be) redeems the Bonds prior to their maturity date, investors may not receive the same economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's or the Guarantor's ability to redeem the Bonds may reduce the market price of the Bonds.

***The transfers of the H Shares upon exchange are subject to stamp duty in Hong Kong.***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of Bonds.

Hong Kong stamp duty is payable by the purchaser on every purchase, and by the seller on every sale of Hong Kong stock, including the transfer of the H Shares to the holder of the Bonds upon exchange. The duty is charged at the ad valorem rate of 0.1 per cent. of the consideration for, or (if greater) the value of, the H Shares transferred to or from each of the seller and the purchaser. In other words, a total of 0.2 per cent. is currently payable on a typical transfer (i.e. sale and purchase transaction) of H Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of H Shares is effected by a person who is not resident in Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) is chargeable with such duty, together with the stamp duty otherwise chargeable thereon and the transferee is liable to pay such duty. If stamp duty is not paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed. See “*Taxation – Hong Kong – Stamp Duty*”.

Neither these statements nor any statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consider their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

***Investors should be aware that the Bonds, being exchangeable for the Exchange Property, bear certain risks.***

Depending on the performance of the underlying Exchange Property, the value of the Exchange Property may decline and be substantially lower at the time that Bondholders seek to exercise their Exchange Rights than when the Bonds were initially purchased. For example, the price of the H Shares could fall, negatively impacting the value of the Exchange Property. In addition, the value of the Exchange Property to be delivered may vary substantially between the date on which Exchange Rights are exercised and the date on which such Exchange Property is delivered.

There is also a limited period for, and costs associated with, the exercise of Exchange Rights, as further set out in the Conditions. Moreover, the Exchange Price at which the Bonds will be exchanged into H Shares will be adjusted in the case of certain events as provided for in the Conditions. However, there is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Exchange Property. Events in respect of which no adjustment is made may adversely affect the value of the Exchange Property and, therefore, adversely affect the value of the Bonds.

***The Bonds will initially be represented by a Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.***

The Bonds will initially be represented by a Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. Euroclear and Clearstream will maintain records of the beneficial interests in the Global Certificate.

While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream. While the Bonds are represented by the Global Certificate, the Issuer (or the Guarantor, as the case may be) will discharge its payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of Euroclear and Clearstream to receive payments under the Bonds. The Issuer (or the Guarantor, as the case may be) has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream to appoint appropriate proxies.

***Ratings of the Bonds may not reflect all risks and may be changed at any time, which may adversely affect the value of the Bonds.***

The Bonds are expected to be assigned a rating of “A+” by S&P and “A1” by Moody’s. One or more independent credit rating agencies may assign credit ratings to an issue of the Bonds. The ratings represent the opinions of the rating agencies and their assessment of the ability of the Issuer or the Guarantor to perform its obligations under the Bonds or the Guarantee and the credit risks in determining the likelihood that payments will be made when due under the Bonds. Such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

There can be no assurance that the ratings assigned to any Bonds will remain in effect for any given period or that the ratings will not be lowered, suspended or withdrawn by the rating agencies in the future if, in their judgement, the circumstances so warrant. Neither the Issuer nor the Guarantor is obligated to inform holders of the Bonds of any such suspension, revision, downgrade or withdrawal. A suspension, downgrade or withdrawal of the ratings of any Bonds at any time may materially and adversely affect the market price of the Bonds and the Issuer’s or the Guarantor’s ability to access the debt capital markets.

***Bonds which have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.***

The denominations of the Bonds are HK\$2,000,000 and integral multiples of HK\$1,000,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of HK\$2,000,000 that are not integral multiples of HK\$1,000,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than HK\$2,000,000 will not receive a definitive certificate in respect of such holding of Bonds (should definitive certificates be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations. If definitive certificates are issued, Bondholders should be aware that Bonds with aggregate principal amounts that are not an integral multiple of HK\$1,000,000 may be illiquid and difficult to trade.

***The insolvency laws of the PRC and the British Virgin Islands may differ from those of other jurisdictions with which the holders of the Bonds are familiar.***

Because the Guarantor and the Issuer each was incorporated under the laws of the PRC and the British Virgin Islands, respectively, any insolvency proceeding relating to the Guarantor or the Issuer would likely involve the PRC or the British Virgin Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

## TERMS AND CONDITIONS OF THE BONDS

*The following, other than the paragraphs in italics, are the terms and conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of the HK\$7,750,000,000 0.75 per cent. guaranteed exchangeable bonds due 2032 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 19 of these terms and conditions of the Bonds (these “**Conditions**” and each a “**Condition**”)) of Deep Development 2025 Limited (the “**Issuer**”), guaranteed by China Petrochemical Corporation (中国石油化工集团有限公司) (the “**Guarantor**”), was authorised by resolutions of the board of directors of the Issuer passed on 13 May 2025. The giving of the Guarantee (as defined below) was authorised by resolutions of the board of directors of the Guarantor passed on 20 December 2024. The Bonds are constituted by a trust deed (as modified, amended, supplemented and/or restated from time to time in accordance with its terms, the “**Trust Deed**”) dated 20 May 2025 (the “**Issue Date**”) and made between the Issuer, the Guarantor and Citicorp International Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies acting as trustee or trustees thereof) as trustee for the Bondholders (as defined below). The Bonds have the benefit of a deed of guarantee (as modified, amended, supplemented and/or restated from time to time in accordance with its terms, the “**Deed of Guarantee**”) dated the Issue Date executed by the Guarantor and the Trustee relating to the Bonds. The Issuer and the Guarantor have entered into a paying, transfer and exchange agency agreement (as modified, amended, supplemented and/or restated from time to time in accordance with its terms, the “**Agency Agreement**”) dated the Issue Date with the Trustee, Citibank, N.A., London Branch as principal paying agent and principal exchange agent (collectively in such capacities, the “**Principal Paying and Exchange Agent**”, which expression shall include its successors under the Agency Agreement) and as transfer agent (the “**Transfer Agent**”, which expression shall include its successors and additional Transfer Agent under the Agency Agreement) and Citicorp International Limited as registrar (the “**Registrar**”, which expression shall include its successors under the Agency Agreement). The Registrar, the Principal Paying and Exchange Agent, the Transfer Agent and all other paying agents, exchange agents and transfer agents for the time being appointed under the Agency Agreement are referred to collectively as the “**Agents**”, and the terms “**Paying Agents**” and “**Exchange Agents**” each include the Principal Paying and Exchange Agent.

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Certificate (as defined below). So long as any Bond remains outstanding (as defined in the Trust Deed), copies of the Trust Deed, the Agency Agreement and the Deed of Guarantee are available (i) for inspection by the Bondholders at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) at the principal place of business of the Trustee (being at the Issue Date at 40/F, Champion Tower, 3 Garden Road, Central, Hong Kong) and the specified office of the Principal Paying and Exchange Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying and Exchange Agent and (ii) electronically from the Principal Paying and Exchange Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Paying and Exchange Agent. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Deed of Guarantee, and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

Capitalised terms used but not defined in these Conditions shall have the meanings attributable to them in the Trust Deed unless the context otherwise requires or unless otherwise stated.

## 1 FORM, DENOMINATION AND TITLE

### (a) Form and Denomination

The Bonds are in registered form in the specified denomination of HK\$2,000,000 each and integral multiples of HK\$1,000,000 in excess thereof (an “**authorised denomination**”). A certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a global certificate (the “**Global Certificate**”) registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

### (b) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 4. The holder (as defined below) of any Bond will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, or theft or loss of it or that of the related certificate, as applicable, or anything written on it or the certificate representing it (other than a duly executed transfer thereof)) and no person will be liable for so treating the holder.

## 2 STATUS

### (a) Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 3(a)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Conditions 3(a), at all times rank at least equally with all of its other present and future direct, unsubordinated, unconditional and unsecured obligations.

### (b) Status of Guarantee

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed and the Bonds. Its obligations in respect of the Trust Deed and the Bonds (the “**Guarantee**”) are contained in the Deed of Guarantee. The obligations of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3(a), at all times rank at least equally with all its other present and future unsecured, unconditional and unsubordinated obligations.

### 3 COVENANTS

#### (a) Limitation on Liens

Each of the Issuer and the Guarantor will not, and will not permit the Issuer, any of the Subsidiaries (as defined in below) of the Issuer or any Principal Subsidiary (as defined in below) to, create, incur, assume or permit to exist any Lien (other than Permitted Liens (as defined below)) upon any of its property or assets, now owned or hereafter acquired, to secure any Relevant Indebtedness (as defined below) of the Issuer, the Guarantor, any of the Subsidiaries of the Issuer or any such Principal Subsidiary (or any guarantee or indemnity in respect thereof) without, in any such case, making effective provision whereby the Bonds and the Guarantee will be secured either at least equally and ratably with such Relevant Indebtedness or by such other Lien as shall have been approved by an Extraordinary Resolution by the Bondholders, for so long as such Relevant Indebtedness will be so secured, provided that, the Guarantor or any such Principal Subsidiary may issue secured Relevant Indebtedness so long as after giving effect to the issuance thereof, the aggregate outstanding principal amount of all such secured Relevant Indebtedness of the Guarantor and the Principal Subsidiaries entered into after the Issue Date does not exceed 20 per cent. of the Guarantor's Adjusted Consolidated Net Worth (as defined below).

#### (b) Consolidation, Merger and Sale of Assets

Neither the Issuer nor the Guarantor may consolidate with or merge into any other Person in a transaction in which the Issuer or the Guarantor, as the case may be, is not the surviving entity, or convey, transfer or lease its properties and assets (computed on a consolidated basis) substantially as an entirety to any Person unless:

- (i) any Person formed by such consolidation or into which the Issuer or the Guarantor, as the case may be, is merged or to whom the Issuer or the Guarantor, as the case may be, has conveyed, transferred or leased its properties and assets substantially as an entirety is a corporation validly existing under the laws of the PRC or the British Virgin Islands and such Person expressly assumes all the obligations of the Issuer or the Guarantor under the Bonds, the Trust Deed or the Guarantee, as the case may be;
- (ii) immediately after giving effect to such transaction, no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;
- (iii) any such Person not organised and validly existing under the laws of (or any such Person resident for tax purposes in a jurisdiction other than) the PRC (in the case of the Guarantor) or the British Virgin Islands or any successor jurisdiction (in the case of the Issuer) shall expressly agree in a supplemental trust deed that its jurisdiction of organisation or tax residence (or any political subdivision, territory or possession thereof, any taxing authority therein or any area subject to its jurisdiction) will be added to the list of Relevant Taxing Jurisdictions; and
- (iv) if, as a result of the transaction, any property or asset of the Guarantor or any of its Principal Subsidiaries would become subject to a Lien that would not be permitted under Condition 3(a), the Issuer, the Guarantor or such successor Person takes such steps as shall be necessary to secure the Bonds and the Guarantee at least equally and ratably with the Indebtedness secured by such Lien or by such other Lien as shall have been approved by holders of the Bonds by an Extraordinary Resolution for so long as such Indebtedness will be secured.



In connection with any consolidation, merger, conveyance, transfer or lease contemplated hereby, the Issuer or the Guarantor, as the case may be, and the relevant Person shall deliver to the Trustee a certificate signed by an Authorised Signatory of the Issuer or, as the case may be, signed by an Authorised Signatory of the Guarantor and an opinion in writing signed by legal counsel (who, unless otherwise provided herein, may be counsel to the Issuer or the Guarantor, as the case may be, and who shall be acceptable to the Trustee), each stating that such consolidation, merger, transfer or lease and the supplemental trust deed in respect thereto comply with the provisions described herein and that all provisions provided for in these Conditions relating to such transaction have been complied with. The Trustee may rely conclusively on such certificate and opinion without further enquiry and without liability to any Bondholder or any other person.

**(c) Undertakings in relation to NDRC**

The Guarantor undertakes that it will within ten PRC Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in respect of the Bonds in accordance with the Administrative Measures for the Review and Registration of Medium- and Long-Term Foreign Debts of Enterprises (企业中长期外债审核登记管理办法(国家发展和改革委员会令56号)) (“**Order 56**”) issued by the NDRC and effective from 10 February 2023 (the “**NDRC Post-Issuance Filing**”) and comply with the continuing obligations under Order 56 and any implementation rules, reports, certificates, approvals or guidelines as issued by the NDRC from time to time.

**(d) Undertakings in relation to the Guarantee**

The Guarantor undertakes that it will (i) register or cause the Deed of Guarantee and other related documents to be registered with SAFE within 15 PRC Business Days after the Issue Date in accordance with the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理规定) promulgated by SAFE on 12 May 2014 and the Guidelines for Implementing the Provisions on the Administration of Foreign Exchange of Cross-border Guarantee (跨境担保外汇管理操作指引) promulgated by SAFE on 12 May 2014 (“**Cross-Border Security Registration**”); (ii) use its best endeavours to complete the Cross-Border Security Registration and obtain a valid SAFE outbound guarantee registration form and related business registration evidence (业务登记凭证) from SAFE or any other document evidencing the completion of registration issued by SAFE; and (iii) ensure that the registration from SAFE in respect of the giving of the Guarantee of the Bonds remains in full force and effect for so long as the Bonds remain outstanding and comply with all applicable PRC laws and regulations in relation to the Deed of Guarantee.

**(e) Undertakings in relation to CSRC Post-Issuance Filings**

The Guarantor undertakes that it will file or cause to be filed with the CSRC within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (the “**CSRC Post-Issuance Filings**”) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.



**(f) Notification of Completion of NDRC Post-Issuance Filing and Cross-Border Security Registration and Submission of CSRC Post-Issuance Filing**

The Guarantor undertakes that it will (A) within ten PRC Business Days after the later of (i) the completion of the NDRC Post-Issuance Filing, (ii) the completion of the Cross-Border Security Registration, and (iii) the submission of the CSRC Post-Issuance Filing, provide the Trustee with (1) a certificate in English substantially in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Guarantor confirming the completion of the NDRC Post-Issuance Filing and the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing; and (2) copies of the relevant documents evidencing the completion of the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing, each certified in English by an Authorised Signatory of the Guarantor as a true and complete copy of the original (the documents specified in (1) and (2) together, the “**Registration Documents**”); (B) procure that the Issuer will, within five PRC Business Days after the Registration Documents are delivered to the Trustee, give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing in accordance with Condition 17.

The Trustee may rely conclusively on the Registration Documents and shall have no obligation or duty to monitor, assist or ensure that the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing are made as required by Conditions 3(c), 3(d) and 3(e) or to assist with the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing or to verify the accuracy, content, completeness, validity and/or genuineness of any Registration Documents and/or any documents in relation to or in connection with the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the CSRC Post-Issuance Filings, or to translate or procure the translation into English of the Registration Documents or any documents in relation to or in connection with the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the CSRC Post-Issuance Filings, or to give notice to the Bondholders confirming the completion of the NDRC Post-Issuance Filing and the Cross-Border Security Registration and the submission of the CSRC Post-Issuance Filing, and shall not be liable to Bondholders or any other person for not doing so.

**(g) Issuer Activities**

For so long as the Bonds are outstanding, the Issuer will conduct no business or any other activities other than to finance the business operations or refinance the indebtedness of the Guarantor or one or more of the Guarantor’s Subsidiaries through the offering, sale or issuance of securities and borrowings of indebtedness and investing in or lending the proceeds thereof to the Guarantor or a Subsidiary of the Guarantor, and any other activities in connection therewith.

**(h) Financial Reports and Compliance Certificate**

(i) So long as any Bond remains outstanding:

(A) the Guarantor will file with the Trustee as soon as they are available, but in any event within 180 days after the end of each fiscal year of the Guarantor, copies of its audited financial statements in the English language (on a consolidated basis) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) audited by a member firm of independent accountants; and

- (B) the Guarantor will file with the Trustee as soon as they are available, but in any event within 120 days after the end of each first semi-annual fiscal period of the Guarantor copies of its unaudited financial statements in the English language (on a consolidated basis) in respect of such semi-annual period (including a statement of income, balance sheet and cash flow statement) prepared on a basis consistent with the audited financial statements of the Guarantor, together with a certificate signed by the person then authorised to sign financial statements on behalf of the Guarantor, to the effect that such financial statements are true in all material respects and present fairly the financial position of the Guarantor, as at the end of, and the results of its operations for, the relevant semi-annual period.

If at any time the Share Capital of the Guarantor is listed for trading on a recognised stock exchange, the Guarantor will file with the Trustee, as soon as they are available but in any event not more than 10 days after any financial or other reports of the Guarantor are filed with any recognised exchange on which the Share Capital of the Guarantor is at any time listed for trading, true and correct copies of any financial or other report filed with such exchange in lieu of the reports identified in Conditions 3(h)(i)(A) and 3(h)(i)(B).

- (ii) Each of the Issuer and the Guarantor will deliver to the Trustee within 30 days upon request and at the same time as the Guarantor's audited consolidated financial statements in Condition 3(h)(i)(A) or the Guarantor's unaudited consolidated financial statements in Condition 3(h)(i)(B) are provided, a certificate (the "**Compliance Certificate**") in English in the form scheduled to the Trust Deed signed by an Authorised Signatory of the Issuer or, as the case may be, signed by an Authorised Signatory of the Guarantor, to the effect that as at a date not more than five days prior to the date of the Compliance Certificate, no Event of Default or event or circumstance that could with the giving of notice, lapse of time, issue of a certificate and/or fulfilment of any other requirement provided for in Condition 12 become an Event of Default has occurred (or, if such an event had occurred, giving details of it) and that the Issuer or the Guarantor (as the case may be) has complied with all its obligations under the Trust Deed, the Deed of Guarantee and the Bonds.
- (iii) The Trustee shall not be required to review the any financial statements, unaudited financial statements or any other financial report furnished or delivered to it as contemplated in this Condition 3(h) and, if the same shall not be in the English language, shall not be required to request or obtain or arrange for an English language translation of the same, and the Trustee shall not be liable to any Bondholder or any other person for not doing so. The Trustee shall be entitled to conclusively rely on and to assume that each English translation is a complete and accurate translation of the original, and may rely conclusively on such translation without liability to any Bondholder or any other person for the accuracy, validity and/or genuineness of any matters or facts stated therein.

#### **4 REGISTRATION AND TRANSFER OF BONDS**

##### **(a) Registration**

The Issuer will cause the Register to be kept outside of the United Kingdom and Hong Kong and in accordance with the terms of the Agency Agreement, on which will be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and exchanges of Bonds.

**(b) Transfer**

The Bonds may, subject to the terms of the Agency Agreement and to Conditions 4(c) and 4(d), be transferred in an authorised denomination by lodging the relevant Certificate (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar or any Transfer Agent, together with the form of transfer endorsed on such Certificate(s) (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer, the Registrar or such Transfer Agent), duly completed and executed by the holder or his attorney duly authorised in writing and any other evidence as the Registrar or such Transfer Agent may require to prove the title and identity of the transferor and the authority of the individuals who have executed such form of transfer.

No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

The Registrar will, within 10 business days in the place of the specified office of the Registrar of any duly made application for the transfer of a Bond, register the relevant transfer and deliver a new Certificate to the transferee (and, in the case of a transfer of part only of a Bond, deliver a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Certificate by uninsured mail (at the Issuer's (failing which, the Guarantor's) expense) to such address as the transferee or, as the case may be, the transferor may request. All transfers of Bonds and entries on the Register will be made in accordance with the detailed regulations concerning transfers of Bonds, the initial form of which is scheduled to the Agency Agreement. The regulations may be amended and/or supplemented by the Issuer or the Guarantor, with the prior written approval of the Registrar and the Trustee, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available by the Registrar at its specified office for inspection by any Bondholder at all reasonable times during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time) from Monday to Friday (other than public holidays)) following prior written request and proof of holding and identity to the satisfaction of the Registrar.

*Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules and procedures of the relevant clearing systems.*

**(c) Formalities Free of Charge**

Such transfer will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment of any Taxes in connection therewith (or the giving of such indemnity and/or security and/or pre-funding as the Registrar or the relevant Transfer Agent may require), (ii) the Registrar or the relevant Transfer Agent being satisfied in its absolute discretion with the documents of title and/or identity of the person making the application and (iii) the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

**(d) Closed Periods**

No Bondholder may require the transfer of a Bond (or part thereof) to be registered (i) during the period of seven days ending on and including the day immediately prior to the Maturity Date or any earlier date fixed for redemption of the Bonds pursuant to Condition 9; (ii) in respect of which an Exchange Notice has been delivered in accordance with Condition 7(b); or (iii) during the period of seven days ending on (and including) any Interest Record Date (as defined below).

**5 DEFINITIONS**

For the purpose of these Conditions, the following words and phrases shall have the following meanings:

“**A Shares**” has the meaning provided in Condition 7(a)(v);

“**Acceleration Notice**” has the meaning provided in Condition 12;

“**Additional Exchange Property**” has the meaning provided in Condition 7(b)(iv);

“**Additional Tax Amounts**” has the meaning provided in Condition 11;

“**Adjusted Consolidated Net Worth**” means the sum of the Guarantor’s (a) shareholders’ equity as determined under PRC GAAP and (b) Subordinated Indebtedness (as defined below);

“**Applicable Rate**” has the meaning provided in Condition 11;

“**authorised denomination**” has the meaning provided in Condition 1(a);

“**Authorised Signatory**” has the meaning given in the Trust Deed;

“**Bondholder**” and “**holder**” means the person in whose name a Bond is registered in the Register (or in the case of a joint holding, the first named thereof);

“**business day**” means, in relation to any place, a day (other than a Saturday, a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments generally in such place;

“**Calculation Amount**” has the meaning provided in Condition 6;

“**CCASS**” means the Central Clearing and Settlement System of Hong Kong;

“**Century Bright**” means Sinopec Century Bright Capital Investment Limited 中國石化盛駿國際投資有限公司;

“**Certificate**” has the meaning provided in Condition 1(a);

“**Change of Control**” means the occurrence of one of more of the following events:

- (a) the Guarantor ceasing to own and control directly or indirectly 100 per cent. of the issued share capital of the Issuer; or

- (b) the government of the PRC or Persons controlled by the government of the PRC ceasing to own and control directly or indirectly or in combination (through controlled entities) 100 per cent. of the Voting Shares of the Guarantor; or
- (c) the Guarantor ceasing to hold (directly or indirectly) at least 50 per cent. of the Voting Rights in Sinopec Corp.;

**“Change of Control Exchange Price”** has the meaning provided in Condition 7(c)(12);

**“Change of Control Notice”** has the meaning provided in Condition 8(d);

**“Change of Control Period”** means the period commencing on and including the date of the occurrence of a Change of Control and ending on and including 60 days following the Change of Control or, if later, on and including 60 days following the date on which a Change of Control Notice is given to Bondholders as required by Condition 8(d);

**“Change of Control Exchange Period”** means the period commencing on (and including) the day immediately following the later of (i) the date on which such Change of Control occurs and (ii) the date on which the Change of Control Notice in respect of such Change of Control is given as provided to Bondholders as required by Condition 8(d), and ending on (and including) the day falling 30 days thereafter or, if such day shall fall during a Closure Period, the 15th day following the last day of such Closure Period;

**“Change of Control Put Date”** has the meaning provided in Condition 9(c)(i);

**“Change of Control Put Exercise Notice”** has the meaning provided in Condition 9(c)(i);

**“Closing Price”** for the Shares of a class for any Trading Day shall be the closing price published in the daily quotation sheet published by the Relevant Exchange for such day;

**“Closure Period”** has the meaning provided in Condition 7(b)(ii);

**“Cross-Border Security Registration”** has the meaning provided in Condition 3(d);

**“CSRC”** means the China Securities Regulatory Commission;

**“CSRC Filing Rules”** means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境内企业境外发行证券和上市管理试行办法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time;

**“CSRC Post-Issuance Filings”** has the meaning provided in Condition 3(e);

**“Current Market Price”** means, in respect of a corresponding Share of a class at a particular date, the average of the Closing Prices for one Share of such class (being a Share of such class carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date translated (if necessary) into Hong Kong dollars at the Screen Rate on such day; *provided that* if at any time during the said 20 Trading Day-period the Shares of such class shall have been quoted ex-dividend and during some other part of that period the Shares of such class shall have been quoted cum-dividend then:

- (a) if the Shares of such class to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares of such class shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of the amount of that dividend per Share of such class; or
- (b) if the Shares of such class to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares of such class shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by an amount equal to the Fair Market Value of the amount of that dividend per Share of such class,

and provided further that if the Shares of such class on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares of such class to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share of such class.

In making any calculation or determination of Current Market Price, such adjustments (if any) shall be made as an Independent Adviser considers appropriate to reflect any consolidation or sub-division of the Shares of such class or any issue of Shares of such class by way of capitalisation of profits or reserves, or any like or similar event;

**“Default Cure Amount”** means, in respect of each Bond, an amount in Hong Kong dollars, as determined (and notified to the Issuer, the Trustees and the Principal Paying and Exchange Agent) by an Independent Adviser (or failing which an independent investment bank appointed by holders of at least 25 per cent. in aggregate principal amount of the outstanding Bonds and at the cost of the Bondholders), equal to the product (rounded to the nearest whole multiple of HK\$0.01, with HK\$0.005 rounded upwards) of (i) the number of H Shares that would be required to be delivered by the Issuer to satisfy the Exchange Right in relation to such Bond, had such Exchange Right been exercised (whether or not it has actually been exercised) and had the relevant Exchange Date occurred on the date of the Acceleration Notice, and (ii) the Closing Price on the Trading Day immediately preceding the date of the Acceleration Notice;

**“De-listing Event”** means, for so long as H Shares are comprised in the Exchange Property, Sinopec Corp. at any time ceasing to be admitted to listing and trading on the HKSE or any such listing is suspended for a period of 30 consecutive Trading Days;

**“De-listing Event Notice”** has the meaning provided in Condition 8(e);

**“De-listing Event Period”** means the period commencing on and including the date of the occurrence of a De-listing Event and ending on and including 60 days following the De-listing Event or, if later, 60 days following the date on which a De-listing Event Notice is given to Bondholders as required by Condition 8(e);

“**De-listing Event Put Date**” has the meaning provided in Condition 9(c)(ii);

“**De-listing Event Put Exercise Notice**” has the meaning provided in Condition 9(c)(ii);

“**Distribution**” means (a) any distribution of assets in specie by Sinopec Corp. for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid) by way of capitalisation of reserves, but excludes a Scrip Dividend adjusted for under Condition 7(c)(2)(ii)); and (b) any cash dividend or distribution (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by Sinopec Corp. for any financial period (whenever paid and however described) translated into Hong Kong dollars at (i) the exchange rate between Renminbi and Hong Kong dollars expressed to be used in respect of such cash dividend or distribution (where applicable) or (ii) in all other cases, the Screen Rate as at the date such distribution under (a) and/or (b) of this definition is announced, provided that a purchase or redemption of H Shares by or on behalf of Sinopec Corp. (or a purchase of H Shares by or on behalf of a Subsidiary of Sinopec Corp.) shall not constitute a Distribution, unless the weighted average price (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the H Shares by more than five per cent. either (x) on that date, or (y) where an announcement has been made of the intention to purchase H Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (x) or (y) of this definition, the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase or redemption shall be deemed to constitute a Distribution in an amount equal to the amount by which the aggregate consideration paid (before expenses) in respect of such H Shares purchased or redeemed exceeds the product of 105 per cent. of such Current Market Price and the number of H Shares so purchased or redeemed;

the “**Early Redemption Amount**” of a Bond, for each HK\$1,000,000 principal amount of the Bonds, is the amount determined to represent for the Bondholder on the relevant date for determination of the Early Redemption Amount (the “**Determination Date**”) a gross yield of 1.99 per cent. per annum calculated on a semi-annual basis. The applicable Early Redemption Amount for each HK\$1,000,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-annual Date (being each of the dates set out in the left hand column in the table below), such Early Redemption Amount shall be as set out in the right hand column in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = \text{Previous Redemption Amount} \times (1 + r/2)^{d/p} - AI$$

where:

Previous Redemption Amount = the Early Redemption Amount for each HK\$1,000,000 principal amount on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to the first Semi-annual Date, HK\$1,000,000):

<b>Semi-annual Date</b>	<b>Early Redemption Amount</b>
	<b>(HK\$)</b>
20 November 2025 . . . . .	1,006,200.00
20 May 2026 . . . . .	1,012,461.69



<b>Semi-annual Date</b>	<b>Early Redemption Amount</b>
	<b>(HK\$)</b>
20 November 2026 . . . . .	1,018,785.68
20 May 2027 . . . . .	1,025,172.60
20 November 2027 . . . . .	1,031,623.07
20 May 2028 . . . . .	1,038,137.72
20 November 2028 . . . . .	1,044,717.19
20 May 2029 . . . . .	1,051,362.12
20 November 2029 . . . . .	1,058,073.18
20 May 2030 . . . . .	1,064,851.01
20 November 2030 . . . . .	1,071,696.27
20 May 2031 . . . . .	1,078,609.65
20 November 2031 . . . . .	1,085,591.82

r = 1.99 per cent. expressed as a fraction;

d = number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before the first Semi-annual Date, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed;

p = 180;

AI = the accrued interest on the principal amount of HK\$1,000,000, principal amount of Bonds determined in accordance with and pursuant to Condition 6 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Issue Date) to but excluding the Determination Date;

“**Electronic Consent**” has the meaning provided in the Trust Deed;

“**exchange**” has the meaning provided in Condition 7(a)(i);

“**Exchange Business Day**” has the meaning provided in Condition 7(b)(ii);

“**Exchange Date**” has the meaning provided in Condition 7(b)(ii);

“**Exchange Expenses**” has the meaning provided in Condition 7(b)(iii);

“**Exchange Notice**” has the meaning provided in Condition 7(b)(i);

“**Exchange Period**” has the meaning provided in Condition 7(a)(ii);

“**Exchange Price**” has the meaning provided in Condition 7(a)(i);

“**Exchange Property**” has the meaning provided in Condition 7(a)(i);

“**Exchange Right**” has the meaning provided in Condition 7(a)(i);

**“Extraordinary Resolution”** has the meaning provided in the Trust Deed;

**“Event of Default”** has the meaning provided in Condition 12;

**“Fair Market Value”** means, with respect to any property as at or on any date, the fair market value of that property as determined by an Independent Adviser, provided that

- (a) the fair market value of a cash dividend paid or to be paid per H Share shall be the amount of such cash dividend;
- (b) the fair market value of any other cash amount shall be the amount of such cash;
- (c) where securities, options, warrants or other rights are or will be publicly traded on a stock exchange or securities market of adequate liquidity (as determined by such Independent Adviser) the fair market value of such securities, options, warrants or other rights shall equal the arithmetic mean of the daily Volume Weighted Average Prices of such securities, options, warrants or other rights during the period of five Trading Days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such Trading Day such securities, options, warrants or other rights are publicly traded) or such shorter period as such securities, options, warrants or other rights are publicly traded; and
- (d) where securities, options, warrants or other rights are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the fair market value of such securities, options, warrants or other rights shall be determined by an Independent Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Share, the dividend yield of a Share, the volatility of such market price, prevailing interest rates and the terms of such securities, options, warrants or other rights, including as to the expiry date and exercise price (if any) thereof,

provided that, such amounts shall, in the case of (a) above, be translated into the Relevant Currency (if declared or paid or payable in a currency other than the Relevant Currency, and if the relevant dividend is payable at the option of Sinopec Corp. or a Shareholder in any currency additional to the Relevant Currency, the relevant dividend shall be treated as payable in the Relevant Currency) at the rate of exchange used to determine the amount payable to Shareholders who were paid or are to be paid or are entitled to be paid the cash dividend in the Relevant Currency; and in any other case, shall be translated into the Relevant Currency (if expressed in a currency other than the Relevant Currency) at the Screen Rate on that date, and in the case of (a) and (b) above, the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made for or on account of tax, and disregarding any associated tax credit;

**“Guarantee”** has the meaning provided in Condition 1(b);

**“H Shares”** has the meaning provided in Condition 7(a)(v);

**“HK\$”** means the lawful currency of Hong Kong;

**“HKSE”** means The Stock Exchange of Hong Kong Limited or any successor of that stock exchange;

**“Hong Kong”** means the Hong Kong Special Administrative Region of the People’s Republic of China;

**“Hong Kong Business Day”** means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in Hong Kong;

**“Indebtedness”** of any Person means, at any date, without duplication, (i) any outstanding indebtedness for or in respect of money borrowed (including bonds, debentures, notes or other similar instruments, whether or not listed) that is evidenced by any agreement or instrument, excluding trade payables, (ii) all noncontingent obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, and (iii) all Indebtedness of others guaranteed by such Person;

**“Independent Adviser”** means an independent institution or adviser of international repute selected and appointed by the Issuer at its own (failing which, the Guarantor’s) expense and notified in writing to the Trustee;

**“Interest Payment Date”** has the meaning provided in Condition 6;

**“Interest Period”** has the meaning provided in Condition 6;

**“Interest Record Date”** has the meaning provided in Condition 10(a);

**“Issuer Optional Redemption Date”** has the meaning provided in Condition 9(b)(ii);

**“Issuer Optional Redemption Notice”** has the meaning provided in Condition 9(b)(ii);

**“Lien”** means any mortgage, charge, pledge, lien, encumbrance, hypothecation, title retention, security interest or security arrangement of any kind;

**“Maturity Date”** means 20 May 2032;

**“NDRC”** means the National Development and Reform Commission of the PRC;

**“NDRC Post-Issuance Filing”** has the meaning provided in Condition 3(c);

**“Notice of Default”** has the meaning provided in Condition 12(e);

**“Optional Put Date”** has the meaning provided in Condition 9(c)(iii);

**“Optional Put Exercise Notice”** has the meaning provided in Condition 9(c)(iii);

**“Order 56”** has the meaning provided in Condition 3(c);

**“outstanding”** has the meaning given in the Trust Deed; **“Permitted Liens”** means:

- (a) any Lien which is in existence prior to the Issue Date and any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Relevant Indebtedness originally secured (but the principal amount secured by any such Lien may not be increased);

- (b) any Lien arising or already arisen automatically by operation of law which is promptly discharged or disputed in good faith by appropriate proceedings;
- (c) any Lien either over any asset acquired after the Issue Date which is in existence at the time of such acquisition or in respect of the obligations of any Person which becomes a Subsidiary of the Guarantor or which merges with and into the Guarantor after the Issue Date which is in existence at the date on which it becomes a Subsidiary of the Guarantor and in both cases any replacement thereof created in connection with the refinancing (together with interest, fees and other charges attributable thereto) of the Relevant Indebtedness originally secured (but the principal amount secured by any such Lien may not be increased); provided that any such Lien was not incurred in anticipation of such acquisition or of such company becoming a Subsidiary of the Guarantor;
- (d) any Lien created on any property or asset acquired, leased or developed (including improved, constructed, altered or repaired) after the Issue Date; provided, however, that (i) any such Lien shall be confined to the property or asset acquired, leased or developed (including improved, constructed, altered or repaired); and (ii) any such Lien shall be created concurrently with or within two years following the acquisition, lease or development (including construction, improvement, repair or alteration) of such property or asset;
- (e) any Lien created or outstanding in favour of the Guarantor or any of its Subsidiaries;
- (f) any Lien on any property or asset to secure all or part of the cost of exploration, drilling, development, production, gathering, processing, marketing of such property or asset or to secure Relevant Indebtedness incurred to provide funds for any such purpose;
- (g) any Lien arising in connection with industrial revenue, development or similar bonds or other Relevant Indebtedness or means of project financing (not to exceed the value of the project financed and limited to the project financed);
- (h) any Lien in respect of Relevant Indebtedness of the Guarantor or any of its Subsidiaries with respect to which the Guarantor or such Subsidiary has paid money or deposited money or securities with a fiscal agent, trustee or depository to pay or discharge in full the obligations of the Guarantor and its Subsidiary in respect thereof (other than the obligation that such money or securities so paid or deposited, and the proceeds therefrom, be sufficient to pay or discharge such obligations in full); or
- (i) any Lien arising out of the refinancing, extension, renewal or refunding of any Relevant Indebtedness secured by any Lien permitted by any of the foregoing clauses; provided that such Relevant Indebtedness is not increased and is not secured by any additional property or assets;

“**Person**” means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“**PRC**” means the People’s Republic of China, for the purposes of these Conditions only, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China or Taiwan Region;

“**PRC Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks are generally open for business in the PRC;

“**PRC GAAP**” means generally accepted accounting principles in the PRC consistently applied, as in effect from time to time;

“**Principal Subsidiary**” at any time shall mean one of the Guarantor’s Subsidiaries:

- (a) as to which one or more of the following conditions is/are satisfied:
  - (i) its net profit or (in the case of a Subsidiary of the Guarantor which has one or more Subsidiaries) consolidated net profit attributable to the Guarantor (in each case before taxation and exceptional items) is at least 10 per cent. of the consolidated net profit of the Guarantor (before taxation and exceptional items); or
  - (ii) its net assets or (in the case of one of the Guarantor’s Subsidiaries which has one or more Subsidiaries) consolidated net assets attributable to the Guarantor (in each case after deducting minority interests in Subsidiaries) are at least 10 per cent. of the consolidated net assets (after deducting minority interests in Subsidiaries) of the Guarantor;

all as calculated by reference to the then latest audited financial statements (consolidated or, as the case may be, unconsolidated) of the Guarantor’s Subsidiary and the then latest consolidated financial statements of the Guarantor, provided that: (1) in the case of a Subsidiary of the Guarantor acquired after the end of the financial period to which the then latest relevant audited financial statements relate, the reference to the then latest audited financial statements for the purposes of the calculation above shall, until audited financial statements for the financial period in which the acquisition is made are published, be deemed to be a reference to the financial statements adjusted to consolidate the latest audited financial statements of the Subsidiary in the financial statements; (2) if, in the case of a Subsidiary of the Guarantor which itself has one or more Subsidiaries, no consolidated financial statements are prepared and audited, its consolidated net assets and consolidated net profits shall be determined on the basis of *pro forma* consolidated financial statements of the relevant Subsidiary and its Subsidiaries prepared for this purpose and opined on by its auditors; or (3) if the financial statements of a Subsidiary of the Guarantor (not being a Subsidiary referred to in clause (1) above) are not consolidated with those of the Guarantor then the determination of whether or not the Subsidiary is a Principal Subsidiary shall, if the Guarantor requires, be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements of the Guarantor and its Subsidiaries; or

- (b) to which is transferred all or substantially all of the assets of a Subsidiary of the Guarantor which immediately prior to the transfer was a Principal Subsidiary, provided that, with effect from such transfer, the Subsidiary which so transfers its assets and undertakings shall cease to be a Principal Subsidiary (but without prejudice to paragraph (a) above) and the Subsidiary of the Guarantor to which the assets are so transferred shall become a Principal Subsidiary.

A certificate of the auditors of the Guarantor as to whether or not a Subsidiary is a Principal Subsidiary shall be conclusive and binding on all parties in the absence of manifest error;

“**pro rata share**” means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the *pro rata* share relates) which are outstanding at such time (excluding for this purpose the principal amount of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property has not yet been delivered and excluding from the Exchange Property such *pro rata* share of the Exchange Property in relation to such Bonds);

**“Proceedings”** has the meaning provided in Condition 21(b);

**“Register”** has the meaning provided in Condition 1(a);

**“registered account”** has the meaning provided in Condition 10(b);

**“Registration Date”** means in respect of any H Shares comprised in the Exchange Property to be delivered to a Bondholder upon exercise of Exchange Rights, the date on which the relevant Bondholder is registered as the holder of such H Shares;

**“Relevant Cash Dividend”** means the aggregate cash dividend or distribution declared by Sinopec Corp., including any cash dividend in respect of which there is any Scrip Dividend (which, for the avoidance of doubt, shall exclude a purchase or redemption of Shares, but include the Relevant Cash Dividend component of a Scrip Dividend);

**“Relevant Currency”** means Hong Kong dollars or, if at the relevant time or for the purposes of the relevant calculation or determination the HKSE is not the Relevant Exchange, the currency in which the H Shares are quoted or dealt in on the Relevant Exchange at such time;

**“Relevant Date”** means, in respect of any Bond, whichever is the later of:

- (a) the date on which such payment first becomes due; and
- (b) if the full amount payable has not been received by the Trustee on or prior to such due date, the date on which the full amount having been so received, notice to that effect shall have given to the Bondholders in accordance with Condition 17;

**“Relevant Exchange”** means the HKSE in respect of the H Shares and the Shanghai Stock Exchange in respect of the A Shares or, if the H Shares are no longer admitted to trading on the HKSE or the A Shares are no longer admitted to trading on the Shanghai Stock Exchange, the principal stock exchange or securities market on which the H Shares or the A Shares, as the case may be, are then listed, admitted to trading or quoted or dealt in;

**“Relevant Indebtedness”** of any Person means, at any date, Indebtedness that (x) has a final maturity date of one year or more from the date of incurrence or issuance of such Indebtedness and (y) is in the form of, is represented or embodied by, bonds, notes, debentures or other securities which are, or are intended to be, commonly quoted, listed or dealt in or traded on any stock exchange or over-the-counter securities market;

**“Relevant Jurisdiction”** has the meaning provided in Condition 11;

**“Relevant Taxing Jurisdiction”** has the meaning provided in Condition 11;

**“Retroactive Adjustment”** has the meaning provided in Condition 7(b)(iv);

**“Retroactive Adjustment Reference Date”** has the meaning provided in Condition 7(b)(iv);

**“SAFE”** means the State Administration of Foreign Exchange of the PRC or its local branch;



**“Screen Rate”** means, on any day, and, in respect of the translation of one currency into another currency, the rate of exchange between such currencies appearing on or derived from the relevant Bloomberg page (which shall be the Currency Rates Matrix Page or such other Bloomberg page reasonably determined by the Issuer) as at or about 10:00 a.m. (Hong Kong time) on that day, or, if that page is not available or that rate of exchange does not appear on that page at that time on that day, the rate of exchange between such currencies appearing on such other screen or information service, or determined in such other manner, as the Issuer shall determine (with the written approval of an Independent Adviser);

**“Scrip Dividend”** means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 7(c)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 7(c)(2)(ii));

**“securities”** means shares or other securities (including without limitation any options, warrants, convertible bonds, evidence of indebtedness or rights to subscribe or purchase shares or other securities);

**“Settlement Date”** means in the case of the exercise of Exchange Rights the date falling 15 Trading Days after the relevant Exchange Date;

**“Shareholders”** has the meaning provided in Condition 7(c)(2)(i);

**“Shares”** has the meaning provided in Condition 7(a)(v);

**“Share Capital”** means any and all shares, interests (including joint venture interests), participations or other equivalents (however designated) of share capital of a corporation or any and all equivalent ownership interests in a Person (other than a corporation);

**“Sinopec Corp.”** means China Petroleum & Chemical Corporation (中国石油化工股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and whose H Shares are listed on the Main Board of the HKSE with stock code 0386;

**“Subordinated Indebtedness”** means any Indebtedness of the Guarantor (including perpetual debt, which the Guarantor is not required to repay) which (A) has a final maturity and a weighted average life to maturity longer than the remaining life to maturity of the Bonds and (B) is issued or assumed pursuant to, or evidenced by, an indenture or other instrument containing provisions for the subordination of such Indebtedness to the Bonds including (I) a provision that in the event of any bankruptcy, insolvency or other similar proceeding in respect of which, the holders of the Bonds shall be entitled to receive payment in full in cash of all principal, Additional Tax Amounts and interest on the Bonds (including all interest arising after the commencement of such proceeding whether or not an allowed claim in such proceeding) before the holder or holders of any such Subordinated Indebtedness shall be entitled to receive any payment of principal, interest or premium thereon, (II) a provision that, if an Event of Default has occurred and is continuing under these Conditions, the holder or holders of any such Subordinated Indebtedness shall not be entitled to payment of any principal, interest or premium in respect thereof unless or until such Event of Default shall have been cured or waived or shall have ceased to exist, and (III) a provision that the holder or holders of such Subordinated Indebtedness may not accelerate the maturity thereof as a result of any default relating thereto so long as any Bond is outstanding;

**“Subsidiary”** means, as applied to any Person, any corporation or other entity of which a majority of the outstanding Voting Shares is, at the time, directly or indirectly, owned by such Person;

**“Taxes”** has the meaning provided in Condition 11;

**“Tax Redemption Date”** has the meaning provided in Condition 9(b)(i);

**“Tax Redemption Notice”** has the meaning provided in Condition 9(b)(i);

**“Trading Day”** means in respect of Shares of a class, or other securities or options, warrants or other rights, a day on which the Relevant Exchange is open for business, other than, in any such case, a day on which the Relevant Exchange is scheduled to or does close prior to its regular closing time, provided that for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days;

**“Transfer Instrument”** has the meaning provided in Condition 7(b)(i);

**“U.S. Certification”** has the meaning provided in Condition 7(b)(ii);

the **“Value”** of any Exchange Property on any day means the aggregate of:

- (a) the value of publicly traded securities included in such Exchange Property, which shall be deemed to be the Volume Weighted Average Price of such securities on such day, provided that if such day is not a day on which the Relevant Exchange is open for business or, if there is no such Volume Weighted Average Price, then the value of such publicly traded securities shall be the Volume Weighted Average Price on the immediately preceding such day, translated (if necessary) into Hong Kong dollars at the Screen Rate on such day;
- (b) the value of all other assets (other than cash) and of publicly traded securities for which a value cannot be determined pursuant to (i) above included in such Exchange Property, which shall be deemed to be the value on such day (translated (if necessary) into Hong Kong dollars as aforesaid) as certified by an Independent Adviser; and
- (c) the value of cash shall be deemed to be the amount thereof (translated (if necessary) into Hong Kong dollars as aforesaid),

provided that (i) if on any day any such publicly traded securities are quoted or traded on the Relevant Exchange cum any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (b) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which a Bondholder would not be entitled to pursuant to these Conditions on exercising Exchange Rights on the last day permitted pursuant to these Conditions, then the value of any such assets or publicly traded securities on such day shall be reduced by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an Independent Adviser) of any entitlement or dividend where that is other than cash and (ii) if on any day any such publicly traded securities are quoted or traded on the Relevant Exchange ex any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (b) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other

entitlement, in any such case which a Bondholder would be entitled to pursuant to these Conditions on exercising Exchange Rights on the last day permitted pursuant to these Conditions, then the value of any such assets or publicly traded securities on such day shall be increased by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an Independent Adviser) of any entitlement or dividend where that is other than cash less the amount (if any) in respect of any such dividend, entitlement or, as the case may be, value to which the Bondholder is otherwise entitled pursuant to any other provision of these Conditions;

**“Volume Weighted Average Price”** means, in respect of an H Share or security on any Trading Day:

- (a) the order book volume weighted average price of an H Share or security published by or derived (in the case of an H Share) from Bloomberg page “0386 HK Equity VAP” (setting weighted average) in respect of such Trading Day; and
- (b) in the case of a security (other than H Shares), options, warrants or other rights, from the principal stock exchange or securities market on which such securities, options, warrants or other rights are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined to be appropriate by an Independent Adviser on such Trading Day,

provided that if on any such Trading Day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an H Share or security, options, warrants or other rights, as the case may be, in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined;

**“Voting Rights”** means the right generally to vote at a general meeting of shareholders of the relevant entity (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency) or to elect members of the board of directors or other governing body of the relevant entity; and

**“Voting Shares”** means, with respect to any Person, the Share Capital having the general voting power under ordinary circumstances to vote on the election of the members of the board of directors or other governing body of such Person (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by reason of the happening of any contingency); and A reference to any offer “by way of rights” shall be taken to be references to an offer or grant to all or substantially all holders of Shares, other than holders to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such offer or grant.

References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment.

## **6 INTEREST**

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 0.75 per cent. per annum, payable semi-annually in arrear in equal instalments of HK\$3,750 per Calculation Amount on 20 May and 20 November in each year (each an **“Interest Payment Date”**), beginning on 20 November 2025.

Each Bond will cease to bear interest (i) (subject to Condition 7(b)(vi)) where the Exchange Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Exchange Date, or if none, the Issue Date (subject in any case as provided in Condition 7(b)(vi)), or (ii) where such Bond is redeemed or repaid pursuant to Condition 9 or 12, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused. In such event, it will continue to bear interest at the rate of 3.99 per cent. per annum (both before and after judgment) until whichever is the earlier of (A) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (B) the day falling seven days after the Trustee or the Principal Paying and Exchange Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Interest in respect of any Bond shall be calculated per HK\$1,000,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). If interest is required to be calculated for a period of less than a complete Interest Period, the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each such successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

## **7 EXCHANGE RIGHT**

### **(a) Exchange Period and Exchange Rights**

- (i) **Exchange Right:** Each Bondholder shall have the right to exchange all or any of its Bonds at any time during the Exchange Period referred to below for a *pro rata* share of the Exchange Property as at the relevant Exchange Date. Such exchange of a Bond for a *pro rata* share of the Exchange Property is referred to herein as an “**exchange**” and the right of a Bondholder to require an exchange is herein referred to as the “**Exchange Right**”. Upon a due exercise of Exchange Rights, the relevant Bondholder shall be entitled to receive, and the Issuer and the Guarantor shall deliver or procure the delivery of, a *pro rata* share of the Exchange Property calculated as at the relevant Exchange Date in accordance with this Condition 7.

On exercise of Exchange Rights, Bondholders shall initially be entitled to receive 166,666.6667 H Shares in respect of each HK\$1,000,000 principal amount of Bonds delivered for exchange (before applying Condition 7(a)(iii)) (the “**Exchange Property**”).

The “**Exchange Price**” will initially be HK\$6.00 per H Share but will be subject to adjustment in the manner provided in Condition 7(c). As set out in this Condition 7(a), the number of H Shares forming the Exchange Property may be altered following an adjustment to the Exchange Price, with additional H Shares forming part of the Exchange Property (subject as set out below).

The number of H Shares constituting the Exchange Property on a given day will be determined by dividing the principal amount of the Bonds outstanding by the Exchange Price in effect at the Exchange Date.

- (ii) **Exchange Period:** Subject to applicable law and save as provided in these Conditions (including without limitation Condition 7(a)(iv)), the Exchange Right relating to any Bond may be exercised by the holder thereof, at any time during the period from (and including) 30 June 2025 up to (and including) the earliest to occur of (i) the close of business (at the place where the Bond is deposited for exchange) on the date which falls 10 days prior to the Maturity Date or (ii) if such Bond is to be redeemed pursuant to Condition 9(b) prior to the Maturity Date, then up to (and including) the close of business (at the place aforesaid) in Hong Kong on the date which falls 10 days prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 9(c), then up to the close of business (at the place aforesaid) in Hong Kong on the date prior to the giving of such notice (the “**Exchange Period**”).
- (iii) **Fractions of Shares:** Fractions of H Shares will not be delivered on exchange, and the same shall be rounded down to the nearest whole number of H Shares, and no cash adjustments will be made in respect thereof. However, if the Exchange Right in respect of more than one Bond is exercised at any one time such that H Shares to be delivered on exchange are to be registered in the name of the same Bondholder, the number of such H Shares to be delivered in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so exchanged and rounded down to the nearest whole number of H Shares. Notwithstanding the foregoing, in the event of a consolidation or reclassification of H Shares by operation of law or otherwise occurring after 13 May 2025 which reduces the number of H Shares outstanding, the Issuer (failing which, the Guarantor) will upon exchange of the Bonds pay in cash in Hong Kong dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Exchange Rights, aggregated as provided in this Condition 7(a)(iii), as corresponds to any fraction of a H Share not delivered as a result of such consolidation or re-classification aforesaid if such sum exceeds HK\$100.0. Any such sum shall be paid by the Issuer directly to the relevant Bondholder not later than three Hong Kong Business Days after the relevant Exchange Date by means of a Hong Kong dollar cheque drawn on, or by transfer to a Hong Kong dollar account maintained by the payee with, a bank in Hong Kong in accordance with instructions given by the relevant Bondholder in the relevant Exchange Notice.
- (iv) **Revival and/or Survival after Default:** Notwithstanding the provisions of Conditions 7(a)(i) and 7(a)(ii) if (A) the Issuer and/or the Guarantor shall default in making payment in respect of such Bond on such date fixed for redemption, (B) an Event of Default has occurred under Condition 12, or (C) any Bond is not redeemed in accordance with Condition 9, the Exchange Right attaching to such Bond will revive and/or will continue to be exercisable up to (and including) the close of business (at the place where the Certificate evidencing such Bond is deposited for exchange) on the date on which the Trustee declares the Bonds to be immediately due and payable pursuant to Condition 12 or on which the full amount of the moneys payable in respect of such Bond has been duly received by the Trustee or the Principal Paying and Exchange Agent and notice thereof has been duly given to the Bondholders in accordance with Condition 17, whichever is earlier.

- (v) Meaning of “**Shares**”: As used in these Conditions, (i) “**H Shares**” means H shares of RMB1.00 par value each in the capital of Sinopec Corp. (ISIN: CNE1000002Q2, Stock code: 0386), (ii) “**A Shares**” means ordinary domestic shares of par value RMB1.00 each issued by Sinopec Corp. which are traded in Renminbi on the Shanghai Stock Exchange; and (iii) “**Shares**” means the H Shares and the A Shares and any fully-paid and non-assessable shares of any class or classes of the ordinary shares of Sinopec Corp. authorised after the date of the issue of the Bonds which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of Sinopec Corp. If, for any reason, any Shares which previously comprised all or part of the Exchange Property cease to be part of it and are replaced by other securities, the expression “**Shares**” as used in these Conditions shall thereafter refer to such securities or, in the case of a replacement in part, such securities and/or the Shares thereafter comprising or comprised in the Exchange Property, as the context may require, and if such securities are issued by an entity other than Sinopec Corp., then the expression “**Sinopec Corp.**” as used herein shall thereafter refer to such entity or, in the case of a replacement in part as aforesaid, such entity and/or Sinopec Corp. as the context may require.

**(b) Procedure for Exercise of Exchange Rights**

- (i) **Exchange Notice:** To exercise the Exchange Right attaching to any Bond, the Bondholder must (A) complete and execute a notice, together with a copy of the applicable signed transfer document(s) (the “**Transfer Instrument**”) (each in the then current form obtainable from the specified office of an Exchange Agent) (such notice and such copy of the Transfer Instrument, collectively, the “**Exchange Notice**”), and deliver at such holder’s own expense such Exchange Notice in accordance with the terms of the Agency Agreement together with the relevant Certificate or Certificates, any certificates and other documents as may be required under the laws of the jurisdiction in which the specified office of such Exchange Agent shall be located and any payment required by Condition 7(b)(iii) and (B) deliver the original signed Transfer Instrument to the Issuer at the office of Century Bright (being the shareholder of the Issuer) (being as at the Issue Date at Room 2403, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong), in each case during usual business hours (being 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time)) on any business day in the place of the specified office of such Exchange Agent and the Principal Paying and Exchange Agent, provided that if the delivery of the Exchange Notice together with the relevant Certificate is made outside of such usual business hours as aforesaid or on a day which not a business day in the place of the specified office of such Exchange Agent and the Principal Paying and Exchange Agent, such delivery shall be deemed to have been made on the immediately following such business day. The Issuer shall give notice to the Bondholders in accordance with Condition 17 as soon as possible upon a change in its above-mentioned office to receive the original signed Transfer Instrument. Neither the Trustee nor any of the Agents shall be responsible for monitoring or ascertaining in any way the existence, launching or any change of such laws or regulations or for ascertaining whether such certificates or documents, if applicable, shall have been provided by such Bondholder, and none of them shall be liable for any failure by any Bondholder to provide such certificates or documents.

An Exchange Notice once given shall be irrevocable and may not be withdrawn without the consent in writing of the Issuer.



Notwithstanding the foregoing, if a Bondholder has delivered an Exchange Notice to the Exchange Agent and the original signed Transfer Instrument to the Issuer, and otherwise complied with the requirements of the immediately preceding paragraph of this Condition 7(b)(i) but has not received the relevant *pro rata* share of the Exchange Property to which it is entitled on exercise of the Exchange Rights by the time an Acceleration Notice is given by the Trustee pursuant to Condition 12, such Exchange Notice shall be deemed to have been revoked.

The Issuer, or the relevant Exchange Agent on its behalf, may reject any incomplete or incorrect Exchange Notice (including the transfer document(s)). All costs and expenses incurred or caused by an incomplete or incorrect Exchange Notice shall be for the account of the relevant Bondholder.

The Issuer shall be only required to act on an Exchange Notice that is complete and correct in all respects. Where the Exchange Notice (including the transfer document(s)) is incomplete or incorrect and has been rejected by the Issuer or the relevant Exchange Agent and the Settlement Date shall be determined by reference to the date of receipt of a complete and correct executed Exchange Notice (including the transfer document(s)) which has been delivered in accordance with the terms of the Agency Agreement.

*Where the relevant Bond is represented by the Global Certificate, any person appearing in the records of Euroclear or Clearstream or any Alternative Clearing System (as defined in the Global Certificate) as entitled to an interest in the Global Certificate shall be entitled (subject to the provisions of the Global Certificate) to deliver or cause to be delivered to Euroclear or Clearstream or any Alternative Clearing System, as the case may be, at its own expense a duly completed Exchange Notice referred to above in accordance with the rules and procedures of Euroclear or Clearstream or any Alternative Clearing System, as the case may be.*

- (ii) **Exchange Date:** The “**Exchange Date**” applicable to a Bond shall mean the Exchange Business Day immediately following the date when all of the following are completed: (A) the receipt of an Exchange Notice by an Exchange Agent delivered in accordance with Condition 7(b)(i); (B) the receipt of the original signed Transfer Instrument by the Issuer delivered in accordance with Condition 7(b)(i); and (C) compliance by the relevant Bondholder with the other relevant conditions set out in this Condition 7. Upon the occurrence of an Exchange Date, the Issuer shall promptly notify the Trustee and the Principal Paying and Exchange Agent of such date, and each of the Trustee and the Principal Paying and Exchange Agent shall be entitled to rely conclusively, without investigation or verification on such notice.

References to “**Exchange Business Day**” in this Condition 7 shall mean a day on which both CCASS and the share registrar and transfer office of Sinopec Corp. are open for business for trade, settlement of the Shares and for registration of share transfers.

Bondholders who deposit Bonds represented by the Certificate and deliver an Exchange Notice on the final day (during usual business hours (being between 9:00 a.m. (Hong Kong time) and 3:00 p.m. (Hong Kong time))) prior to any period during which Sinopec Corp. shall close its register of shareholders as may be permissible under the laws of Hong Kong (a “**Closure Period**”) or who deposit Bonds represented by the Certificate and deliver an Exchange Notice during a Closure Period will not be permitted to

exchange their Bonds until an Exchange Date after the end of the Closure Period. Such Bondholders will not be registered as Shareholders and will retain the rights of a Bondholder with respect to the Bonds until the Exchange Date.

A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice (a “**U.S. Certification**”) that such exchange is being made outside of the United States (as such term is defined in Regulation S under the United States Securities Act of 1933). If such U.S. Certification is not provided, the relevant Exchange Notice shall be void.

Exchange Rights may only be exercised in respect of an authorised denomination. Where Exchange Rights are exercised in respect of part only of a Bond, the old Certificate representing such Bond shall be cancelled and a new Certificate for the balance thereof shall be issued in lieu thereof without charge but upon payment by the holder of any Taxes payable in connection therewith and the Registrar will within 10 business days in the place of the specified office of the Registrar following the relevant Exchange Date deliver such new Certificate to the relevant Bondholder at the specified office of the Registrar or (at the risk and, if mailed at the request of the Bondholder otherwise than by ordinary mail, at the expense of the Bondholder) mail the new Bond by uninsured mail to such address as the Bondholder may request.

- (iii) ***Stamp and other duties and taxes and exchange costs:*** The Issuer and the Guarantor will, jointly and severally, pay any stamp, registration, documentary, transfer or other similar taxes or duties (including penalties) arising on the transfer or delivery of any Exchange Property to or to the order of a Bondholder pursuant to the exercise of Exchange Rights which are payable or imposed in the British Virgin Islands, the PRC, Hong Kong and the jurisdiction in which the relevant Exchange Property is situated (and for this purpose any securities in registered form comprising Exchange Property shall be deemed to be situated in the jurisdiction in which the register (or in the case of more than one register, the principal register) on which title to and transfers of such securities are recorded or maintained is located) or imposed or payable by virtue of the place of incorporation, domicile or tax residence of the issuer of any securities comprised in the relevant *pro rata* share of the Exchange Property, and all other costs, fees and expenses in connection with the transfer or delivery of Exchange Property on exercise of Exchange Rights, including the costs, fees and expenses of any custodian, depository, agent or other entity facilitating the relevant transfer or delivery (such taxes, duties, costs, fees and expenses described in this paragraph, the “**Exchange Expenses**”).

Subject to the above, a Bondholder exercising Exchange Rights must pay directly to the relevant authorities any other taxes and capital, stamp, issue, registration, documentary, transfer or other duties (including penalties) arising in any jurisdiction not mentioned above on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on exercise of Exchange Rights.

Neither the Trustee nor any Agent shall be responsible for determining whether any Exchange Expenses are payable or the amount thereof and none of them shall be responsible or liable for any failure by the Issuer or the Guarantor or any other person to pay such Exchange Expenses.

If the Issuer or the Guarantor shall fail to pay any Exchange Expenses for which it is responsible as provided above, the relevant holder shall be entitled to tender and pay the same and each of the Issuer and the Guarantor, as a separate and independent stipulation, covenants jointly and severally to reimburse each such Bondholder directly in respect of the payment of such Exchange Expenses and any penalties payable in respect thereof.

Each Bondholder must pay all, if any, taxes imposed on it and arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with the exercise of Exchange Rights by it.

- (iv) **Delivery:** The Issuer and the Guarantor shall, as soon as practicable (subject as provided below where the relevant Bondholder specifies in its Exchange Notice that delivery of the H Shares shall be made otherwise than through CCASS) and in any event not later than the Settlement Date, effect or cause to be effected delivery of the H Shares to exchanging Bondholders in accordance with prevailing regulations relevant to the transfer of the H Shares to exchanging Bondholders. The Issuer and the Guarantor shall, to the extent permitted under the rules, procedures and practices of CCASS, take all necessary action to procure that the H Shares are delivered to an exchanging Bondholder or its nominee as provided for in the Exchange Notice through CCASS, unless such Bondholder otherwise specifies in its Exchange Notice that delivery shall be made otherwise than through CCASS, and in that case, each of the Issuer and the Guarantor shall use its best endeavours to procure that a certificate (registered in the name of the Bondholder or its nominee as provided for in the Exchange Notice) for the H Shares in registered form shall be issued and despatched (at the risk of the relevant Bondholder) (or, if requested, made available for collection) not later than the Settlement Date.

The Issuer, the Guarantor, the Trustee and the Agents shall not be responsible or liable to any person for any delay in the delivery of any property comprising Exchange Property following exercise of Exchange Rights arising as a result of a failure by the relevant Bondholder to supply all information and details as required by the relevant Exchange Notice.

If (A) the Registration Date in relation to any exercise of the Exchange Rights shall be after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Exchange Price pursuant to Condition 7(c), but before the relevant adjustment becomes effective under the relevant Condition, and (B) the Exchange Date in relation to such exercise shall be before the date on which the relevant adjustment to the Exchange Price becomes effective under the relevant provisions pursuant to Condition 7(c) (the “**Retroactive Adjustment Reference Date**”, and any such adjustment, a “**Retroactive Adjustment**”), upon the relevant adjustment to the Exchange Price becoming effective under the relevant Condition, the Issuer and the Guarantor shall procure the delivery to the exchanging Bondholder (or in accordance with the instructions contained in the Exchange Notice, subject to applicable laws and regulations), such additional number of H Shares or the cash equivalent amount in Hong Kong dollars (calculated by multiplying such number of H Shares by the arithmetic average of the Volume Weighted Average Price of one H Share for each day during the five Trading Days ending on the Exchange Date) (the “**Additional Exchange Property**”) as is equal to the number of H Shares which would have been required to be delivered on exchange of such Bond if the relevant adjustment to the Exchange Price had been made and become effective immediately prior to such the relevant Exchange Date and in

such event and in respect of such Additional Exchange Property references in this Condition 7(b)(iv) to the Exchange Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Exchange Period).

Delivery of the Additional Exchange Property shall be made as soon as practicable and in any case no later than the date falling five Hong Kong Business Days following the Retroactive Adjustment Reference Date.

- (v) ***Entitlement to dividend, distributions, interest or other income etc.:*** The relevant Bondholder (or the person designated in the relevant Exchange Notice) will be the owner of the *pro rata* share of the Exchange Property to be delivered upon exchange with effect from (and including) the relevant Exchange Date and will be entitled to all rights, distributions or payments in respect of such Exchange Property from (and including) such Exchange Date.

Subject as provided herein, Exchange Property delivered on exercise of Exchange Rights shall not include any dividends or other income thereon or other distributions or rights in respect thereof, declared, paid or made by reference to a record date or other due date for the establishment of the relevant entitlement falling prior to the relevant Exchange Date.

Exchange Property delivered or transferred or to be delivered or transferred upon exchange shall rank for and be entitled to all dividends, interest and other income, payments and distributions and rights thereon or in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of entitlement falling on or after the relevant Exchange Date.

- (vi) ***Interest Accrual:*** If any notice requiring the redemption of any Bond is given pursuant to Condition 9(b) on or after the 15th Hong Kong Business Day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the H Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date following such record date, interest shall (subject as hereinafter provided) accrue on Bonds in respect of which Exchange Rights shall have been exercised and in respect of which the Exchange Date falls after such record date and on or prior to the Interest Payment Date following such record date in each case from and including the preceding Interest Payment Date (or, if such Exchange Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Exchange Date; provided that no such interest shall accrue on any Bond in the event that the H Shares delivered on exchange thereof shall carry an entitlement to receive such dividend or distribution or in the event the Bond carries an entitlement to receive an Additional Exchange Property. Any such interest shall be paid directly by the Issuer (failing whom the Guarantor) not later than 14 days after the relevant Exchange Date by transfer to a Hong Kong dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Exchange Notice.

**(c) Adjustments to Exchange Price**

The Exchange Price will be subject to adjustment as follows:

- (1) *Consolidation, Subdivision or Re-classification:* If and whenever there shall be an alteration to the nominal value of the H Shares as a result of consolidation, subdivision or re-classification, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

Where:

A is the nominal amount of one H Share immediately after such alteration; and

B is the nominal amount of one H Share immediately before such alteration. Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalisation of Profits or Reserves:*

- (i) If and whenever Sinopec Corp. shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalisation of profits or reserves (including Shares paid up out of distributable profits or reserves and/or share premium account) except any Scrip Dividend and which would not have constituted a Distribution, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

Where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date; provided that if there are different effective dates for different classes of Shares, the effective date of the H Shares shall prevail.

- (ii) In the case of an issue of H Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of the issue of such H Shares multiplied by the number of such H Shares issued exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof (in respect of the H Shares) and which would not have constituted a Distribution, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before the issue of such H Shares by the following fraction:

$$\frac{A + B}{A + C}$$

Where:

A is the aggregate number of H Shares in issue immediately before such Scrip Dividend;

B is the aggregate number of H Shares which the Relevant Cash Dividend in respect of the H Shares would purchase at such Current Market Price; and

C is the aggregate number of H Shares issued by way of such Scrip Dividend,

or by making such other adjustment to the Exchange Price to give effect to the foregoing as an Independent Adviser shall certify to the Bondholders is fair and reasonable.

Such adjustment shall become effective on the date of issue of such H Shares or if a record date is fixed therefor, immediately after such record date.

- (3) *Distribution:* If and whenever Sinopec Corp. shall pay or make any Distribution to the holders of H Shares (except to the extent that the Exchange Price falls to be adjusted under Condition 7(c)(2) above), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price per H Share on the date on which the Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of Distribution attributable to one H Share.

Such adjustment shall become effective on the date that such Distribution is actually made or if a record date is fixed therefor, immediately after such record date. In making any such calculation pursuant to this Condition 7(c)(3), such adjustments (if any) shall be made as an Independent Adviser may consider appropriate to reflect (A) any consolidation or subdivision of the H Shares, (B) issues of H Shares by way of capitalisation of profits or reserves, or any like or similar event or (C) the modification of any rights to dividends of H Shares.



- (4) *Rights Issues of Shares or Options over Shares:* If and whenever Sinopec Corp. shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares or any securities which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, any Shares (or shall grant any such rights in respect of existing securities so issued), in each case at less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of the issue or grant of such Shares, options, warrants or other rights (and notwithstanding that the relevant issue may be or be expressed to be subject to shareholder or other approvals or consents or other contingency or event occurring or not occurring), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

A is the aggregate number of Shares of all classes in issue immediately before such announcement;

B<sub>1</sub> is the number of Shares of one class which the aggregate consideration (if any) receivable for the Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share of the class;

B<sub>2</sub> where applicable, is the number of Shares of a second class which the aggregate consideration (if any) receivable for the Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share of the class;

C<sub>1</sub> is the aggregate number of Shares of one class issued or, as the case may be, comprised in the issue or grant; and

C<sub>2</sub> where applicable, is the aggregate number of Shares of a second class issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be; provided that if there are different effective dates for different classes of Shares, the effective date of H Shares shall prevail.

- (5) *Rights Issues of Other Securities:* If and whenever Sinopec Corp. shall issue securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares) to all or substantially all holders of H Shares as a class by way of rights, or shall issue or grant to all or substantially all holders of H Shares as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price per H Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value per Share on the date of such announcement of the portion of the rights attributable to one H Share.

Such adjustment shall become effective on the date of issue of the securities, or issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants, as the case may be.

- (6) *Issues at less than Current Market Price:* If and whenever Sinopec Corp. shall issue (otherwise than as mentioned in Condition 7(c)(4) above) any Shares (other than H Shares issued on the exercise of Exchange Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, or purchase of Shares) or issue or grant (otherwise than as mentioned in Condition 7(c)(4) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares (other than the Bonds) in each case at less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of such issue or grant, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

A is the aggregate number of Shares of all classes in issue immediately before the issue of such additional Shares of such class or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares of such class;

B<sub>1</sub> is the number of Shares of one class which the aggregate consideration (if any) receivable for the issue of such additional Shares of such class would purchase at the Current Market Price per Share of such class;

B<sub>2</sub> where applicable, is the number of Shares of a second class which the aggregate consideration (if any) receivable for the issue of such additional Shares of such class would purchase at the Current Market Price per Share of such class;

C<sub>1</sub> is the aggregate number of Shares of one class issued, or as the case may be, the maximum number of Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate; and

C<sub>2</sub> where applicable, is the aggregate number of Shares of a second class issued, or as the case may be, the maximum number of Shares of such class to be issued on the exercise of such options, warrants or other rights at the initial exercise price or rate.

References to additional Shares in the above formula shall, in the case of an issue by Sinopec Corp. of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price or rate on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights; provided that if there are different effective dates for different classes of Shares, the effective date of the H Shares shall prevail.

- (7) *Other Issues at less than Current Market Price:* If and whenever Sinopec Corp. or any of its Subsidiaries (otherwise than as mentioned in Conditions 7(c)(4), 7(c)(5) or 7(c)(6)), or (at the direction or request of or pursuant to any arrangements with Sinopec Corp. or any of its Subsidiaries) any other company, person or entity shall issue any securities (other than the Bonds) which by their terms of issue carry (directly or indirectly) rights of conversion into, or exchange or subscription for, Shares to be issued by Sinopec Corp. upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the terms of issue of such securities, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B_1 + B_2}{A + C_1 + C_2}$$

Where:

A is the aggregate number of Shares of all classes in issue immediately before such issue;

B<sub>1</sub> is the number of Shares of one class which the aggregate consideration receivable by the Guarantor for the Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share of such class;

B<sub>2</sub> where applicable, is the number of Shares of a second class which the aggregate consideration receivable by the Guarantor for the Shares of such class to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share of such class;

C<sub>1</sub> is the maximum number of Shares of one class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate; and

C<sub>2</sub> where applicable, is the maximum number of Shares of a second class to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (8) *Modification of Rights of Conversion etc.*: If and whenever there shall be any modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to any such securities (other than the Bonds) as are mentioned in Condition 7(c)(7) (other than in accordance with the terms (including terms as to adjustment) applicable to such securities upon issue) so that following such modification the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price per H Share on the date of the first public announcement of the proposals for such modification, the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before such modification by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the aggregate number of Shares of all classes in issue multiplied by their respective Current Market Price per Share on the date on which such modification is publicly announced; and

B is the difference between the Fair Market Value of the modification aggregated across all Shares of all classes in issue on the date of such announcement and the aggregate consideration received for the modification. Such adjustment shall become effective on the date of modification of the rights of conversion, exchange, subscription, purchase or acquisition attaching to such securities.

- (9) *Other Offers to Shareholders*: If and whenever Sinopec Corp. or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with Sinopec Corp. or any of its Subsidiaries) any other company, person or entity shall offer any securities in connection with which the holders of H Shares as a class are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Exchange Price falls to be adjusted under Conditions 7(c)(4), 7(c)(5), 7(c)(6) or 7(c)(7)), the Exchange Price shall be adjusted by multiplying the Exchange Price in force immediately before the making of such offer by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the Current Market Price per H Share on the date on which such issue is first publicly announced; and

B is the Fair Market Value on the date of such announcement of the rights attributable to one H Share.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities.

- (10) *Other Events*: If the Issuer determines that an adjustment should be made to the Exchange Price as a result of one or more circumstances not referred to in this Condition 7 (even if the relevant circumstance is specifically excluded from the operation of Conditions 7(c)(1) to 7(c)(9) (both inclusive)), the Issuer shall, at its own expense, request an Independent Adviser to determine as soon as practicable what adjustment (if any) to the Exchange Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Exchange Price, and the date on which such adjustment (if any) should take effect and upon such determination by the Independent Adviser such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition 7(c)(10) if such Independent Adviser is so requested to make a determination.
- (11) *Further Classes of Ordinary Shares*: In the event that Sinopec Corp. has more than two classes of ordinary Shares outstanding at any time, the formulae set out in this Condition 7(c) shall be restated to take into account such further classes of ordinary shares so that “ $B_1 + B_2$ ” and “ $C_1 + C_2$ ” shall become “ $B_1 + B_2 + B_3$ ” and “ $C_1 + C_2 + C_3$ ” and “ $B_3$ ” and “ $C_3$ ” shall have the same meaning as “ $B_1$ ” and “ $C_1$ ”, respectively, but by reference to a third class of ordinary shares and so on, provided that where the events or circumstances giving rise to any adjustment pursuant to Condition 7(c) have already resulted or will result in an adjustment to the Exchange Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Exchange Price, such modification (if any) shall be made to the operation of the provisions of Condition 7(c) as may be advised by the Independent Adviser to be in its opinion appropriate to give the intended result. Notwithstanding the foregoing, the per ordinary share value of any such modification shall not exceed the per ordinary share value of the dilution in the Shareholders’ interest in Sinopec Corp.’s equity caused by such events or circumstances.
- (12) *Adjustment upon Change of Control*: If a Change of Control shall occur, the Issuer shall give to Bondholders a Change of Control Notice in accordance with Condition 8(d) within seven Hong Kong Business Days following the occurrence of a Change of Control. Upon any exercise of Exchange Rights such that the relevant Exchange Date falls during the Change of Control Exchange Period, the Exchange Price applicable solely for the purpose of such exercise of Exchange Rights (the “**Change of Control Exchange Price**”) shall be determined in accordance with the following formula:

$$COCEP \frac{OEP}{1 + \left( EP \times \frac{C}{t} \right)}$$

Where:

COCEP means the Change of Control Exchange Price after such adjustment;

OEP means the Exchange Price before such adjustment, which for the avoidance of doubt shall be the Exchange Price in effect on the relevant Exchange Date;

EP means 47.06 per cent. expressed as a fraction;

c means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

t is the number of days from and including the Issue Date to but excluding the Maturity Date.

**(d) Trustee and Agents Not Obligated to Monitor the Exchange Property, etc.**

Neither the Trustee nor any Agent shall be under any duty to (and none of them shall be responsible or liable for any loss arising from any failure by it to) monitor or ascertain whether any Exchange Date or event or circumstance which gives rise or may give rise to an adjustment to the Exchange Property or the Exchange Price has happened or exists as described in this Condition 7 and, unless it has express notice in writing from the Issuer or the Guarantor to the contrary, each of them may assume that no such Exchange Date or event or circumstance has happened or does exist and none of them shall be liable to the Issuer, the Guarantor, any Bondholder or any other person for so doing.

Neither the Trustee nor any Agent shall be responsible for (i) calculating or verifying the calculations, or for procuring such calculation or verification, of any amount payable, or the *pro rata* share of the Exchange Property to be delivered, under or as a result of the exercise of any Exchange Rights, or (ii) procuring the delivery of any Exchange Property by the Issuer, or ascertaining or enquiring as to the amount of Exchange Property actually delivered, or (iii) determining whether any amount is payable under this Condition 7 to any Bondholder or, if the same are payable, the amount thereof.

Neither the Trustee nor any Agent shall be responsible for the issuance, delivery, registration or payment of, or any failure of the Issuer or the Guarantor to issue, deliver, register or pay, any Exchange Property or H Shares, or any other securities, property or cash, which are deliverable or payable upon or in connection with the exercise of any Exchange Right, and none of them shall be accountable or liable for the sufficiency, validity or value (of any kind) of any Exchange Property or H Shares, or any other securities, property or amount of cash. In the absence of proof to the contrary, the Trustee and the Agents may assume that all Exchange Property has been duly delivered in accordance with the relevant Exchange Notice on the Exchange Date.

Neither the Trustee nor any Agent shall be responsible for selecting or appointing or monitoring any Independent Adviser or for any opinion, determination or calculation made or to be made by any Independent Adviser, and each of them shall be entitled to rely, without any enquiry or verification, on any Independent Adviser's opinion, determination or calculation, and none of them shall be liable to the Issuer, the Guarantor, any Bondholder or any other person for the same.

**(e) Minor Adjustments, Upward/Downward Adjustment**

On any adjustment, the resultant Exchange Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Exchange Price if such adjustment (rounded down if applicable) would be less than one per cent. of the Exchange Price then in effect. Any adjustment not required to be made, and/or any amount by which the Exchange Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment.



No adjustment resulting in an increase in the Exchange Price shall be made, except in the case of a consolidation, subdivision or re-classification of the H Shares as referred to in Condition 7(c)(1). The Issuer or the Guarantor may at any time and for a specified period of time only, following notice being given to the Trustee and the Exchange Agent in writing and to the Bondholders in accordance with Condition 17, reduce the Exchange Price.

Where more than one event which gives or may give rise to an adjustment to the Exchange Price occurs within such a short period of time that in the opinion of an Independent Adviser, the foregoing provisions in this Condition 7 would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Adviser to be in its opinion appropriate in order to give such intended result.

**(f) Notice of Adjustment of Exchange Price**

Notice of any adjustment of the Exchange Price shall be given by the Issuer to the Bondholders in accordance with Condition 17 and to the Trustee and the Exchange Agent promptly in writing after the determination thereof.

**8 UNDERTAKINGS**

- (a) The Issuer and the Guarantor undertake to use all reasonable endeavours to maintain the listing of the Bonds on the HKSE. If the Issuer and/or the Guarantor are unable to maintain such listing or the maintenance of such listing is unduly onerous or burdensome, the Issuer and the Guarantor undertake to use all reasonable endeavours to obtain and maintain a listing and/or admission to trading of the Bonds on such other internationally recognised stock exchange as the Issuer and/or the Guarantor may from time to time determine, and the Issuer will forthwith give notice to the Bondholders in accordance with Condition 17 of the listing or de-listing and/or admission of the Bonds by any of such stock exchanges.
- (b) The Issuer and the Guarantor undertake to obtain and/or maintain all applicable consents and approvals which are required for the performance of their respective obligations under the Bonds, the Trust Deed, the Agency Agreement and the Deed of Guarantee.
- (c) If the appointment of an Independent Adviser is required by these Conditions or if these Conditions relate to any matter to be determined by an Independent Adviser, the Issuer and the Guarantor shall procure, at the expense of the Issuer, failing whom the Guarantor, that the relevant appointment is made promptly and, in any event, in time to enable the proper operation of the relevant provisions of these Conditions. Neither the Trustee nor any Agent shall be responsible for or under any obligation to select or appoint an Independent Adviser, and none of them shall have any responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by any such Independent Adviser.
- (d) Within seven Hong Kong Business Days following the occurrence of a Change of Control, the Issuer shall give notice thereof to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 17 (a “**Change of Control Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 9(c)(i).

The Change of Control Notice shall also specify:

- (i) the Value of the *pro rata* share of the Exchange Property attributable to each HK\$1,000,000 principal amount of the Bonds as at the last practicable date prior to the publication of the Change of Control Notice, together with any accrued and unpaid interest;
- (ii) the last day of the Change of Control Period;
- (iii) the Change of Control Put Date; and
- (iv) such other information relating to the Change of Control as the Trustee may in its absolute discretion require.

None of the Trustee and the Agents shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to a Change of Control has occurred or may occur and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by them to do so.

- (e) Within seven Hong Kong Business Days following the occurrence of a De-listing Event, the Issuer shall give notice thereof to the Trustee and the Agents in writing and to the Bondholders in accordance with Condition 17 (a “**De-listing Event Notice**”). Such notice shall contain a statement informing Bondholders of their entitlement to exercise their Exchange Rights as provided in these Conditions and their entitlement to exercise their rights to require redemption of their Bonds pursuant to Condition 9(c)(ii).

The De-listing Event Notice shall also specify:

- (i) the Value of the *pro rata* share of the Exchange Property attributable to each HK\$1,000,000 principal amount of the Bonds as at the last practicable date prior to the publication of the De-listing Event Notice, together with any accrued and unpaid interest;
- (ii) the last day of the De-listing Event Period;
- (iii) the De-listing Event Put Date; and
- (iv) such other information relating to the De-listing Event as the Trustee in its absolute discretion may require.

None of the Trustee and the Agents shall be required to take any steps to ascertain whether a De-listing Event or any event which could lead to a De-listing Event has occurred or may occur and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by them to do so.

- (f) The Issuer shall give notice to the Trustee and each Exchange Agent in writing and to the Bondholders in accordance with Condition 17 of any change in the nature or composition of the Exchange Property pursuant to this Condition 8 as soon as reasonably practicable following such change, and shall certify such details as the Trustee may in its absolute discretion require of the Exchange Property to which the Bondholder would be entitled upon exercise of the Exchange Right in respect of such Bond following such change.
- (g) Any undertaking given by both the Issuer and the Guarantor under this Condition 8 shall be on a joint and several basis.

## **9 REDEMPTION AND PURCHASE**

### **(a) Final Redemption**

Unless previously exchanged, redeemed, or purchased and cancelled, the Bonds will be redeemed at 109.27 per cent. of their principal amount together with accrued and unpaid interest thereon on the Maturity Date.

The Bonds may only be redeemed at the option of the Issuer prior to the Maturity Date in accordance with Condition 9(b).

### **(b) Redemption at the Option of the Issuer**

#### *(i) Redemption for tax reasons*

At any time the Issuer may (or, if the Guarantee was called, the Guarantor), having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders in accordance with Condition 17 (which Tax Redemption Notice shall be copied to the Trustee and the Agents), redeem (subject as provided below) all but not some only of the Bonds for the time being outstanding on the date (the "**Tax Redemption Date**") specified in the Tax Redemption Notice at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date, if the Issuer (or, if the Guarantee was called, the Guarantor) satisfies the Trustee immediately prior to the giving of the notice by the Issuer (or, if the Guarantee was called, the Guarantor) referred to above that (A) it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 11 as a result of any change in, or amendment to, the laws or regulations of the British Virgin Islands or the PRC or, in each case, any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after 13 May 2025; and (B) such obligation cannot be avoided by the Issuer (or, if the Guarantee was called, the Guarantor) taking reasonable measures available to it, provided that no such Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer (or, if the Guarantee was called, the Guarantor) would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

At least 15 days prior to the publication of any Tax Redemption Notice, the Issuer (or, if the Guarantee was called, the Guarantor) shall deliver to the Trustee (I) a certificate in English signed by an Authorised Signatory of the Issuer (or, if the Guarantee was called, an Authorised Signatory of the Guarantor) stating that the Issuer (or, if the Guarantee was called, the Guarantor) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer (or, if the Guarantee was called, the Guarantor) so to redeem have occurred, and (II) an opinion, addressed to and in a form and substance satisfactory to the Trustee, of legal counsel or tax adviser to the effect that the Issuer (or, if the Guarantee was called, the Guarantor) is permitted to effect such redemption pursuant to the terms of the Trust Deed and the Issuer (or, if the Guarantee was called, the Guarantor) has or will become obligated to pay such amounts as a result of such changes or amendment. The Trustee shall be entitled (but shall not be obliged) to accept and rely conclusively upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out in (A) and (B) above of this Condition 9(b)(i) without further enquiry and without liability to any Bondholder or any other person, in which event the same shall be conclusive and binding on the Bondholders.

Any Tax Redemption Notice shall be irrevocable.

On the Tax Redemption Date, the Issuer (or, if the Guarantee was called, the Guarantor) shall (subject to the next following paragraph) redeem the Bonds at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Tax Redemption Date (if any).

If the Issuer (or, if the Guarantee was called, the Guarantor) gives a notice of redemption pursuant to this Condition 9(b)(i), each Bondholder will have the right to elect that its Bonds shall not be redeemed and that the provisions of Condition 11 shall not apply in respect of any payment to be made on such Bonds which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 11 and payment of all amounts on such Bonds shall be made subject to the deduction or withholding of any British Virgin Islands or PRC taxation required to be withheld or deducted. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of election, in the form for the time being current, obtainable from the specified office of any Paying Agent together with the relevant Certificate on or before the day falling 10 days prior to the Tax Redemption Date.

Any Tax Redemption Notice shall specify (x) the Tax Redemption Date, (y) the last day on which Exchange Rights may be exercised by a Bondholder and (z) the Value of the *pro rata* share of the Exchange Property attributable to each HK\$1,000,000 principal amount of the Bonds as at the most recent practicable date prior to the giving of the relevant Tax Redemption Notice (translated, if necessary, into Hong Kong dollars at the Screen Rate as at such date).

(ii) *Redemption for minimum outstanding amount*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Issuer Optional Redemption Date (if any) at any time if, prior to the date on which the relevant notice of redemption is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued.

In order to exercise such option, the Issuer shall give not less than 30 nor more than 60 days' notice (an **"Issuer Optional Redemption Notice"**) to the Bondholders in accordance with Condition 17 (which Issuer Optional Redemption Notice shall be copied to the Trustee and the Agents) specifying the date for redemption (the **"Issuer Optional Redemption Date"**). Any Issuer Optional Redemption Notice shall be irrevocable.

On the Issuer Optional Redemption Date, the Issuer shall redeem the Bonds at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) the Issuer Optional Redemption Date (if any).

Any Issuer Optional Redemption Notice shall specify (A) the Issuer Optional Redemption Date, (B) the last day on which Exchange Rights may be exercised by a Bondholder and (C) the Value of the *pro rata* share of the Exchange Property attributable to each HK\$1,000,000 principal amount of the Bonds as at the most recent practicable date prior to the giving of the relevant Issuer Optional Redemption Notice (translated, if necessary, into Hong Kong dollars at the Screen Rate on such day).

(c) **Redemption at the Option of the Bondholders**

(i) *Redemption following a Change of Control*

Following the occurrence of a Change of Control, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the Change of Control Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date (if any). To exercise such right, the holder of the relevant Bond must deliver such Bond to the specified office of any Paying Agent, together with a duly completed and signed notice of exercise in the form for the time being obtainable from the specified office of any Paying Agent (a **"Change of Control Put Exercise Notice"**), at any time during the Change of Control Period. The **"Change of Control Put Date"** shall be the 14th day after the expiry of the Change of Control Period (or if that is not a Hong Kong Business Day, the next following day which is a Hong Kong Business Day).

Payment in respect of any such Bond shall be made by transfer to a Hong Kong dollar account with a bank in Hong Kong as specified by the relevant Bondholder in the relevant Change of Control Put Exercise Notice.

A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

(ii) *Redemption following a De-listing Event*

Following the occurrence of a De-listing Event, the holder of each Bond will have the right to require the Issuer to redeem that Bond on the De-listing Event Put Date at the Early Redemption Amount together with interest accrued but unpaid to (but excluding) such date (if any). To exercise such right, the holder of the relevant Bond must deliver such Certificate to the specified office of any Paying Agent, together with a duly completed and signed notice of exercise in the form for the time being obtainable from the specified office of any Paying Agent (a “**De-listing Event Put Exercise Notice**”), at any time during the De-listing Event Period. The “**De-listing Event Put Date**” shall be the date falling 30 Hong Kong Business Days after the expiry of the De-listing Event Period.

Payment in respect of any such Bond shall be made by transfer to a Hong Kong dollar account with a bank in Hong Kong as specified by the relevant Bondholder in the relevant De-listing Event Put Exercise Notice.

A De-listing Event Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the De-listing Event Put Exercise Notices delivered as aforesaid on the De-listing Event Put Date.

(iii) *Redemption at the option of Bondholders*

On 20 May 2028 (the “**First Optional Put Date**”), the holder of each Bond will have the right to require the Issuer to redeem all or some only of the Bonds of such holder on the First Optional Put Date at 103.82 per cent. of their principal amount together with interest accrued but unpaid to (but excluding) such First Optional Put Date. On 20 May 2030 (the “**Second Optional Put Date**”, and the First Optional Put Date, each an “**Optional Put Date**”), the holder of each Bond will have the right to require the Issuer to redeem all or some only of the Bonds of such holder on the Second Optional Put Date at 106.49 per cent. of their principal amount together with interest accrued but unpaid to (but excluding) such Second Optional Put Date. To exercise such right, the holder of the relevant Bond must deliver the Certificate to the specified office of any Paying Agent, together with a duly completed and signed notice of exercise in the form for the time being obtainable from the specified office of any Paying Agent (an “**Optional Put Exercise Notice**”), not earlier than 60 days and not later than 30 days prior to the relevant Optional Put Date.

Payment in respect of any such Bond shall be made by transfer to a Hong Kong dollar account with a bank in Hong Kong as specified by the relevant Bondholder in the relevant Optional Put Exercise Notice.

An Optional Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of the Optional Put Exercise Notices delivered as aforesaid on the relevant Optional Put Date.

(d) **Multiple Notices**

If more than one notice of redemption is given pursuant to this Condition 9, the first of such notices to be given shall prevail.



**(e) Purchase**

The Issuer, the Guarantor or any of their respective Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. The Bonds so purchased, while held by or on behalf of the Issuer, the Guarantor or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for various purposes, including for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 12, 14 and 15.

**(f) Cancellation**

Bonds purchased by the Issuer, the Guarantor or any of their respective Subsidiaries may be held, re-issued or sold or cancelled. All Bonds redeemed or exchanged will be cancelled and may not be re-issued or resold.

**(g) Trustee and Agents not obliged to monitor**

Neither the Trustee nor any Agent shall be under any duty to monitor or ascertain whether any event or circumstance which gives rise or may give rise to any redemption under this Condition 9 has happened or exists as described in this Condition 9 and none of them shall be responsible or liable to the Issuer, the Guarantor, any Bondholder or any other person for not so doing. The Trustee and the Agents shall not be responsible for calculating or verifying the calculations of any amount payable under any redemption option under this Condition 9, and they shall not have any duty to verify the accuracy, content, completeness, validity and/or genuineness of any certificates, confirmations or documents in relation to or in connection to any such redemption or the exercise of any right of redemption and none of them shall be responsible or liable to the Issuer, the Guarantor, any Bondholder or any other person for not doing so.

**10 PAYMENTS**

**(a) Method of Payment**

Payment of principal, Early Redemption Amount, premium (if any) and interest (if any), and any other amounts due other than on an Interest Payment Date will be made by transfer to the registered account of the Bondholder or, in the case of any amount payable by the Issuer pursuant to Conditions 7(a)(iii), by Hong Kong dollar cheque mailed by the Issuer to the address or by transfer to a Hong Kong dollar account, in each case as specified in the relevant Exchange Notice or, in the case of any amount payable by the Issuer pursuant to Condition 9(c), by transfer to a Hong Kong dollar account with a bank in Hong Kong specified in such notice as delivered by the relevant Bondholder under Condition 9(c). Such payment will only be made after surrender of the relevant Certificate at the specified office of the Registrar or any Transfer Agent.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the 15th Hong Kong Business Day before the due date for the payment of interest (the “**Interest Record Date**”). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or, in the case of any amount payable by the Issuer pursuant to Conditions 7(a)(iii), by Hong Kong dollar cheque mailed by the Issuer to the address or by transfer to a Hong Kong dollar account, in each case as specified in the relevant Exchange Notice or, in the case of any

amount payable by the Issuer pursuant to Condition 9(c), by transfer to a Hong Kong dollar account with a bank in Hong Kong specified in such notice as delivered by the relevant Bondholder under Condition 9(c).

If an amount which is due on the Bonds is not paid in full, the Registrar (or the Principal Paying and Exchange Agent, acting as agent of the Registrar) will annotate the Register with a record of the amount (if any) in fact paid.

*All payments in respect of Bonds represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.*

**(b) Registered Accounts**

For the purposes of this Condition 10, a Bondholder’s “**registered account**” means the Hong Kong dollar account maintained by or on behalf of such Bondholder with a bank that processes payments in Hong Kong dollars, details of which appear on the Register at the close of business on the Interest Record Date, and a Bondholder’s registered address means its address appearing on the Register at that time.

**(c) Agents**

The names of the initial Principal Paying and Exchange Agent, Transfer Agent and Registrar and their initial specified offices are set out below. The Issuer and the Guarantor reserve the right under the Agency Agreement at any time with the prior written approval of the Trustee to remove any Paying Agent, Exchange Agent or Transfer Agent or the Registrar, and to appoint other or further Paying Agents, Exchange Agents, Transfer Agents and Registrar, provided that it will at all times maintain a Principal Paying and Exchange Agent, a Transfer Agent and a Registrar and such other Paying Agents, Exchange Agents and Transfer Agents having specified offices in any place required by the rules of any relevant stock exchange if and for so long as the Bonds are listed or admitted to trading on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of a paying agent, an exchange agent, a transfer agent or a registrar in any particular place. Notice of any such removal or appointment and of any change in the specified office of any Paying Agent, Exchange Agent or Transfer Agent or the Registrar will be given promptly by the Issuer to Bondholders in accordance with Condition 17.

**(d) Payments Subject to Fiscal Laws**

All payments in respect of the Bonds are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 11. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

**(e) Fractions**

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest such unit.

**(f) Delay in Payment**

Bondholders will not be entitled to any further interest or other payment for any delay after the due date in receiving any amount due:

- (i) as a result of the due date not being a business day; or
- (ii) if the relevant Bondholder is late in surrendering the relevant Certificate (where such surrender is required pursuant to these Conditions as a precondition to payment).

In this Condition 10, “**business day**” means a day (other than a Saturday, a Sunday or a public holiday) which is (A) a Hong Kong Business Day, (B) a business day in the place of the specified office of the Principal Paying and Exchange Agent, and (C) (where surrender of the relevant Certificate is required pursuant to these Conditions as a precondition to payment) which is a business day in the place of the specified office of the relevant Paying Agent to whom the relevant Certificate is surrendered.

**11 TAXATION**

All payments of principal, premium (if any) and interest in respect of the Bonds or the Guarantee shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed, levied, collected, withheld or assessed within the British Virgin Islands or the PRC or any other jurisdiction in which the Issuer or the Guarantor (or any successor to the Issuer or the Guarantor) is organised or tax resident, in each case including any political subdivision, territory or possession thereof, any authority therein having power to tax or any area subject to its jurisdiction (each, a “**Relevant Jurisdiction**”), or any jurisdiction from or through which any payment is made (together with Relevant Jurisdictions, each, a “**Relevant Taxing Jurisdiction**”) unless such Taxes are required by law to be withheld or deducted.

Where such withholding or deduction is made by the Issuer or, as the case may be, the Guarantor by or within the PRC up to and including the aggregate rate applicable on 13 May 2025 (the “**Applicable Rate**”), the Issuer or, as the case may be, the Guarantor will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amount which would otherwise have been receivable by them had no such withholding or deduction been required.

If the Issuer or, as the case may be, the Guarantor is required to make a deduction or withholding (a) by or within the PRC in excess of the Applicable Rate or (b) by or within other Relevant Taxing Jurisdiction, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts shall be payable in respect of any Bond:

- (a) **Other connection:** to a holder (or to a third party on behalf of a holder) who is liable to such Taxes in respect of such Bond by reason of his having some connection with Relevant Taxing Jurisdiction, other than the mere holding of the Bond; or
- (b) **Surrender more than 30 days after the Relevant Date:** in respect of which the Certificate representing it is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such Additional Tax Amounts on surrendering the Certificate representing such Bond for payment on the last day of such period of 30 days.

References in these Conditions to principal, premium (if any) and interest shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 11 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall be responsible for paying any Tax or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, the Guarantor, any Bondholder or any third party to pay such Tax in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any Tax imposed by or in any jurisdiction.

## 12 EVENTS OF DEFAULT

If any of the following events (each, an “**Event of Default**”, whatever the reason for such Event of Default and whether or not it shall be voluntary or involuntary or be effected by the operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body) occurs and is continuing, then the Trustee at its discretion may and, if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the outstanding Bonds and/or if so directed by an Extraordinary Resolution, shall (in each case subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction) give written notice (the “**Acceleration Notice**”) to the Issuer and the Guarantor declaring the Bonds to be, whereupon they shall immediately become, due and payable at the higher of (i) Early Redemption Amount together with any accrued and unpaid interest (if any) and (ii) the Default Cure Amount:

- (a) failure to pay principal of or premium on any Bond (including the Early Redemption Amount and the Default Cure Amount) on the date such amount is due and payable, upon optional redemption, acceleration or otherwise; or
- (b) failure to pay interest on any Bond within 30 days after the due date for such payment; or
- (c) any of the Issuer or the Guarantor fails to perform any of its obligations arising in respect of the exercise of Exchange Rights, including any failure to transfer or deliver any Exchange Property or the Additional Exchange Property by the time required pursuant to these Conditions; or
- (d) failure by the Issuer or the Guarantor to comply with its obligations under Condition 3(b); or
- (e) failure to perform any other covenant or agreement of the Guarantor or the Issuer herein or the Trust Deed or the Deed of Guarantee (other than those referred to in Conditions 12(a), 12(b), 12(c) and 12(d)), and such failure continues for 60 days after there has been given, by registered or certified mail, to the Guarantor or the Issuer, as the case may be, by the Trustee or by the holders of at least 25 per cent. in aggregate principal amount of the Bonds then outstanding (with a copy to the Trustee) a written notice specifying such failure and requiring it to be remedied and stating that such notice is a “**Notice of Default**” hereunder; or
- (f) the Guarantee shall cease to be in full force or effect or the Guarantor shall deny or disaffirm its obligations under the Guarantee; or

- (g) if any regulatory, legislative, executive, judicial or constitutional authorisation necessary to enable the Issuer or the Guarantor to perform their respective obligations under the Bonds, the Deed of Guarantee, the Agency Agreement or the Trust Deed ceases to remain in full force and effect or at any time it otherwise becomes unlawful for the Guarantor or the Issuer to perform any of its payment obligations or obligations to delivery H Shares upon exercise of Exchange Rights by the holders under the Bonds, the Deed of Guarantee, the Agency Agreement or the Trust Deed; or
- (h) (i) failure to pay upon final maturity (after giving effect to the expiration of any applicable grace period therefor) the principal of any Indebtedness of the Issuer, the Guarantor or any Principal Subsidiary, (ii) acceleration of the maturity of any Indebtedness of the Issuer, the Guarantor or any Principal Subsidiary following a default by the Issuer, the Guarantor or such Principal Subsidiary, or (iii) failure to pay any amount payable by the Issuer, the Guarantor or any Principal Subsidiary under any guarantee or indemnity in respect of any Indebtedness of any other Person thereof; provided, however, that no such event set forth in (i), (ii) or (iii) of this Condition 12(h) shall constitute an Event of Default unless the aggregate outstanding Indebtedness to which all such events relate exceeds U.S.\$300,000,000 (or its equivalent in any other currency); or
- (i) one or more final judgments or orders for the payment of money are rendered against the Issuer, the Guarantor or any Principal Subsidiary and are not paid or discharged, and there is a period of 30 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed U.S.\$300,000,000 (or its equivalent in any other currency) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; or
- (j) a decree or order is entered by a court of competent jurisdiction (i) for relief in respect of the Issuer, the Guarantor or any Principal Subsidiary in an involuntary case of winding up or bankruptcy proceeding under applicable law or (ii) adjudging the Issuer, the Guarantor or any Principal Subsidiary bankrupt or insolvent, or seeking reorganisation, winding up, arrangement, adjustment or composition of or in respect of the Issuer, the Guarantor or any Principal Subsidiary under applicable law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Issuer, the Guarantor or any Principal Subsidiary or of any substantial part of any of their properties, or ordering the winding up or liquidation of any of their affairs, and any such decree or order remains unstayed and in effect for a period of 60 consecutive days; or
- (k) the Issuer, the Guarantor or any Principal Subsidiary institutes a voluntary case or proceeding under applicable bankruptcy, insolvency, reorganisation or similar law, or any other case or proceedings to be adjudicated bankrupt or insolvent, or the Issuer, the Guarantor or any Principal Subsidiary files a petition or answer or consent seeking reorganisation or relief under applicable bankruptcy, insolvency, reorganisation or similar law, or consents to the filing of any such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of any of the Issuer, the Guarantor or any Principal Subsidiary or of any substantial part of its property, or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts generally as they become due or takes corporate action in furtherance of any such action.

Neither the Trustee nor any Agent shall be under any duty to monitor or ascertain whether any event or circumstance which gives rise or may give rise to any event under this Condition 12 has occurred or exists as described in this Condition 12 and none of them shall be responsible or liable to the Issuer, the Guarantor, any Bondholder or any other person for any loss arising from any failure to do so. Neither the Trustee nor any Agent shall be liable for making any claim on behalf of, or making or facilitating any payment to, any Bondholder or any other person for any Default Cure Amount, or for any delay or failure to pay any Default Cure Amount.

### **13 PRESCRIPTION**

Claims in respect of amounts due in respect of the Bonds will become void unless made within five years (in the case of interest) and 10 years (in the case of principal or other sums payable hereunder) from the appropriate Relevant Date in respect thereof.

### **14 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER, SUBSTITUTION AND ENTITLEMENT OF TRUSTEE**

#### **(a) Meetings of Bondholders**

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including without limitation provisions governing the passing of resolutions by Bondholders and the sanctioning by an Extraordinary Resolution of a modification of any provisions of these Conditions or any relevant provisions of the Trust Deed, the Deed of Guarantee, these Conditions or the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction for all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the aggregate principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) change the Maturity Date or any dates for payment of interest or any other amount in respect of the Bonds, (ii) reduce or cancel the amount of principal or premium (including the Early Redemption Amount and Additional Tax Amount) payable in respect of the Bonds or changing the method of calculation of any amount payable under the Bonds, (iii) change the currency or place of payment of the principal of or interest on any Bond, (iv) impair the right to institute suit for the enforcement of any payment due on or with respect to any such Bond, (v) modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, (vi) change, in any manner adverse to the interest of Bondholders, the terms and provisions of the Guarantee in respect of the due and punctual payment of principal of and interest on the Bonds, (vii) modify or cancel the Exchange Rights (other than an increase in the Exchange Property deliverable on exercise of Exchange Rights, a unilateral and unconditional reduction in the Exchange Price or other adjustments already expressly permitted or provided for in these Conditions or the Trust Deed), or (viii) change or modify the composition of the Exchange Property other than in accordance with these Conditions or the Trust Deed, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting



not less than 25 per cent., in the aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed).

The Trust Deed provides that a resolution (A) in writing signed by or on behalf of holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding or (B) passed by Electronic Consent shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders. A resolution in writing and/or passed by Electronic Consent in accordance with the Trust Deed will be binding on all Bondholders, whether or not they participated in such resolution and/or Electronic Consent.

**(b) Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error or to comply with any mandatory provision of applicable law, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions or any of the provisions of the Trust Deed, the Agency Agreement or the Deed of Guarantee that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders. Any such modification, authorisation or waiver shall be binding on the Bondholders and, unless the Trustee otherwise agrees, such modification, authorisation or waiver shall be notified by the Issuer, failing whom, the Guarantor, to the Bondholders as soon as practicable thereafter.

**(c) Entitlement of the Trustee**

In connection with the exercise of its rights, powers, discretions and functions (including but not limited to those referred to in this Condition 14) the Trustee shall have regard to the general interests of the Bondholders as a class and, in particular but without limitation, shall not have regard to interests of, or be responsible for, the consequences of the exercise of its trusts, powers or discretions for individual Bondholders (whether resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or for any other reason), and the Trustee shall not be entitled to require on behalf of any Bondholder, nor shall any Bondholder be entitled to claim, from the Issuer, the Guarantor or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

## **15 ENFORCEMENT**

The Trustee may at any time, at its discretion and without notice, take such steps and/or actions and/or institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Agency Agreement, the Bonds and the Deed of Guarantee, but it shall not be bound to take any such steps and/or actions and/or to institute such proceedings or any other action unless (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least 25 per cent. in principal amount of the Bonds then outstanding, and (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction.

## 16 THE TRUSTEE AND AGENTS

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking actions or instituting proceedings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and the Agents are entitled to enter into business transactions with the Issuer, the Guarantor and any entity related (directly or indirectly) to any of them without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible for the performance (whether financial or otherwise) by the Issuer, the Guarantor and any other person appointed by any of them in relation to the Bonds and/or the Exchange Property of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer or the Guarantor to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee and the Agents may rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed in accordance with the Trust Deed, whether at a meeting of Bondholders convened and held in accordance with the Trust Deed or otherwise.

Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions or clarifications of any direction from the Bondholders by way of an Extraordinary Resolution and to be indemnified and/or secured and/or pre-funded to its satisfaction, and the Trustee is not responsible for any loss or liability incurred by the Issuer, the Guarantor, any Bondholder or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications or in the event that no such directions or clarifications are received or an indemnity, security or pre-funding is not provided to the Trustee to its satisfaction. None of the Trustee and the Agents shall be under any obligation to monitor compliance with the provisions of the Trust Deed, the Deed of Guarantee or the Agency Agreement or these Conditions.

The Trustee may rely without liability to the Issuer, the Guarantor, any Bondholder or any other person on any report, confirmation or certificate or any advice of any accountants, financial advisers, investment bank, or other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and be entitled to rely on any such report, confirmation or certificate or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor and the Bondholders.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, the Guarantor and their respective Subsidiaries, and neither the Trustee nor any Agent shall at any time have any responsibility or liability to any Bondholder for the same and each Bondholder shall not rely on the Trustee or any Agent in respect thereof.

## **17 NOTICES**

All notices to holders of the Bonds shall be validly given if mailed to them at their respective addresses in the register of holders of the Bonds maintained by the Registrar and, so long as the Bonds are listed on the HKSE and the rules of that exchange so require, published either on the website of the HKSE or in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System (as defined in the Global Certificate), notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or any Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions (and any such notice shall be deemed to have been given on the date on which such delivery is so made).*

## **18 REPLACEMENT OF CERTIFICATES**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Principal Paying and Exchange Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer and/or the Principal Paying and Exchange Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **19 FURTHER ISSUES**

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them, the timing for complying with the requirements set out in these Conditions in relation to the NDRC Post-Issuance Filing, the Cross-Border Security Registration and the CSRC Post-Issuance Filings) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds; provided that the *pro rata* share of the Exchange Property corresponding to each Bond shall be adjusted accordingly. References in these Conditions to the Bonds include (unless the context requires otherwise) any other bonds issued pursuant to this Condition 19 and consolidated and forming a single series with the Bonds.

## **20 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999 but this is without prejudice to the rights of Bondholders as contemplated in Condition 15.

## **21 GOVERNING LAW AND JURISDICTION**

### **(a) Governing law**

The Trust Deed, the Deed of Guarantee and the Bonds and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

### **(b) Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Deed of Guarantee or the Bonds. Accordingly, any legal action or proceedings arising out of or in connection with the Trust Deed, the Deed of Guarantee, or the Bonds, as the case may be (“**Proceedings**”) may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of the aforementioned courts and has waived any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

### **(c) Agent for Service of Process**

Each the Issuer and the Guarantor has irrevocably appointed Century Bright (currently at Room 2403, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong) as its agent for service of process in relation to any Proceedings in Hong Kong. Such service shall be deemed completed on delivery to such process agent (whether or not it is forwarded to and received by the Guarantor). If for any reason Century Bright shall cease to be or be unable to act as such agent for service of process, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and it shall immediately notify the Trustee of such appointment. Nothing herein or in the Trust Deed or the Deed of Guarantee shall affect the right to serve process in any other manner permitted by law.

### **(d) Waiver of Immunity**

Each of the Issuer and the Guarantor has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of some of those provisions.*

The Bonds will initially be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream.

### PROMISE TO PAY

Under the Global Certificate, the Issuer will promise to pay such principal, interest and such other sums and additional amounts (if any) as may be payable under the Conditions on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Conditions.

Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the due date for payment, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

### CALCULATION OF INTEREST

So long as the Bonds are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer will promise, *inter alia*, to pay interest in respect of such Bonds from and including the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

### EXCHANGE OF BONDS REPRESENTED BY GLOBAL CERTIFICATES

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying and Exchange Agent and the Registrar (an “**Alternative Clearing System**”) through which the Bonds are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so. In such circumstances, the Issuer at its own expense will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

## **MEETINGS**

For the purposes of any meeting of Bondholders, the holder of the Bonds represented by the Global Certificate shall (unless the Global Certificate represents only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each HK\$1,000,000 in principal amount of Bonds.

## **NOTICES**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or any Alternative Clearing System, notices to holders of the Bonds shall be given by delivery of the relevant notice to Euroclear or Clearstream or any Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions (and any such notice shall be deemed to have been given on the date on which such delivery is so made).

## **ISSUER'S REDEMPTION**

Any option of the Issuer provided for in the Conditions shall be exercised by the Issuer giving notice to the Bondholders and to Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) (or procuring that such notice is given on its behalf) within the time limits set out in and containing the information required by the Conditions.

## **BONDHOLDER'S REDEMPTION**

The Bondholder's redemption options in Conditions 9(c) may be exercised by the holder of the Global Certificate giving notice to the Principal Paying and Exchange Agent of the principal amount of Bonds in respect of which the relevant option or right is exercised and presenting the Global Certificate for endorsement or exercise within the time limits specified in the Conditions.

## **EXCHANGE RIGHT**

Subject to the requirements of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System), the Exchange Rights attaching to the Bonds in respect of which the Global Certificate is issued may be exercised by the presentation thereof to or to the order of the Principal Paying and Exchange Agent of one or more Exchange Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Paying and Exchange Agent together with the relevant Exchange Notice(s) shall not be required. The exercise of the Exchange Right shall be notified by the Principal Paying and Exchange Agent to the Registrar and the holder of this Global Certificate.

## **TRANSFERS**

Transfers of beneficial interests in the Bonds represented by the Global Certificate will be effected through the records of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or, as the case may be, any Alternative Clearing System) and their respective direct and indirect participants.



## **CANCELLATION**

On cancellation of any Bond represented by the Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption), the Issuer acknowledges that details of such cancellation shall be entered in the records of the relevant Clearing Systems in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System, as the case may be) and, upon any such entry being made, the principal amount of the Bonds recorded in the records of the relevant Clearing Systems and represented by the Global Certificate shall be reduced by the aggregate principal amount of the Bonds so cancelled.

## **TRUSTEE'S POWERS**

In considering the interests of the Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system or clearing systems, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obliged to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

## **USE OF PROCEEDS**

The net proceeds from the offering of the Bonds, after deducting the fees and commissions and other estimated expenses payable in connection with the Bonds, will be approximately HK\$7,726.75 million. The Issuer intends to use the net proceeds for refinancing existing offshore indebtedness of the Group.

## CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table sets forth the Guarantor's consolidated capitalisation and indebtedness as of 31 December 2024 and as adjusted to give effect to this offering before deducting fees and commissions and other estimated expenses payable in connection with the offering of the Bonds. The table should be read in conjunction with the Guarantor's audited consolidated financial statements as of and for the year ended 31 December 2024, and related notes included elsewhere in this Offering Circular.

	As of 31 December 2024			
	Actual		As Adjusted	
	RMB	HK\$( <sup>(1)</sup> )	RMB	HK\$( <sup>(1)</sup> )
	(in millions)			
<b>Indebtedness</b>				
Short-term loans . . . . .	114,019	123,125	114,019	123,125
Non-current liabilities due within one year . . . . .	92,649	100,049	92,649	100,049
Long-term loans . . . . .	204,761	221,115	204,761	221,115
Bonds payable. . . . .	146,937	158,672	146,937	158,672
Lease liabilities. . . . .	22,158	23,928	22,158	23,928
Bonds to be issued <sup>(2)</sup> . . . . .	—	—	7,177	7,750
<b>Total indebtedness<sup>(3)</sup> . . . . .</b>	<b>580,524</b>	<b>626,889</b>	<b>587,701</b>	<b>634,639</b>
<b>Owner's equity</b>				
Paid-in capital. . . . .	326,090	352,134	326,090	352,134
Capital reserves. . . . .	67,441	72,827	67,441	72,827
Other comprehensive income . . . . .	(8,602)	(9,289)	(8,602)	(9,289)
Specific reserves . . . . .	2,741	2,960	2,741	2,960
Surplus reserves . . . . .	257,872	278,467	257,872	278,467
General risk reserves. . . . .	2,960	3,196	2,960	3,196
Retained earnings . . . . .	259,751	280,497	259,751	280,497
Minority interests . . . . .	403,327	435,540	403,327	435,540
<b>Total equity. . . . .</b>	<b>1,311,580</b>	<b>1,416,332</b>	<b>1,311,580</b>	<b>1,416,332</b>
<b>Total capitalisation<sup>(4)</sup> . . . . .</b>	<b>1,892,104</b>	<b>2,043,221</b>	<b>1,899,281</b>	<b>2,050,971</b>

Notes:

- (1) For convenience only, the translation of Renminbi amounts into Hong Kong dollar amounts has been made at the rate of RMB0.92604 to HK\$1.00, the central parity rate of Renminbi published by CFETS as authorised by the PBOC on 31 December 2024.
- (2) This represents the aggregate principal amount of the Bonds to be issued and has not taken into account the effect of transaction costs and expenses.
- (3) Total indebtedness consists of short-term loans, non-current liabilities due within one year, long-term loans, bonds payable and lease liabilities. It does not include amounts due to the Guarantor's subsidiaries.
- (4) Total capitalisation equals total indebtedness plus owner's equity.

In the ordinary course of the Group's business, the Group may, from time to time, consider various financing opportunities and incur additional debt, including bank borrowings and bond issuances.

Except as disclosed in this Offering Circular, there has been no material change to the consolidated capitalisation or indebtedness of the Guarantor since 31 December 2024.

## DESCRIPTION OF THE ISSUER

### FORMATION

The Issuer was incorporated with limited liability on 14 March 2025 in the British Virgin Islands under the BVI Business Companies Act. Its registered office is located at CCS Trustees Limited, Mandar House, 3rd Floor, Johnson's Ghut, Tortola, British Virgin Islands. The Issuer is indirectly wholly-owned by the Guarantor through the Guarantor's wholly-owned subsidiary, Century Bright, a company incorporated with limited liability in Hong Kong.

### BUSINESS ACTIVITIES

Under the Issuer's memorandum of association, the Issuer has full capacity to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in the British Virgin Islands. However, so long as the Bonds are outstanding, the Issuer will limit its permitted activities as described under "*Terms and Conditions of the Bonds – Covenants – Issuer Activities*". The Issuer's primary purpose is to act as one of the Guarantor's and Century Bright's financing subsidiaries to issue the Bonds. The Issuer has no material business nor assets and does not have any employees. In the future, the Issuer may issue further bonds and engage in other business activities related to the Guarantor and/or Century Bright and may incur substantial liabilities and indebtedness.

### DIRECTORS AND OFFICERS

The directors of the Issuer are ZHAO Li and SUN Xiaoguang. The directors of the Issuer do not hold any shares or options to acquire shares of the Issuer. The business address of the directors is Room 2403, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

There are no potential conflicts of interest between any duties of any of the management of the Issuer or the Guarantor to the Issuer or the Guarantor, respectively, and their private interests and/or other duties.

### SHARE CAPITAL

The Issuer is authorised to issue up to a maximum of 50,000 ordinary shares of a single class of U.S.\$1.00 each, all of which have been issued and are fully paid. No part of the equity securities of the Issuer is listed or dealt in on any stock exchange and no listing or permission to deal in such securities is being or is proposed to be sought.

### SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The Issuer has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the authorisation, execution and issue of the Bonds, and the documents and matters referred to or contemplated in this Offering Circular to which the Issuer is or will be a party and matters which are incidental or ancillary to the foregoing.

As at the date of this Offering Circular, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

There are no other outstanding loans or subscriptions, allotments or options in respect of the Issuer.

The financial year of the Issuer runs from 1 January to 31 December. There has been no material change in the activities of the Issuer since its incorporation.

Under British Virgin Islands law, the Issuer is not required to publish condensed or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are necessary to give a true and fair view of the state of the Issuer's affairs and to explain its transactions. The Issuer should prepare and submit to its registered agent an annual financial return by 30 September each year. No audit is required and there are no prescribed set of accounting policies or principles that need to be followed. The annual financial return is not required to be filed with the Registrar of Corporate Affairs (**BVI Registrar**) and it is not publicly available.

## DESCRIPTION OF THE GROUP

### OVERVIEW

#### The Group

The Group is a large-scale integrated energy and petrochemical company with upstream, mid-stream and downstream operations, and one of the largest in the world in terms of revenue, according to the “2024 Fortune Global 500”. The Group is the largest refined oil producer in the world in terms of its refining capacity in 2023 and the second largest chemical products producer in the world in terms of its production capacity in 2023. The Group is also the largest suppliers of refined oil products in China measured by sales volume, and the number of its service stations ranked second in the world as of 31 December 2023. The Group is the largest supplier of chemical products in China measured by sales volume in 2023. The Group has been named in the “Fortune Global 500” since 2003 and ranked fifth in the “2024 Fortune Global 500”.

The Company was established in July 1998 on the basis of the former China Petrochemical Corporation. The Company is a state-authorised and invested entity and one of China’s key SOEs under the supervision of the SASAC. The Group conducts the following key businesses:

- **Exploration and Production:** The Group is a large-scale oil and gas producer in China. The Group has maintained a balanced portfolio of domestic and overseas resources, optimised its development programmes in mature oilfields, and increased the production capacity in new fields. The Group has made a number of breakthroughs in its discoveries of oil and gas in the Taim Basin, the Junggar Basin, the Shengli Oil Field, the North Jiangsu Basin, the Sichuan Basin, West Sichuan and South Sichuan. As of 31 December 2023, the Group had 2,798 million barrels of proved reserves of crude oil and 12,498 bcf of proved reserves of natural gas. In 2023, the Group’s production of crude oil and natural gas were 426.2 million barrels and 1,531.5 bcf, respectively. The Group is also exploring the possibility of using unconventional resources as a substitute for or supplement to conventional resources in order to provide a more sustainable supply of hydrocarbon energy. The Group’s new energy operations include CSG, shale oil, shale gas, LNG, geothermal heating, solar photovoltaics, hydrogen power and other unconventional energies.
- **Refining:** The Group is the largest refined oil producer in the world in terms of its refining capacity in 2023. In 2024, the Group processed 252.3 million tonnes of crude oil and produced 153.5 million tonnes of refined oil.
- **Chemicals:** The Group is the second largest chemical products producer in the world in terms of its production capacity in 2023. The Group believes that it has greater economies of scale in most of its production facilities and more extensive distribution channels in China than its competitors. The Group ranked second in C&EN’s “Global Top 50 Chemical Companies” as released in July 2024 in terms of sales volume of chemical products. The Group produces a wide range of chemical products including intermediate petrochemicals, synthetic resins, synthetic fibre monomers and polymers, synthetic fibre, synthetic rubbers and synthetic ammonia. In 2024, the Group produced 13.5 million tonnes of ethylene, the primary feedstock for the Group’s chemical production. The Group’s chemical products are widely distributed throughout China and used in various industries including textiles, agriculture, construction, shoes, housewares, packaging, electronic appliances and automobiles.



- Marketing and Distribution:** The Group is the largest supplier of refined oil products and chemical products in China measured by sales volume in 2023. In 2023, the Group's domestic market share with respect to the sales of refined oil products was over 60 per cent., which include gasoline, diesel and kerosene (including jet fuel). In 2023, the Group also ranked second in the world's bunker supplier rankings. The Group sells most of its major refined oil products through retail service stations that operate under the "Sinopec" brand. The Group's strong retail network provides extensive geographic coverage of retail sales across China. As of 31 December 2024, the Group had 30,987 service stations, representing the largest oil products distribution network in China and one of the largest in the world. For the year ended 31 December 2024, the Group's refined oil products sales volume was 239.3 million tonnes, of which 182.8 million tonnes were domestic sales. The retail sales volume of the Group's refined oil products accounted for approximately 62.1 per cent. of the Group's refined oil products sales volume in China for the year ended 31 December 2024. The Group has developed non-fuel businesses for its full-service stations to transform its network of traditional service stations into a comprehensive one-stop multifunctional integrated service platform that combines "fuelling, shopping, dining and car services".
- Oil and Petrochemical Engineering Technical Services:** The Group believes that it is one of the largest refining and chemical engineering technical service providers in China measured by revenue, and the Group believes that it has the most comprehensive capability in the design and construction of refineries and ethylene production facilities among the industry players in China. Equipped with its in-house technologies and patents, the Group is a technological leader in refining and chemical engineering design both in China and overseas. In 2024, the aggregate value of new contracts of Sinopec Engineering's refining and chemical engineering technical services amounted to RMB100.6 billion, including overseas new contracts with amount of RMB38.5 billion. In 2024, the aggregate value of new contracts of Sinopec Oilfield Service's oil engineering technical services amounted to RMB91.2 billion, including overseas oil engineering technical services with amount of RMB24.3 billion.
- Others:** The Group also engages in international trade, research and development and other businesses, which are collectively referred to as its "Others" segment.

The following table sets forth the Group's operating revenue by business segment for the periods presented.

	Year Ended 31 December			
	2022	2023	2024	
	RMB	RMB	RMB	Percentage <sup>(2)</sup>
	(in millions, except for percentage data)			
<b>Total Operating Revenue<sup>(1)</sup>:</b>				
Exploration and Production . . . . .	322,214	321,164	317,812	5.5%
Refining . . . . .	1,575,140	1,529,786	1,481,502	25.6%
Chemicals . . . . .	562,733	534,697	542,063	9.4%
Marketing and Distribution . . . . .	1,713,874	1,818,429	1,714,358	29.6%
Oil & Petrochemical Engineering				
Technical Services . . . . .	134,769	145,194	153,649	2.7%
Others . . . . .	1,889,077	1,679,263	1,578,534	27.3%
Inter-segment elimination . . . . .	(2,830,941)	(2,783,145)	(2,649,150)	—
<b>Total . . . . .</b>	<b>3,366,866</b>	<b>3,245,388</b>	<b>3,138,768</b>	<b>100.0%</b>

Notes:

(1) Revenues breakdown by segments is calculated without taking into account inter-segment elimination.

(2) Percentage of revenues is based on total operating revenue before inter-segment elimination.

## **Sinopec Corp.**

Sinopec Corp. is an integral and significant part of the Group. It was established as a joint stock company with limited liability under the Company Law of the PRC on 25 February 2000 as part of a restructuring in which the Company transferred to Sinopec Corp. the majority of the Group's production operations. Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include oil and gas exploration, development and production, crude oil refining, the marketing and distribution of refined oil products, the production and sales of petrochemical products, as well as trading and research and development activities. Sinopec Corp. is the first company in China to have obtained a listing of its shares on four stock exchanges. Its H shares and American Depositary Shares ("ADS") representing H shares were simultaneously listed on the Hong Kong Stock Exchange (stock code: 0386), the New York Stock Exchange (stock code: SNP) and the London Stock Exchange (stock code: SNP) on 18 October 2000, and its A shares were listed on the Shanghai Stock Exchange (stock code: 600028) on 8 August 2001. As of the date of this Offering Circular, Sinopec Corp.'s ADS have been delisted from the New York Stock Exchange and the London Stock Exchange. Sinopec Corp. was awarded "Global Competitive Brands – Top 10 from China" by the International Data Group. As of the date of this Offering Circular, the equity interest held by the Company, directly and indirectly, in Sinopec Corp. remains at 69.35 per cent. Sinopec Corp. accounted for approximately 76.1 per cent. of the Group's total assets as of 31 December 2024 and 98.0 per cent. of the Group's total revenue for the year ended 31 December 2024, according to the audited consolidated financial statements of Sinopec Corp. and of the Company prepared in accordance with PRC GAAP. For more information of Sinopec Corp., see Sinopec Corp.'s periodic reports filed with the Hong Kong Stock Exchange on <https://www.hkexnews.hk>. Sinopec Corp.'s periodic reports do not constitute part of this Offering Circular.

## **Sinopec Engineering (Group) Co., Ltd. ("Sinopec Engineering")**

Sinopec Engineering is a subsidiary of the Company and focuses on providing integrated engineering and technical services for domestic and overseas refining and chemical engineering market. It is one of the largest refining and petrochemical engineering company in China. The H shares of Sinopec Engineering are listed on the Hong Kong Stock Exchange (stock code: 2386). Sinopec Engineering's periodic filings do not constitute part of this Offering Circular.

## **Sinopec Oilfield Service Corporation ("Sinopec Oilfield Service")**

Sinopec Oilfield Service, formerly known as Sinopec Yizheng Chemical Fibre Company Limited ("Yizheng"), is a subsidiary of the Company focusing on providing petroleum engineering and technical services. Its H shares are listed on the Hong Kong Stock Exchange (stock code: 1033), and its A shares are listed on the Shanghai Stock Exchange (stock code: 600871). Sinopec Oilfield Service's periodic filings do not constitute part of this Offering Circular.

## **COMPETITIVE STRENGTHS**

**The Group is a global leader and a large-scale integrated petroleum and petrochemical company in China with strong government support.**

The Group is a large-scale integrated energy and petrochemical company with upstream, mid-stream and downstream operations, and one of the largest in the world in terms of operating revenue. In 2024, the Group reported an operating revenue of RMB3.1 trillion. The Group has been named in the "Fortune Global 500" since 2003 and ranked fifth in the "2024 Fortune Global 500".

The Group maintains a leading position in the petroleum and petrochemical industry. In 2023, the Group is ranked first in the world based on its refining capacity, ranked second in the world based on the number of service stations, and ranked second in the world based on its ethylene production capacity in 2023.

The Group plays a broad and strategically important role in facilitating China's overall economic growth and development, and the Group benefits from strong government support. The Company is wholly-owned and controlled by the SASAC and operates under the supervision of the SASAC. The PRC government has designated the Group to establish China's National Strategic Crude Oil Storage. The energy industry the Group operates in is strategically important to China's economic growth, and the Group has important responsibilities in implementing national energy policies and securing refined oil products supplies necessary for China's continued economic growth.

In 2024, the Group's operating revenue accounted for approximately 2.3 per cent. of China's GDP.

**The Group operates effectively as an integrated petroleum and petrochemical company with a leading position in every segment along the oil and gas value chain.**

The Group's core business covers all segments of the oil and gas value chain from upstream and midstream to downstream. The Group's integrated operations generate substantial synergies which the Group believes both facilitate value maximisation and resources sharing along the petroleum and petrochemical business chain as well as enhance its risk management and capability to sustain market volatility.

The Group is a large-scale oil and gas producer in China. As of 31 December 2023, the Group had 2,798 million barrels of proved reserves of crude oil and 12,498 bcf of proved reserves of natural gas. In 2023, the Group's production of crude oil and natural gas were 426.2 million barrels and 1,531.5 bcf, respectively.

The Group is one of the largest refined oil products producer in the world. In 2024, the Group processed 252.3 million tonnes of crude oil and produced 153.5 million tonnes of refined oil.

The Group has established a nationwide refined oil products distribution network comprising 30,987 service stations as of 31 December 2024, representing the largest oil products distribution network in China and one of the largest in the world.

The Group is the second largest chemical products producer in the world in terms of its production capacity in 2023, with ethylene, polypropylene, polyethylene and synthetic rubber production capacity and output that place the Group among the top global petrochemical companies. The Group's total ethylene production in 2024 was 13.5 million tonnes and the Group ranked second in the world based on the Group's ethylene production capacity in 2023. The Group also ranked second in C&EN's "Global Top 50 Chemical Companies" as released in July 2024 in terms of sales volume of chemical products.

The Group is one of the largest providers of refining and petrochemical engineering technical services in China. The Group leverages its refinery and ethylene unit design and construction capabilities and portfolio of patented technologies to complete large-scale refining and petrochemical construction projects. The Group is committed to becoming a best-in-class global technology and service provider.

The Group also operates the leading crude oil trading business in China and has consistently been the leading crude oil trading company by volume.

**The Group's market-leading petroleum and petrochemical downstream businesses in China offer stable cash flow generation and growth potential.**

As one of the largest refiner and chemical products suppliers in China, the Group has an attractive business position in the downstream segments of China's expanding energy industry.

As China's economy continues to expand, the Group expects its strong downstream oil and gas businesses to perform well. Because the Group has significant existing advantages in the refinery and oil and gas products distribution segments, the Group expects that it will be well positioned to benefit from increasing cash flows and attractive levels of growth and profitability. In the refining and chemicals segments, the Group's significant advantages include:

- **Scale.** In 2024, the Group processed 252.3 million tonnes of crude oil and produced 153.5 million tonnes of refined oil. In 2023, the Group is ranked first in the world based on its refining capacity. The Group's aggregate production of gasoline, diesel, kerosene (including jet fuel) and other refined oil products, as well as ethylene and some other chemical products, is one of the largest in China by volume in recent years.
- **Locations.** Most of the Group's refineries and petrochemical plants are located in the eastern and southern regions of China, particularly in the Bohai Rim, the Yangtze River Delta and the Pearl River Delta regions, where higher population levels and higher average family income support greater consumption of refined oil products. The Group's refineries are located in strategic locations close to the Group's end-users and port facilities, thus reducing transportation costs as compared with its competitors.
- **Advanced Technologies.** The Group has developed the capability to construct large-scale refining and petrochemical facilities using its proprietary technologies. The Group has also been increasingly seeking to develop its own proprietary high-sulphur, high-acid heavy crude oil processing techniques so that the Group can be adaptable to a wider selection of feedstock for its refineries and improve the economics of its refining business. Attributable to the advanced technologies, the Group's refined oil products are of high standards. The Group believes that its advances in this area represent the highest level of technology in use in this industry segment in China.

In the marketing and distribution segment, the Group's significant advantages include:

- **Broad Network.** The Group operated the largest oil products distribution network in China as of 31 December 2024, comprising a network of 30,987 service stations nationwide. In terms of non-fuel businesses, as of 31 December 2023, the numbers of the Group's Easy Joy dining outlets reached over 1,600. At the same time, the Easy Joy car services stores reached over 9,500 with more than 150 million car washes carried out each year, making it the largest self-operated car wash system in China.
- **Strategic Locations.** A large percentage of the Group's service stations are located in the eastern and southern parts of China where economies are more developed and vehicle ownership is higher. The Group also owns a large number of stations in locations near expressway access points and transportation hubs with high transaction volume.

- ***Integrated Ecosystem.*** The Group’s EPEC platform had a large number of registered enterprises and registered users. The Group’s Chememall.com (“**Chem e-Mall**”) has optimised organisational and marketing business processes, supporting the reform of Sinopec Chemical Sales Company Limited. The Group has also been making efforts on building an internet ecosystem based on its gas retail and convenience stores network, especially the smart gas stations featuring cell phone apps and touchless operations, which can integrate its broad offline retail distribution network and provide customers with eximious service experience.
- ***Well-known Brands.*** The Group’s “Sinopec” brand was worth over RMB389.2 billion according to the information released at the 2024 China Brand Value Evaluation and Forum, ranking first in China for the first time, and topping the energy and chemical industry list for eight consecutive years. The Group also owns and promotes a range of well-recognised brands for its products and services.

**The Group develops its operational excellence by reducing operating costs, adjusting production to market demands and improving efficiency and reliability.**

The Group has taken advantage of its integrated business model to implement measures to drive the growth of new resources while reducing its expenditures and the Group has continued to make structural adjustments and enhance efficiency.

The Group closely monitors and adjusts its feedstock structure and product sales portfolio in its refining and chemicals segments in response to changes in market demands. The rapid development of the Group’s non-fuel businesses such as convenience stores, branded credit cards for use at its service stations and e-commerce devices is also a significant contribution to the growth of its downstream businesses. In 2017, the Group launched its online “supply chain-to-business” platform “EPEC”, China’s first e-commerce platform for the petrochemical sector.

**The Group has prudent financial policies and an effective risk management system which contribute to its solid financial results.**

The Group has prudent financial policies and implements centralised management of its financial and treasury functions to manage its financial resources and risks more effectively.

- ***Debt and Leverage Management.*** As the Group’s business expands, the Group has increased its focus on managing leverage, including setting appropriate target leverage ratios and enhancing its debt maturities profile and currencies structure to reduce risk and diversify its financing channels.
- ***Treasury Management.*** The Group operates a highly centralised treasury management system which uses centrally controlled collections and payments and internal closed-end settlements and funding allocations with a goal to reducing its overall funding costs and improving its use of capital.
- ***Risk Management and Internal Controls.*** The Group has established comprehensive risk management and internal control systems. The Risk Management Group and the Risk Management Office at the group level work closely with the various business units to enhance real-time risk identification, measurement, supervision and prevention in operations. The Group’s internal control system extends across and through both company structures and *business* lines.

The Group believes that its sustained attention to its financial policies and initiatives will help the Group to reduce its potential risks and maintain a prudent and stable financial profile as the Group expands globally. The Group maintained a total debt to total assets ratio of 52.1 per cent. as of 31 December 2024.

**The Group has an experienced management team with a strong corporate governance system and a high performance corporate culture.**

The Company's Chairman is appointed by the SASAC and the Company's General Manager is appointed by the board of directors. The Group's other senior executives are also appointed through a rigorous selection process. The Group's senior management team consists of highly experienced and widely respected professionals with strong experience in the energy and chemical industries and extensive experience in exploration and production, refining, distribution and human resources management. The Company's major subsidiary Sinopec Corp. is a public company with its shares listed on the stock exchanges in Hong Kong and Shanghai and, as a result, is subject to high international standards of corporate governance.

The Group is seeking to build a high performance corporate culture based on the principles of unity, entrepreneurship and diligence. The Group's internal management policies are geared toward promoting innovation, teamwork and risk prevention. The Group's business philosophy is founded on integrity and trustworthiness. The Group gives high priority to the well-being of its employees to enhance cohesion and loyalty and promote the sustainable development of its businesses and companies.

## **STRATEGIES**

The Group formulated a strategy and plan for future green transformation and development, accelerating the development of new energy with hydrogen energy as the core and high-end chemical materials, and focusing on building a globally leading clean energy and chemical company. To realise this goal, the Group seeks to implement the following strategies:

### **Reinforce the advantages of the Group's integrated business model with a value-oriented approach**

The Group intends to reinforce the advantages that come from being an integrated petroleum and petrochemical company. The Group will balance the development and investment across the upstream, midstream and downstream businesses with a focus on value creation. Since the Group has a long value chain from oil and gas production, refining, further down to basic chemicals and specialty chemicals production and marketing and distribution of refined oil products, the Group will selectively increase or decrease the production of certain products according to market conditions and industrial trends. The Group will continue to grow its oil and petrochemical engineering technical services segment as a separate business and at the same time benefit from the synergies from integrated technological advancement to support its upstream and downstream production businesses.



### **Continue to stimulate the momentum of the Group's operations through innovation**

The Group plans to continue to stimulate the momentum of its operations by encouraging innovation in technologies, management, product and service development and business models with an aim to make further growth through improved systems and policies. The Group will focus on developing technology to lower its costs and produce high value-added, high performance products. The Group believes that its proprietary technologies combined with its strong research and development capabilities will support the Group to implement such a strategy. In addition, the Group will actively explore new business models and selectively develop market segments with strong market supply and demand dynamics and potentially attractive margins. For example, the Group has established operating units to develop and sell high-quality lubricant oil and vessel lubricant because of high demand for and limited supply of such products in China. Furthermore, the Group intends to further diversify the types of its services to benefit its customers with services that are differentiated from its competitors and shift the focus of its value creation model from manufacturing to innovation and services. In addition to its EPEC and Chem e-Mall platforms, the Group has been making efforts on building an internet ecosystem based on its gas retail and convenience stores network, especially the smart gas stations featuring cell phone apps and touchless operations. The Group also focuses on the transformation and expansion into new energy sector such as hydrogen, electric vehicles and bio-fuel.

### **Improve the Group's operational and financial efficiencies through optimising resource allocation**

As an integrated petroleum and petrochemical company, the Group has been benefitting from resource sharing along the petroleum and petrochemical business chain. The Group will continue to take advantage of the synergies between its petroleum and petrochemical businesses and optimise the allocation of its resources, including operational networks, marketing channels, financial, human and information resources, throughout the Group and its businesses. The Group will continue to focus on quality and efficiency and strengthen its dominant position in the downstream businesses and to enhance profitability. The Group plans to further optimise its feedstock structure, enhance the differentiation of chemical products and materials and focus its product development on consumer needs, all with a view to continuing to provide its large client base with industry-leading products and services. In addition, the Group will continue to improve the operational and marketing channels for its oil products, consolidate the development of the end-market for its products and enhance end-market penetration by opening more service stations. Through these policies the Group seeks to further increase its market share, increase the overall scale of its businesses and improve profitability along its business value chain.

### **Increase the Group's cooperation with reputable partners**

Leveraging an established international presence, the Group will continue to invite and cooperate with reputable partners to enhance and broaden its operating expertise and mitigate operational risks. In March 2015, the Group attracted over RMB105 billion investment in Sinopec Marketing from 25 domestic and foreign investors, which brought the Group not only financial resources but also business opportunities across various sectors. In 2016, the Group took its indirectly wholly-owned subsidiary Sichuan Pipeline Company as the platform to introduce capital and attracted RMB22.8 billion investments from China Life Insurance Co., Ltd. and SDIC Communications Holding Co., Ltd. In 2016, the Group entered into strategic co-operations with the governments of Shaanxi Province and Chongqing Municipality and China Post Group Co., Ltd., respectively, to cooperate in a number of areas across its upstream and downstream businesses as well as its non-fuel business. In April 2017, the Group entered into a strategic cooperation framework agreement and a purchase and sale agreement of natural gas with China Huadian Corporation to enhance energy cooperation between the parties. The Group also intends to capture the strategic opportunities arising from the One Belt and One Road Initiative to actively participate in overseas oil and



gas exploration and production, refining and chemical operation and trading, with a view to improving its international operation and management excellence. This partnership will help the Group diversify and secure its long-term sourcing of refined oil products. In January 2016, the Yanbu refinery project in Saudi Arabia was officially on stream and inaugurated and the Group entered into a strategic cooperation framework agreement with Saudi Arabian Oil Company. The Yanbu refinery project is the Group's first overseas refinery project with a designed processing capability of 400 thousand barrels per day, operating by Yanbu Aramco Sinopec Refining Company (YASREF) Limited. In October 2023, the Group signed an equity agreement with Kazakhstan's national oil and gas company for the polyethylene (Silleno) project in Kazakhstan, acquiring a 30 per cent. stake in the project. This project fully integrates the Group's advantages in the polyethylene industry chain with the local capabilities and resource advantages of KazMunayGas, meeting the growing market demand both domestically and globally. In April 2023, the Group signed a shareholding agreement with QatarEnergy for the North Field South expansion project. This project is currently the world's largest liquefied natural gas (LNG) project, with the Group becoming its first Asian shareholder. In November 2023, the Group and QatarEnergy signed an integrated cooperation agreement for the second phase of the North Field South expansion project, which includes a 27-year long-term LNG sale and purchase agreement and an upstream equity agreement. In August 2023, the Group and INEOS formally signed a cooperation agreement to establish a joint venture company with each holding a 50 per cent. stake. This joint venture will collaboratively operate the Group's 1.2 million tonnes per year ethylene project under construction in Tianjin Nangang, aiming to advance China's high-end chemical industry development. Also in August 2023, the Group and INEOS signed a shareholder agreement for an ABS (Acrylonitrile-Butadiene-Styrene) project, where they will jointly build a 300,000 tonnes per year ABS unit within the Tianjin Nangang ethylene project cluster, with each holding a 50 per cent. stake. Such expansion will include developing and implementing management concepts and systems that meet world class standards and attracting top international talents, and will contribute to realising the Group's strategy of establishing Sinopec as a global brand.

### **Emphasise low-carbon consumption and sustainable development**

As a state-owned limited liability company, the Group sees itself as a corporate citizen that is charged with the social responsibility to promote sustainable economic development. The Group supports the PRC government's initiatives in promoting low-carbon consumption. In addition to accelerating the development of its natural gas assets, the Group is actively exploring alternative sources of energy including unconventional oil and gas resources such as CSG, shale gas, shale oil and bio-energy such as bio-diesel, bio-coal and bio-jet fuel. The Group is also exploring the possibility of using unconventional resources as a substitute for or supplement to conventional resources in order to provide more sustainable supply of hydrocarbon energy. The Group's new energy development includes hydrogen energy, wind and solar green power, clean heating and comprehensive charging stations. The Group continues to promote energy saving and emissions reduction as well as low-carbon production at all of its production facilities. The Group has comprehensive programmes across all of its operating units and segments to promote the efficient use of energy.

Recognising that the petrochemical business entails inherent environmental risks, the Group will continue to emphasise the importance of environmental protection in all of its operations. The Group strictly implements health, safety and environmental measures across its entire supply chain and operations.

## RECENT DEVELOPMENTS

### Increase of shareholding in Sinopec Corp.

On 10 November 2023, Sinopec Corp. announced that the Company, as a sign of confidence in Sinopec Corp.'s prospects, plans to, through itself and its wholly-owned subsidiary, increase its shareholding in Sinopec Corp. by an amount between RMB1 billion and RMB2 billion (both inclusive) within 12 months from 11 November 2023 (the “**Shareholding Increase**”). On 11 November 2024, Sinopec Corp. announced that as of 10 November 2024, the Shareholding Increase was completed. Following such increase in shareholding, the Company directly and indirectly holds 84,104,723,096 shares in Sinopec Corp. (83,062,059,096 A shares and 1,042,664,000 H shares, among which 2,390,438,247 A shares were subscribed by the Company in March 2024), accounting for approximately 69.11 per cent. of Sinopec Corp.'s total issued share capital.

On 8 April 2025, Sinopec Corp. announced that the Company, as a sign of continuous confidence in the development prospects of Sinopec Corp., plans to increase its shareholdings in A shares and H shares of Sinopec Corp. by itself and its wholly-owned subsidiary, by an amount of not less than RMB2 billion (inclusive) and not more than RMB3 billion (inclusive) in the coming 12 months. Such increase will be financed by the internal funds of the Company and its wholly-owned subsidiary and special loans for increasing of stock holdings from financial institutions.

As at the date of this Offering Circular, the Company's shareholding in Sinopec Corp. is approximately 69.35 per cent.

### Changes of Directors and Senior Management

On 30 April 2025, the Company published an announcement that Mr. Pan Zhengyi and Mr. Zhang Shaofeng resigned as the External Director and the Chief Financial Officer of the Company respectively. With the approval of the SASAC, Mr. Zhou Yubo and Mr. Feng Shuchen have been appointed as the External Directors of the Company. With the approval of the board of directors of the Company, Mr. Cai Yong has been appointed as the Chief Financial Officer of the Company. For the biography of Mr. Zhou Yubo, Mr. Feng Shuchen and Mr. Cai Yong, please see “*Directors and Senior Management*”.

### Financial Performance of the Group as of and for the three months ended 31 March 2025

On 30 April 2025, the Company published its unaudited and unreviewed consolidated financial statements as at and for the three months ended 31 March 2025 in the Chinese language only which are available on the website of CFETS at <https://www.chinamoney.com.cn/chinese/index.html>. Such financial statements are not included in and do not form a part of this Offering Circular. As of 31 March 2025, the Group recorded increases in total assets, total liabilities and net assets as compared with 31 December 2024. For the three months ended 31 March 2025 as compared with the same period in 2024, the Group's total operating revenue, operating cost and net profits slightly decreased. Such information has not been audited or reviewed by the Company's independent auditor or any other independent auditor and may be subject to adjustments if audited or reviewed. Consequently, such financial information should not be relied upon by potential investors to provide the same quality of information associated with information that has been subject to an audit or review by an independent auditor and potential investors must exercise caution when using such information to evaluate the Company's or the Group's financial condition and results of operations.

## HISTORY AND MILESTONES

The Company's predecessor was the former China Petrochemical Corporation (“**Old Sinopec**”) founded in 1983 by the PRC State Council as a ministerial level enterprise. Old Sinopec was historically the dominant force in the refining and petrochemical industry in China. It was primarily responsible for the development and administration of the refining and petrochemical industry in China, including formulating industrial policies for the refining and petrochemical industry and supervising the construction and operation of refineries.

In December 1984, Old Sinopec set up a sales subsidiary, and became responsible for the administration of the marketing and distribution of refined oil products in China.

On 25 July 1998, the restructuring of the petroleum and petrochemical industry reorganised Old Sinopec into the Company, a large, vertically integrated petroleum and petrochemical enterprise with commercial operations concentrated in the eastern and southern regions of China.

On 28 February 2000, Sinopec Corp. was established as a joint stock company with limited liability under the Company Law of the PRC as part of a restructuring in which the Company transferred to Sinopec Corp. the majority of its production operations consisting of most of the Group's petroleum and petrochemical operations, while retaining within Sinopec and its most of the social and ancillary services and certain production assets and retail service stations. As a result of the transfer, Sinopec Corp. conducts the following businesses:

- exploration for, development, production and marketing of crude oil and natural gas;
- refining of crude oil and marketing and distribution of refined oil products, including the transportation, storage, trading, import and export of refined oil products; and
- production and sales of chemical products.

On 18 October 2000, the H shares and ADS of Sinopec Corp. were simultaneously listed on the Hong Kong Stock Exchange, the New York Stock Exchange and the London Stock Exchange.

In January 2001, the Group incorporated SIPC as an integrated strategic business unit to implement the Group's overseas expansions in oil and gas exploration and production investments and operations.

On 8 August 2001, the A shares of Sinopec Corp. were successfully listed on the Shanghai Stock Exchange.

In May 2013, the H shares of Sinopec Engineering, a subsidiary of the Company, were successfully listed on the Hong Kong Stock Exchange.

In May 2013, the Group incorporated Sinopec Catalyst Co. Ltd. (中国石化催化剂有限公司), one of the Company's indirect wholly-owned subsidiaries and an investment platform for the production, marketing and management of catalysts.

In July 2014, the Group incorporated Sinopec Lubricant Co. Ltd. (中国石化润滑油有限公司), one of the Company's indirect wholly-owned subsidiaries, specialising in the research and development, production and marketing of lubricant products and services.

In December 2014, pursuant to a series of agreements entered into by the Company, Sinopec Corp. and Yizheng, Yizheng transferred all of its business to Sinopec Corp., and the Company injected its petroleum engineering business into Yizheng. In March 2015, Yizheng changed its name to Sinopec Oilfield Service Corporation.

In November 2015, pursuant to the SASAC's Special Coordination Meeting Minutes of Reorganisation of Sinopec International Petroleum Exploration and Production Corporation (SASAC Special Coordination Meeting Minutes [2015] No. 54, the "**SASAC Meeting Minutes**"), the Group entered into a restructuring plan (the "**SIPC Restructuring**") with two government asset management firms, China Chengtong

Holdings Group Ltd. (“**Chengtong Group**”) and China Reform Holdings Co., Ltd. (“**CRHC**”), to optimise SIPC’s capital structure by increase of its share capital. In December 2015, Chengtong Group and CRHC, through their respective subsidiary, purchased 40 per cent. and 30 per cent. of SIPC’s newly issued equity, respectively, for a consideration of RMB6.7 billion and RMB5 billion, respectively. Each of Chengtong Group, CRHC and the Company has the right to nominate three, two and two directors to the board of SIPC, respectively. Pursuant to the SASAC Meeting Minutes, Chengtong Group and CRHC borrowed the proceeds from Sinopec Asset Management Co., Ltd. As a result of the SIPC Restructuring, the Company’s equity interest in SIPC decreased from 100 per cent. to 30 per cent. The day-to-day management and operation of SIPC has been handed over to its newly established board of directors while the Company continues to provide advice and guidance on SIPC’s operations through the two directors appointed by the Company. The SIPC Restructuring was deemed to be effective from 1 January 2015 and, consequently, the financial results of SIPC are not longer included in the consolidated financial statements of the Company.

In June 2017, the shareholders of Sinopec Corp. passed the resolutions in relation to the plan of overseas listing of Sinopec Marketing (the “**Plan**”) at the annual general meeting for 2016. According to the Plan, Sinopec Marketing will carry out overseas listing of its shares (the “**Overseas Listing**”) after its conversion into a joint stock limited liability company. Upon the completion of the Overseas Listing, Sinopec Corp. is expected to retain a majority shareholding in Sinopec Marketing and continue to consolidate the results of Sinopec Marketing in its financial statements. The Plan remains subject to the approvals by Sinopec Marketing’s board of directors and shareholders, as well as the approvals by domestic and overseas regulatory authorities including, without limitation, the SASAC and CSRC.

On 20 August 2018, the Administration Bureau of Industry & Commerce of Beijing registered the change of the corporate form of the Company from “an enterprise owned by the whole people” to a “wholly state-owned limited liability company”. The same authority also registered a change of corporate name of the Company from “中国石油化工集团公司” to “中国石油化工集团有限公司”. The registered capital of the Company was increased from RMB274.87 billion to RMB274.90 billion at the same time. On 16 September 2019, the registered capital of the Company was increased to RMB326.55 billion.

To promote the operation efficiency and better manage the Group’s future growth, the Group restructured its business operations into four sectors for management purpose at the end of 2018, namely, Oil & Gas and New Energy sector, Refining and Marketing sector, Chemicals and Materials sector and Capital and Finance sector. The segments for the Group’s financial reporting remain unchanged.

In July 2020, Sinopec Corp. and certain of its subsidiaries entered into transactions with China Oil & Gas Pipeline Network Corporation (“**PipeChina**”) to transfer their equity interests in relevant companies, oil and gas pipeline assets and other facilities to PipeChina in exchange for approximately 14 per cent. of registered capital of and cash paid by PipeChina as consideration (the “**Pipeline Transactions**”). The ownership, obligations, responsibilities and risks of the relevant target assets were transferred to PipeChina on 30 September 2020. In accordance with the arrangements of the Pipeline Transactions, Sinopec Corp. and PipeChina have entered into agreements for the continuous use of relevant oil and gas pipeline facilities in the future on the terms and subject to conditions set forth therein.

To accelerate transformation, upgrading, and green low-carbon development, on 5 July 2021, China’s first million-tonne-level CCUS (Carbon Capture, Utilisation, and Storage) project, the Qilu Petrochemical-Shengli Oilfield CCUS project, began construction and was put into operation in August 2022. This signifies that China’s CCUS industry has entered a mature commercial operation phase.

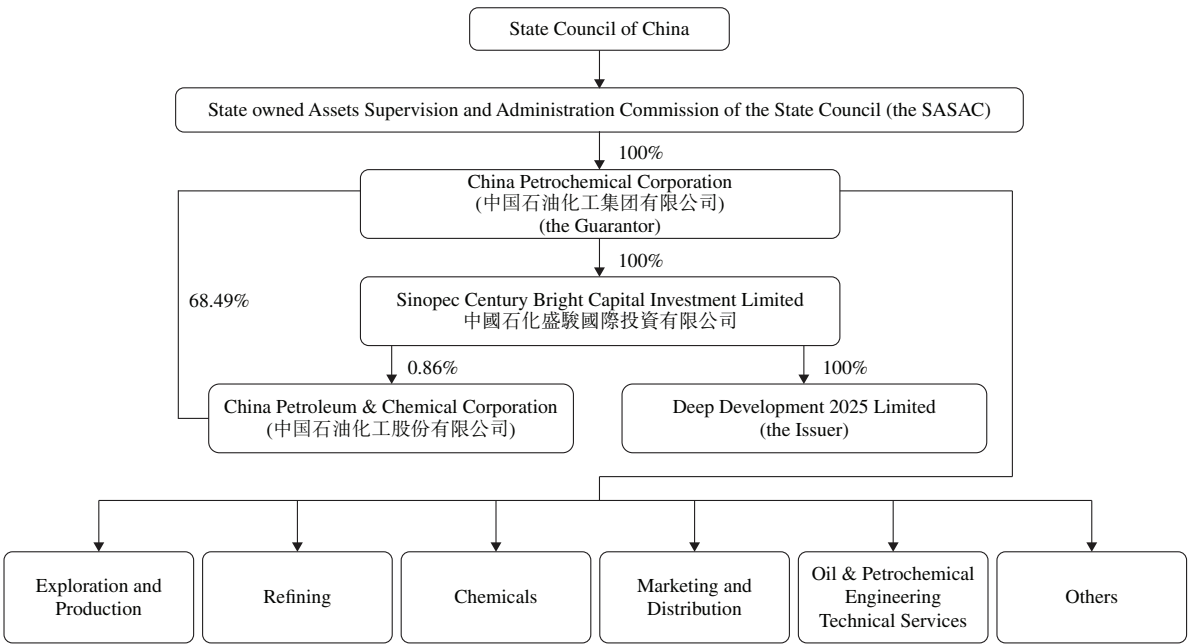
On 22 September 2022, the Group received China’s first carbon-neutral oil certification certificate from the Shanghai Environment and Energy Exchange. In October 2022, the first domestic production line of China’s first 10,000-tonne 48K large-tow carbon fibre project began operations at the Shanghai Petrochemical carbon fibre industry base. This marked the achievement of large-scale production of the Group’s large-tow carbon fibre technology and the localisation of key equipment.

In October 2023, the “Shendi No. 1” project achieved a depth of 9,432 metres at the Yuejin 3-3XC well, setting a new record for the deepest well in Asia. This demonstrates that China’s deep-earth technology series has entered the world-leading ranks, providing important technological and equipment reserves for advancing into ultra-deep layers of 10,000 metres, marking a breakthrough transition from “experience-based drilling” to “scientific drilling”.

On 18 December 2024, the second phase of Sinopec Zhenhai Refining & Chemical’s capacity expansion and high-end new materials project was fully mechanically completed, increasing the refining capacity of Zhenhai Refining & Chemical to 40 million tonnes. This has made the Zhejiang Ningbo petrochemical base the largest, most technologically advanced, and most competitive world-class petrochemical industry base in China.

### CORPORATE STRUCTURE

The following chart briefly illustrates the shareholding and corporate structure of the Group as of the date of this Offering Circular.



## EXPLORATION AND PRODUCTION

### Overview

The Group is one of China's largest oil and gas producers. In recent years, the Group has successfully expanded its exploration and production segment by leveraging its domestic and overseas resources to achieve effective control and replacement of significant oil and gas reserves. Globally, the Group had 2,798 million barrels of proved reserves of crude oil and 12,498 bcf of proved reserves of natural gas as of 31 December 2023. In 2023, the Group's production volume of crude oil and natural gas were 426.2 million barrels and 1,531.5 bcf, respectively.

The Group's domestic exploration and production activities are mainly conducted through Sinopec Corp. The Group has implemented a clear strategy with respect to its domestic resources. The Group has been maintaining a stable output from its oil and gas fields in the eastern region, expanding production from western areas, accelerating development of natural gas in the southern region, advancing offshore exploration and production and achieving breakthroughs in the development of unconventional resources such as coal-bed methane, shale oil and gas. The Group has been striving to utilise advanced technology to further develop its upstream business. In China, the Group had 1,805 million barrels of proved reserves of crude oil and 9,862 bcf of proved reserves of natural gas as of 31 December 2024.

The Group has historically conducted its overseas exploration and production activities mainly through SIPC. As a result of the SIPC Restructuring, the Company no longer treats SIPC as its consolidated subsidiary. The day-to-day management and operation of SIPC has been handed over to its newly established board of directors while the Company continues to provide advice and guidance on its operation through the two directors appointed by the Company. Consequently, the Group's estimated proved reserves and production of crude oil and natural gas as of and for the years ended 31 December 2022, 2023 and 2024 only include a share of the estimated proved reserves and production of SIPC reflecting its percentage of equity interest in SIPC. The Group's overseas oil and gas properties are mainly held by SIPC, Sinopec International Petroleum Exploration and Production Limited ("SIPL") and Sinopec International Energy Investment Limited ("SIEI"). In 2023, the Group's overseas crude oil production and overseas gas production were 174.6 million barrels and 335.0 bcf respectively, accounting for 41.0 per cent. and 21.9 per cent. of the Group's total crude oil production and total gas production, respectively. As of 31 December 2023, the Group's overseas proved crude oil reserves and proved natural gas reserves amounted to 1,102 million barrels and 3,191 bcf respectively, accounting for 39.4 per cent. and 25.54 per cent. of the Group's total crude oil reserves and total natural gas reserves, respectively.

### Exploration and Development Activities

In the years ended 31 December 2022, 2023 and 2024, the Group made new breakthroughs in increasing reserves, boosting production, reducing costs, and enhancing efficiency.

In the exploration sector, the Group concentrated on resource expansion, reserve growth, and mining rights expansion. The Group strengthened risk exploration, trap pre-exploration, and integrated evaluation exploration. Significant breakthroughs were achieved in the Shunbei New Area in the Tarim Basin, the deep coalbed methane in the Ordos Basin, the continental tight oil and gas in the Sichuan Basin, the marine deep shale gas in the Puguang Permian, and the shale oil in the North Jiangsu Basin. The construction of deep earth engineering and the national demonstration zone for Shengli Oil Field Jiyang shale oil progressed efficiently.



In crude oil development, the Group accelerated the key production capacity projects in Jiyang, Tahe, and Zhunxi, while strengthening fine development in the old areas. In natural gas development, the Group actively advanced key production capacity projects in the Erdos Basin, the West Hubei – East Chongqing area, the Shunbei Gas Field District Two, the Sichuan Basin, Western Sichuan and South Sichuan, expanded mid-to-long-term LNG contracts, and continuously improved the construction of the natural gas production, supply, storage, and sales system. The profit creation across the entire industry chain saw a substantial year-on-year increase.

## Oil and Natural Gas Reserves

As of 31 December 2023, the Group's estimated proved reserves of crude oil and proved reserves of natural gas were 2,798 million barrels of crude oil and 12,498 bcf of natural gas. The Group's estimated proved reserves do not include additional quantities recoverable beyond the term of the relevant production licenses, or that may result from extensions of currently proved areas, or from application of improved recovery processes not yet tested and determined to be economical.

The following table sets forth the Group's estimated proved reserves of crude oil and natural gas as of 31 December 2022 and 2023, respectively. In China, the Group had 1,805 million barrels of proved reserves of crude oil and 9,862 bcf of proved reserves of natural gas as of 31 December 2024.

	<u>Crude Oil</u>	<u>Natural Gas</u>
	(million barrels)	(billion cubic feet)
<b>Proved reserves</b>		
As of 31 December 2022		
<b>Total</b> .....	2,758	11,945
PRC .....	1,642	8,802
Overseas .....	1,116	3,143
As of 31 December 2023		
<b>Total</b> .....	2,798	12,498
PRC .....	1,696	9,307
Overseas .....	1,102	3,191

The Group manages its reserves estimation with support from external technical experts.

## Oil and Gas Fields

### *PRC*

The Group currently operates many oil and gas operating units managing its oil and gas fields across China, each of which consists of many oil and gas producing blocks. For example, Shengli production field is the Group's most important crude oil production field in China. Northwest oilfield is the Group's second largest oilfield.



## Overseas

The Group's overseas oil and gas properties are mainly held by SIPC, SIPL and SIEI. The Group has invested in oil and gas exploration and development projects across several countries worldwide, initially forming an overall overseas oil and gas layout that includes simultaneous development of oil and gas, consideration of both offshore and onshore, and a diversification of conventional and unconventional resources. In 2023, the Group finished 2D seismic of 872 kilometres and 52 exploration and evaluation wells, and scored multiple exploration breakthroughs and commercial oil and gas discoveries in Egypt, Cameroon, Angola, and Australia, 10.425 million tonnes of oil equivalent in new 2P reserves and 2C resources through exploration, exceeding the annual reserve target. Following the overall guidance of “making progress while remaining steady” in new project development, the Group became an equity partner in Qatar's NFE project. In 2023, the Group put into operation 497 new wells, with a new equity production capacity of 2.79 million tonnes, overseas equity oil and gas output of 31.87 million tonnes of oil equivalent, including 24.1 million tonnes of crude oil and 9.5 billion cubic metres of natural gas. The low efficient and inefficient assets were further disposed of and the Group's asset structure was further improved, with the North Sea Project and Addax Nigeria Project closed.

## Oil and Natural Gas Production

The following tables set forth the Group's average daily production and total production of crude oil and natural gas sold for the periods indicated. The production of crude oil includes condensed oil.

	Year Ended 31 December	
	2022	2023
<b>Crude oil production</b>		
Daily production (thousand barrels) . . . . .	1,223.84	1,167.67
Total production (million barrels) . . . . .	446.70	426.20
PRC . . . . .	250.79	251.63
Overseas . . . . .	195.91	174.57
<b>Natural gas production</b>		
Daily production (mmcf) . . . . .	4,363.46	4,195.88
Total production (bcf) . . . . .	1,592.66	1,531.50
PRC . . . . .	1,245.21	1,196.53
Overseas . . . . .	347.45	334.97

## New Energy Development

The development and utilisation of new energy play an increasingly important role in optimising energy resources, coping with energy and environment challenges and achieving sustainable development. The Group is exploring the possibility of using unconventional resources as a substitute for or supplement to conventional resources in order to provide more sustainable supply of hydrocarbon energy. The Group's new energy development includes hydrogen energy, wind and solar green power, clean heating and comprehensive charging stations. For example, in 2024, the Group continued to vigorously advance the development of new energy businesses, guided by the goals of the “14th Five-Year Plan”. Efforts were made to continually improve the business framework of “Four Supplies and Two Integrations”, aiming to establish a diverse system for supplying green energy and ensuring the orderly implementation of various initiatives. The Group's hydrogen energy operations also saw breakthroughs, with the completion of China's first 10,000-million tonnes level photovoltaic green hydrogen example project in Xinjiang Kuqa and the first hydrogen power integrated production and distribution project in 2023. Construction of charging and battery swap facilities was completed ahead of schedule to meet the targets set in the “14th

Five-Year Plan”, while maintaining a leading position in clean heating by the successful drilling of China’s first 5,000-metre deep high-temperature geothermal exploration well. At the same time, the Group accelerated the construction and deployment of its comprehensive charging stations, reaching the “14th Five-Year Plan” targets ahead of time.

## REFINING

### Overview

The Group is the largest refined oil producer in the world in terms of its refining capacity in 2023. In 2022, 2023 and 2024, the Group’s refinery throughputs were approximately 242.27 million tonnes, 257.52 million tonnes and 252.30 million tonnes, respectively. The Group produces a full range of refined oil products. In 2015, the Group developed the integrated technology of catalytic hydrogenation of light oil (IHCC), and realised industrial conversion of catalysed diesel and high-octane gasoline, which ensured the optimisation of the Group’s product structure and the upgrade of the quality of the Group’s produced refined oil. The Group built a pilot plant in China to produce bio-jet fuel using vegetable oils as feedstock in 2011 and the Group’s bio-jet fuel was successfully used in trial commercial flights in 2015, resulting in the Group receiving the first license to produce bio-jet fuel in China. Further improved technologies allow the Group to increase its production of high value-added and high grade refined oil products. The gasoline and diesel the Group produced and distributed have met the highest national standard.

### Products

The following table sets forth the production of the Group’s principal refined oil products for periods indicated.

	Year Ended 31 December		
	2022	2023	2024
	(in million tonnes)		
Gasoline. . . . .	59.05	62.51	64.15
Diesel . . . . .	63.09	64.54	57.91
Kerosene (including jet fuel). . . . .	18.01	28.95	31.43
Light chemical feedstock. . . . .	42.65	43.29	40.78

Gasoline and diesel are the Group’s largest revenue producing products, and are sold mostly through the Group’s marketing and distribution segment through both wholesale and retail channels. The Group uses most of its production of chemical feedstock for its own chemical operations. Most of the Group’s refined oil products are sold domestically to a wide variety of industrial and agricultural customers, with the remaining amount exported.

On 13 January 2016, the NDRC promulgated the Notice and Related issues of Further Improving the Price Formation Mechanism of Refined Oil (Fa Gai Jia Ge [2016] No. 64). The notice provides that, if the price of the crude oil in the international oil markets which the domestic refined oil products prices are related to is less than 40 U.S. dollars per barrel, then the domestic refined oil products prices will not be adjusted. The notice also provides for the establishment of a risk reserve for refined oil price adjustments and relaxing control over the ex-works prices of liquefied petroleum gas.

The Group's refinery throughputs were 242.27 million tonnes, 257.52 million tonnes and 252.30 million tonnes for the years ended 31 December 2022, 2023 and 2024.

Efficiency and profitability oriented, the Group will coordinate production and marketing, and improve the operating efficiency of the value chain. The Group will optimise crude procurement to reduce costs; adjust crude throughput, facility utilisation and product slate to improve profitability; optimise the structure and pace of export products; carry forward the adjustment to increase the yield of chemical feedstock in an orderly and cost effective manner, and enhance the efforts on shifting from refined products to chemical feedstock and refining specialties such as lubricating grease and needle coke.

## **CHEMICALS**

### **Overview**

The Group ranked first in China in terms of production volume of major petrochemical products in 2023. The Group ranked second in C&EN's "Global Top 50 Chemical Companies" as released in July 2024 in terms of sales volume of chemical products. The Group produces a full range of chemical products including intermediate petrochemicals, synthetic resins, synthetic fibre monomers and polymers, synthetic fibres, synthetic rubber and chemical fertilisers. Attributable to the Group's continuing efforts in enhancing products differentiation, the Group has been able to produce greater high value-added and high performance products. The Group has also enhanced integration among production, marketing, R&D and its application, further adjusted facility structures to enhance the dynamic optimisation of facilities and product chain, and improved the utilisation based on market demand.

Synthetic resins, synthetic fibres, synthetic rubber, chemical fertilisers and some intermediate petrochemicals comprise a significant majority of the Group's external sales. Synthetic fibre monomers and polymers and intermediate petrochemicals are mostly internally consumed as feedstock for the production of other chemical products. The Group's chemicals operations are integrated with the Group's refining businesses, which supply a significant portion of the Group's chemical feedstock such as naphtha. The Group's total sales volume of chemical products was 81.65 million tonnes and 83.00 million tonnes in 2022 and 2023.

In the face of the tough external environment of the significantly increased domestic chemicals supply and narrowed chemical margins, the Group has optimised the structure of feedstock, facilities and products, has maintained high utilisation rate in profitable facilities such as aromatics and EVA, and has reduced production or shut down units of products with no marginal contribution, thus responding to market demand. The Group has reinforced cost control to bring down cost throughout the chemical value chain. Integration of production, marketing, research and application has been further cemented to steadily increase the proportion of high value-added products. The Group has been actively exploring domestic and global market, and its international business volume has grown rapidly.

## Products

The following table sets forth the Group's production volume for each of their principal chemical products for the periods indicated.

	Year Ended 31 December		
	2022	2023	2024
	(in thousand tonnes)		
Ethylene. . . . .	13,437	14,314	13,467
Synthetic Resins. . . . .	18,544	20,574	20,087
Synthetic Rubbers. . . . .	1,284	1,424	1,429
Synthetic Fibre Monomers and Polymers . . . . .	8,886	7,866	10,033
Synthetic Fibres . . . . .	1,112	1,113	1,248

The Group is ranked second in the world based on its ethylene production capacity in 2023, ranked first in the world based on its aromatics production capacity in 2023, ranked second in the world based on its synthetic rubbers production capacity in 2023 and ranked first in China based on its synthetic resins production capacity in 2023.

## Marketing and Sales of Chemical Products

The price and sales volume of chemical products are primarily market driven. The southern and eastern regions in China, where most of the Group's chemical plants are located, constitute the major chemical market in China. The Group's proximity to the major chemical market gives the Group a geographic advantage over its competitors.

The Group's principal sales and distribution channels consist of direct sales to end-users, most of which are large and medium-sized manufacturing enterprises, and sales to distributors in its national sales network. In 2016, the Group established its e-commerce platform Chem e-Mall, its proprietary online distribution channel of chemical products, which is an effective complement to its traditional sales channels. In 2023, Chem e-Mall platform had a total transaction volume of approximately 71.58 million tonnes. The Group also provides after-sale services to its customers, including technical support. For example, the Group has set up the customer service hotline 95388 to fairly address customer complaints and to consistently improve customer satisfaction. The Group continuously strives to improve its product mix and enhance its product quality to meet market needs.

## MARKETING AND DISTRIBUTION

### Overview

The Group operates the largest oil products distribution network in China, with 30,987 service stations under Sinopec brand as of 31 December 2024. The total amount of major refined oil products that the Group distributed and sold in China was 162.6 million tonnes, 188.2 million tonnes and 182.8 million tonnes in 2022, 2023 and 2024, respectively. Most of the refined oil products sold by the Group are produced internally.

In 2022, 2023 and 2024, the Group sold approximately 106.9 million tonnes, 120.1 million tonnes and 113.5 million tonnes of major refined oil products in China, respectively, through its retail network, representing approximately 65.8 per cent., 63.8 per cent. and 62.1 per cent. of the Group's total major refined oil products sales volume in China in 2022, 2023 and 2024, respectively.

The Group’s marketing and distribution business holds a dominant position in the refined oil products market in China. The Group is the largest supplier of refined oil products in China. The Group operates the most comprehensive sales and distribution network for refined oil products in China, with over 30,000 service stations under Sinopec brand, primarily concentrated in economically developed areas like the Bohai Rim, the Yangtze River Delta, and the Pearl River Delta, as well as in key locations such as highway service areas and major transport routes on national and provincial roads, offering a significant locational advantage. The Group possesses complete storage and transportation facilities for refined oil products and a nationwide loyal customer base.

The table below sets forth a summary of key data in the marketing and sales of refined oil products for the periods indicated.

	Year Ended 31 December		
	2022	2023	2024
Total sales volume of refined oil products (in million tonnes) . . . . .	206.74	239.05	239.33
Sales volume of refined oil products in China (in million tonnes) . . . . .	162.55	188.17	182.82
of which:			
Retail . . . . .	106.91	120.12	113.45
Direct Sales and Distribution . . . . .	55.65	68.05	69.38
Total number of service stations under Sinopec brand . . . . .	30,808	30,958	30,987
of which: Self-operated service stations . . . . .	30,808	30,958	30,987

## Retail

In 2022, 2023 and 2024, the Group sold approximately 106.9 million tonnes, 120.1 million tonnes and 113.5 million tonnes of major refined oil products in China, respectively, through its retail network, representing approximately 65.8 per cent., 63.8 per cent. and 62.1 per cent. of the Group’s total major refined oil products sales volume in China in 2022, 2023 and 2024, respectively.

All of the Group’s retail sales are made through a network of service stations and petroleum shops operated under the “Sinopec” brand. As of 31 December 2024, the Group had a total of 30,987 service stations, far exceeding its domestic competitors. Through this unified network the Group is more able to implement consistent pricing policies, maintain both product and service quality standards and more efficiently deploy its retail network.

The locations and brand advantages of the Group’s service stations are increasingly being evident, with rising throughput per station enhancing profitability of the Group’s retail business.

The Group’s strong retail network provides extensive geographic coverage of retail sales across China. The Group continues optimising the coverage of and accelerating the development of retail outlets, especially service stations in expressway service areas, urban centres, new urban areas, transportation hubs and other key locations. The Group’s retail network occupies a dominant position in China’s eastern and southern regions, which consist of the more densely populated and economically developed provinces in China.

The Group has developed non-fuel businesses for its full-service stations to transform its network of traditional service stations into a comprehensive one-stop multifunctional integrated service platform that combines “fuelling, shopping, dining and car services”. As of 31 December 2023, the number of the Group’s Easy Joy dining outlets reached over 1,600. At the same time, the Easy Joy car services stores reached over 9,500 with more than 150 million car washes carried out each year, making it the largest self-operated car wash system in China.

The Group is a leader in China in building self-service petrol stations. The Group is also a leader in China in promoting the use of pre-paid fuel cards to enhance its customer loyalty. In 2023, a new generation of fuel card systems was launched nationwide, achieving innovative improvements in ten areas, including data centralisation, convenient services, and flexible marketing. The “Easy Refuel” app offers a wide range of online services, allowing customers to enjoy “one card for all business services”. Additionally, seven intelligent fuelling robots were deployed at seven service stations across six provinces and municipalities, aiming to provide customers with a smarter and more convenient consumption experience. The Group has worked with commercial banks, telecom companies and network payment service providers to enable its customers to make convenient prepayments on its fuel cards.

In addition, the Group has expanded its business into electric vehicles charging market by co-operating with its business partners, such as Beijing Electric Vehicle Co., Ltd., to integrate charging and power stations for electric vehicles into its service stations. The Group has fully leveraged its existing terminal network advantages to vigorously promote the development of charging and battery-swapping businesses and advanced the demonstration application of hydrogen energy in transportation. The Group is transitioning into an integrated energy service provider encompassing “oil, gas, hydrogen, electric, and services”.

### **Direct Sales and Distribution**

In 2022, 2023 and 2024, the Group sold approximately 55.7 million tonnes, 68.1 million tonnes and 69.4 million tonnes of major refined oil products in China, respectively, through direct sales and distribution, representing approximately 34.2 per cent., 36.2 per cent. and 61.2 per cent. of the Group’s total sales volume of major refined oil products in China for 2022, 2023 and 2024, respectively.

The Group’s direct sales include sales to commercial customers such as industrial enterprises, hotels, restaurants and agricultural producers in China. The Group’s wholesale sales include sales to large commercial or industrial customers and independent distributors as well as sales to certain long-term customers such as railway, airlines, shipping and public utilities. The Group’s wholesale centres are connected to its refineries by railway, waterway and, in some cases, by pipelines. The Group also owns dedicated railways, oil wharfs and oil barges, as well as rail tankers and oil trucks.

## **OIL AND PETROCHEMICAL ENGINEERING TECHNICAL SERVICES**

### **Refining and Chemical Engineering Technical Services**

The Group conducts its refining and chemical engineering technical services primarily through Sinopec Engineering. In May 2013, the H shares of Sinopec Engineering were successfully listed on the Hong Kong Stock Exchange (stock code: 2386). Sinopec Engineering provides technical engineering services for refining and chemical businesses with a full range of services that include technology licensing, consulting, financing assistance, engineering, procurement, construction and pre-commissioning/start-up services.

In 2024, the aggregate value of new contracts of Sinopec Engineering's refining and chemical engineering technical services amounted to RMB100.6 billion, including overseas new contracts with amount of RMB38.5 billion.

Some of representative domestic new contracts that were entered into by Sinopec Engineering in 2024 include the EPC contract for certain units of North Huajin United Petrochemical Fine Chemical and Raw Material Engineering Project, the EPC contract for certain units of SINOPEC SABIC Petrochemical Fujian Gulei Ethylene and Downstream Deep Processing Consortium Project, the EPC contracts for certain units of Lianhong Gerun (Shandong) Integrated Project of New Energy Materials and Biodegradable Materials, the EPC contracts for certain units of China Coal Yulin Coal Deep Processing Base Project, the EPC contracts for Sinopec Ningbo Zhenhai Refining and Chemical Polyolefin Elastomer (POE) unit and the EPC contracts for Sinopec INEOS Tianjin Nangang Ethylene and Downstream High-end New Materials Industry Cluster Polyolefin Elastomer (POE) unit. Representative overseas projects that were entered into by Sinopec Engineering include the EPC contracts of the ethane cracking project of the Kazakhstan Silleno petrochemical complex project, the EPC contracts for gas compression (GCP) of Saudi Aramco's Jafurah gas expansion project phase III, the construction contracts of Saudi Arabia Mining Corporation's northern sulfur and phosphorus chemical project phase III and the construction contracts of the mechanical, electrical and instrumentation installation works of the ADNOC MERAM ethane recovery project in the United Arab Emirates. Sinopec Engineering also won the bid for Saudi Aramco's Ras Tanura Steam Treatment VHRT Project, which is the first time that Sinopec Engineering contracted a PMC project overseas, and its business level has reached a new level.

### **Oil Engineering Technical Services**

The Group conducts its oil engineering technical services primarily through Sinopec Oilfield Service. The Group's well-trained service teams are equipped with specialty techniques and skills to provide a number of oilfield services, including geophysical exploration, drilling, well logging, mud logging and downhole operations under various geologic and engineering conditions of land, including tidal zones, shallow water areas, mountains, plateaus, deserts and swamps. Sinopec Oilfield Service has the service ability to cover the full industrial-chain of oilfield service. As of 31 December 2024, there were 597 land drilling rigs (including 329 rigs above 7,000 metres), 11 offshore drilling platforms, 59 seismograph hosts, 122 imaging logging systems, 476 integrated logging tools, and 352 sets of 2500 above fracturing trucks, 84 workover rigs above 750HP, 1,464 drilling, geophysical and other professional teams. Sinopec Oilfield Service also actively explores overseas markets to expand its service reach. For example, Sinopec Oilfield Service has ranked top in the comprehensive ranking of drilling contractors of Saudi Aramco, Kuwait Oil Company and Ecuador National Oil Company for many years, and is an important international geophysical contractor in Algeria. In 2024, Sinopec Oilfield Service's international business adhered to integrated management and professional operation, deeply cultivated key markets and kept a close eye on major projects, and achieved a new record high in operating efficiency.

In 2024, the aggregate value of new contracts of Sinopec Oilfield Service's oil engineering technical services amounted to RMB91.2 billion, including overseas oil engineering technical services with amount of RMB24.3 billion.



## OTHERS

### International Trade

The Group's international trade business primarily consists of the international trading activities of the Company's subsidiary, China International United Petroleum and Chemical Company Limited ("**United Petroleum and Chemical**") and the global procurement activities of the Company's subsidiary, China Petrochemical International Company Limited ("**Petrochemical International**").

The primary business activities of United Petroleum and Chemical include crude oil trading, refined oil product trading, LNG trading, and storage and logistics. The Group has established long-term cooperative relationships with over 1,500 counterparties in more than 90 countries or regions worldwide. After years of development, United Petroleum and Chemical has grown into a petroleum trading company with strong international competitiveness and is one of the largest petroleum trading companies in the world.

Petrochemical International is responsible for the Group's global procurement of bulk, general, and essential materials. Petrochemical International manages the import and export business and third-country trade of refining by-products, catalysts, materials, equipment, spare parts, instruments, complete sets of technologies, excluding crude oil, refined oil, and chemical products. Petrochemical International possesses strong market influence and bargaining power, with a global supplier network. It has established strategic partnerships with more than 80 domestic and international strategic suppliers, has strong resource acquisition capabilities, and provides robust support for the rapid development of the Group's large-scale project construction and production operations.

### Research and Development

The Group focuses on its core business by highlighting key areas and coordinating fundamental research, applied research, and technology development. The Group optimises and integrates scientific and technological resources, enhancing theoretical and technological innovation and continuously advancing scientific and technological breakthroughs and innovation. This robustly supports the development of its core business. As of 31 December 2023, the Group had 6,506 dedicated R&D personnel, of whom over 79 per cent. hold doctoral or master's degrees.

The Group's research and development division comprises research and development institutes focusing on research and development in the upstream, refining and chemicals segments as well as production safety. The PRC government has granted the Group a special fund to support its research and development on technological innovation, energy conservation and emission reduction.

The Group continues to increase its investment in technological research and development, focusing on breaking through key core technologies, strengthening cutting-edge fundamental research, and deepening reforms in the science and technology system and mechanisms. This led to positive progress in technological innovation.

- *Upstream:* There was a deepening of theoretical understanding and new breakthroughs in technology for ultra-deep oil and gas and terrestrial shale oil and gas exploration and development.
- *Refining:* The world's first 3-million-tonne-per-year heavy oil catalytic cracking RTC unit was successfully put into operation, and the full range of products from the bio-jet fuel unit received RSB (Roundtable on Sustainable Biomaterials) certification.
- *Chemicals:* The first CHP (Cumene Hydroperoxide) process for producing butylene oxide was successfully launched, and a high-performance liquid rubber industrial unit was successfully started.

- *Hydrogen Energy*: The research and development of hydrogen energy across the entire industry chain accelerated, and key materials for fuel cells were independently developed.
- *Other Innovations*: Demonstration projects like “Industrial Internet+” and “Artificial Intelligence Infrastructure Engineering” progressed smoothly.

In 2023, the Group filed 10,386 patent applications with 6,309 patents granted in China and overseas. Five patents, including “Multi-Tube Ethylene Cracking Furnace”, received the China Patent Prize. Four projects, such as “Salt-Resistant High-Temperature Drilling Fluid Technology” and “Biomass Ethanol to Ethylbenzene Technology”, were honoured with the Gold Medals at the 48th Geneva International Exhibition of Inventions. The Group has maintained the top position in the patent quality ranking of central enterprises for five consecutive years. As one of the first three pilot entities in China, the Group has led the way in completing the assessment of its innovation and intellectual property management capabilities, becoming the first entity in China to receive a “system-level” rating. Progress on the construction of the national green energy and chemical industry intellectual property operation centre was steadily advancing.

## **PROPERTY**

The Group owns land use rights, buildings, service stations and other properties across China. The Group’s corporate headquarters are located at 22 Chaoyangmen North Street, Chaoyang District, Beijing, 100728, PRC.

## **EMPLOYEES**

As of 31 December 2023, the Group had over 55,000 employees. The Group’s employees participate in various basic social insurance plans organised by municipal and provincial governments whereby the Group is required to make monthly contributions to these plans at certain rates of the employees’ salary as stipulated by relevant local regulations.

During the years ended 31 December 2022, 2023 and 2024, the Group did not experience any strikes, work stoppages, labour disputes or actions which adversely affected the operation of any of its businesses in all material aspects. The Group believes that it maintains good relationships with its employees in all material aspects.

## **RISK MANAGEMENT**

The Group is exposed to a variety of risks associated with oil and gas and other business operations and financing activities. The Group’s goal in risk management is to ensure that the Group understands, measures, monitors and mitigates the various risks that arise in connection with its operations. The Group has established an integrated risk management system through which the Group seeks to manage the risks. Policies and guidelines have been developed to identify, analyse, appraise and monitor the changing risks that the Group faces. The Group has established a Risk Management Committee to supervise the overall risk management work. Under the Risk Management Committee, there is an Internal Control and Risk Management Department to formulate key internal control and risk management policies, design risk management systems, organise risk assessment work, provide training on risk control and management as well as oversee the implementation of the risk management policies of each of the Group’s departments and subsidiaries.

- *Crude Oil Resource and Sustainable Development Policy*: The Group intends to proactively identify, monitor and manage crude oil supply risk to achieve sustainable development of its business

operations. The Group pursues sustainability through increasing its crude oil supply, strengthening its resource base, acquiring unconventional resources, shaping an integrated value chain and developing cutting-edge technologies.

- *Debt Management Policy:* The Group has centralised the financing management of the Group's entities and has diversified its financing sources to include international debt capital markets. The Group's total debt to total assets ratio remained at approximately 52.1 per cent. as of 31 December 2024, which were consistent with the Group's internal policies to maintain such ratios at a low level. The Group believes that such ratios will continue to remain at a reasonable level in the foreseeable future. The Group also endeavours to maintain reasonable debt maturities and currency structure.
- *Working Capital Policy:* The Group maintains sufficient cash flow to meet its payment needs. The Group also maintains a centralised management of funds in order to operate the cash pools of the Group's entities in an efficient manner.
- *Investment Policy:* The key factors the Group takes into consideration when making investment decisions include investment return, resources acquisition, synergy and integration with its existing key businesses, improvement of service and technical capabilities as well as the various investment risks involved. In addition, the Group has internal guidelines that specify the minimum return rates for each type of investment.
- *Health, Safety and Environmental Policy:* The Group has developed a Health, Safety and Environmental ("HSE") management system to strengthen accountability and adopt measures to target root causes rather than symptoms. In accordance with the Group's HSE guideline and strategic goals, the Group provides HSE training throughout the entire organisation, which covers the whole production process and everyone from top management to grassroots operators. The Group has also issued the Principles of HSE Management, outlining the basic requirements and behaviour codes for all managers and organised annual HSE examination and ad hoc inspection to review HSE performance of key subsidiaries.
- *Legal Risk Management Policy:* The Group's legal risk management system aims to identify and manage risk relating to the entering into and performance of contracts, risk relating to intellectual property rights, employment-related risk and other regulatory risks. The Legal Affairs Department is charged with direct responsibility to oversee and manage legal risk.

## INSURANCE

Through the Group's Safety Production Insurance Fund and other insurance arrangements, the Group has insurance coverage for its property, personnel, plant, equipment and certain assets that are subject to significant operating risks, third-party liability insurance against claims relating to personal injury, property and environmental damages that result from accidents and employer liabilities insurance. The Group believes that its insurance coverage is comparable to that of other companies engaged in similar businesses. The Group's oil and gas operations are subject to hazards and risks inherent in the trading, drilling and production of petroleum products. As protection against these operational risks, the Group maintains insurance coverage against most potential losses, including the loss of wells, as well as liabilities related to costs of pollution control and environmental compliance. Additionally, the Group purchases insurance to cover credit risks relating to its international trading business.

## **INTELLECTUAL PROPERTY**

The Group relies on a variety of patents, copyrights, trade secrets, trademarks and proprietary information to maintain and enhance its competitive position. In 2023, the Group applied for 10,386 patents in China and overseas, 6,309 of which were granted. As of 31 December 2023, the Group owned more than 60,000 patents in China and overseas. The Group does not believe that any individual property right or related group of intellectual property rights is of such importance that its expiration or termination would materially affect its businesses.

## **LEGAL PROCEEDINGS**

The Group is involved in certain legal proceedings concerning matters arising in the ordinary course of its business. The Group believes, based on currently available information, that these proceedings, individually or in the aggregate, will not have a material adverse effect on its results of operations or financial condition.

## **ENVIRONMENTAL MATTERS**

The Group is subject to various PRC national environmental laws and regulations and also environmental regulations promulgated by the local governments in whose jurisdictions the Group has operations. China has adopted extensive environmental laws and regulations that affect the operation of the oil and gas industry. There are national and local standards applicable to emissions control, discharges to surface and subsurface water and disposal, and the generation, handling, storage, transportation, treatment and disposal of solid waste materials. The environmental regulations require the Group to register an environmental impact report with the relevant environmental bureau or submit an environmental impact registration form for filing before the Group undertakes any construction of a new production facility or any major expansion or renovation of an existing production facility. The new facility or the expanded or renovated facility will not be permitted to operate unless the relevant environmental bureau has inspected to its satisfaction that the environmental equipment installed in the facility satisfies environmental requirements. The Group's Health, Safety and Environment Department is responsible for the management and monitoring of environmental matters directly.

The Group is committed to building an eco-friendly enterprise centred around the requirements of national ecologic development. Through comprehensive planning and systematic operations, companies of the Group have further enhanced their eco-friendly operations and improved their environment ratings. Substantially all of the companies within the Group have transitioned into eco-friendly "green" enterprises. The Group has built the first "Waste-free Group" in China with high standards, preventing pollution and strengthening green and low carbon development, making every effort to promote energy saving and carbon reduction, and has completed the first phase of the Green Enterprise Campaign, providing strong support for the Group's high-quality development. For the 13th consecutive year, the Group has been awarded the title of "China's Low Carbon Role Model", five affiliates were awarded the title of "Leader in Energy Efficiency for Key Energy-consuming Products in the Petroleum and Chemical Industry", nine companies within the Group were awarded the title of "Leader for Water Efficiency" and eight companies within the Group were awarded the title of "Green Factory in the Petrochemical Industry".

The Group believes that its businesses are in compliance with currently applicable national, local and foreign environmental laws and regulations in all material aspects. During the years ended 31 December 2022, 2023 and 2024, the Group did not encounter any material issues relating to environmental matters and were not subject to any material administrative penalties due to any activities that may cause pollution to the environment.

## DIRECTORS AND SENIOR MANAGEMENT OF THE GUARANTOR

### GENERAL

The Guarantor's business and operations are managed by its senior management through its board of directors ("Board"). The Guarantor's Board has been established pursuant to the approval of the SASAC dated 13 April 2012.

### DIRECTORS

The table below sets forth information regarding the Guarantor's Directors and their concurrent positions at Sinopec Corp.

Name	Age	Position
Ma Yongsheng (马永生) . . . . .	63	Chairman and Secretary of the Leading Party Member Group of the Guarantor, Chairman of Sinopec Corp.
Zhao Dong (赵东). . . . .	54	Director, President and Deputy Secretary of the Leading Party Member Group of the Guarantor, Vice Chairman and President of Sinopec Corp.
Zhong Ren (钟韧). . . . .	58	Director and Deputy Secretary of the Leading Party Member Group of the Guarantor, Director of Sinopec Corp.
Wu Xiandong (吴献东) . . . . .	60	External Director of the Guarantor
Chen Yueming (陈月明) . . . . .	67	External Director of the Guarantor
Chen Bi (陈璧). . . . .	63	External Director of the Guarantor
Zhou Yubo (周渝波) . . . . .	64	External Director of the Guarantor
Feng Shuchen (冯树臣). . . . .	61	External Director of the Guarantor
Qin Du (秦都) . . . . .	56	Employee Director of the Guarantor

The business address of the Guarantor's Directors is 22 Chaoyangmen North Street, Chaoyang District, Beijing, 100728, China.

The following contains certain biographical information of each of the Directors as at the date of this Offering Circular.

**Ma Yongsheng (马永生)**, aged 63, is Chairman and Secretary of the Leading Party Member Group of the Guarantor. Mr. Ma is a professor level senior engineer with a doctor's degree and an academician of the Chinese Academy of Engineering. Mr. Ma is a member of the 13th National Committee of Chinese People's Political Consultative Conference. In April 2002, he was appointed Chief Geologist of Sinopec Southern Exploration and Production Company. In April 2006, he was appointed Executive Deputy Manager (in charge of overall management), Chief Geologist of Sinopec Southern Exploration and Production Company. In January 2007, he was appointed Manager and Party Secretary of CPC Committee of Sinopec Southern Exploration and Production Company. In March 2007, he served as General Manager and Deputy Party Secretary of CPC Committee of Sinopec Exploration Company. In May 2007, he was appointed Deputy Commander of Sichuan-East China Gas Transmission Construction Project Headquarter. In May 2008, he was appointed Deputy Director General of Exploration and Production Department of Sinopec Corp. (Director General Level). In July 2010, he served as Deputy Chief Geologist of Sinopec Corp. In August 2013, he was appointed Chief Geologist of Sinopec Corp. In December 2015, he served as Vice President of the Guarantor and appointed Senior Vice President of Sinopec Corp. In February 2016, he was elected as Director of Sinopec Corp. In January 2017, he was appointed Member of the Leading Party Member Group of the Guarantor. In October 2018, he was appointed President of Sinopec Corp. In April 2019, he was appointed Director of the Board and President of the Guarantor, Deputy Secretary of the Leading Party Member Group of the Guarantor. In November 2021, he was appointed Chairman and Secretary of the Leading Party Member Group of the Guarantor, and Chairman of the Board of Sinopec Corp.

**Zhao Dong (赵东)**, aged 54, is Director, President and Deputy Secretary of the Leading Party Member Group of the Guarantor. Mr. Zhao is a professor-level senior accountant with a doctor's degree. Mr. Zhao served as chief financial officer and a member of the party committee of China National Oil & Gas Exploration and Development Corporation (CNODC) from June 2008 to October 2009. From October 2009 to September 2012, he was chief financial officer and a member of the party committee of CNODC, also serving as chief financial officer of PetroChina International Investment Company Limited. He was appointed the vice president, deputy secretary of the party committee, secretary of the discipline inspection commission and president of the trade unions of CNPC Nile Company in September 2012. He became the president, secretary of the party committee, secretary of the discipline inspection commission and president of the trade unions of CNPC Nile Company in August 2013. He was the president and the deputy secretary of the party committee of CNPC Nile Company from July 2014 to November 2015. Mr. Zhao was appointed chief financial officer of PetroChina Company Limited in November 2015. He was appointed member of the Leading Party Member Group and Chief Financial Officer of the Guarantor in November 2016. He was appointed Director of the Board and Deputy Secretary of the Leading Party Member Group of the Guarantor in May 2020. He was appointed Director of the Board, President and Deputy Secretary of the Leading Party Member Group of the Guarantor in June 2022.

**Zhong Ren (钟韧)**, aged 58, is Director and Deputy Secretary of the Leading Party Member Group of the Guarantor. Mr. Zhong holds an EMBA degree. In October 2004, he was appointed Vice President of Sinochem International. In September 2006, he was appointed Deputy Director of Sinochem Group Oil Centre. In April 2012, he was appointed Assistant President of Sinochem Group and Sinochem Corporation. In May 2018, he was appointed Member of the Leading Party Member Group and Vice President of Sinochem Group Co., Ltd. In April 2021, he was appointed Member of the Leading Party Member Group and Vice President of Sinochem Holdings. In October 2023, he joined the Guarantor and was appointed Director of the Board and Deputy Secretary of the Leading Party Member Group of the Guarantor.

**Wu Xiandong (吴献东)**, aged 60, is External Director of the Guarantor. Mr. Wu holds a doctoral degree. Mr. Wu previously held positions as director of the Asset Enterprise Management Department at China Aviation Industry Corporation II, assistant general manager and director of the Asset Enterprise Management Department at China Aviation Industry Corporation II, deputy general manager and member of leading party member group at China Aviation Industry Corporation II, member of the preparatory group for the Aviation Industry Corporation of China, and deputy general manager and member of leading party member group at the Aviation Industry Corporation of China. Mr. Wu concurrently serves as an external director at China State Shipbuilding Corporation Limited and China Merchants Group Limited. Mr. Wu is a dedicated external director for central enterprises. Since November 2019, Mr. Wu has served as External Director of the Guarantor.

**Chen Yueming (陈月明)**, aged 67, is External Director of the Guarantor. Ms. Chen holds a graduate degree from the Party School of the Central Committee of the Communist Party of China. Ms. Chen previously held positions as deputy director-general of the Industrial and Communications Department and the Economic and Trade Department at the Ministry of Finance, director of the Finance and Property Rights Management Department at the State Power Corporation, deputy chief financial officer and director of the Finance and Property Rights Management Department at the State Power Corporation, chief financial officer and director of the Finance and Property Rights Management Department at the State Power Corporation, a member of the preparatory group for the State Grid Corporation and chief financial officer and director of the Finance and Property Rights Management Department at the State Power Corporation, deputy general manager and a member of the leading party member group of the State Grid Corporation, as well as chairman and secretary of leading party member group of China Power Finance Co., Ltd., deputy general manager, chief financial officer, and a member of leading party member group of the State Grid Corporation, deputy general manager and a member of leading party member group of the State Grid Corporation. Ms. Chen concurrently serves as an external director at Aero Engine Corporation of China Co., Ltd. Since August 2019, Ms. Chen has served as External Director of the Guarantor.



**Chen Bi (陈壁)**, aged 63, is External Director of the Guarantor. Mr. Chen holds a master's degree. Mr. Chen previously held positions as deputy general manager and general manager of the Development and Production Department at China National Offshore Oil Corporation (CNOOC) Limited, general manager and secretary of the CPC committee at CNOOC China Limited, Tianjin Branch, executive vice president of CNOOC Limited and concurrently general manager and secretary of the CPC committee of the Tianjin Branch, executive vice president of CNOOC Limited, chief safety officer at CNOOC, and deputy general manager and member of leading party member group at CNOOC Group. Mr. Chen concurrently serves as an external director at China National Chemical Engineering Co., Ltd. Since February 2023, Mr. Chen has served as External Director of the Guarantor.

**Zhou Yubo (周渝波)**, aged 64, is External Director of the Guarantor. Mr. Zhou holds a master's degree. Mr. Zhou previously held positions as Deputy Secretary-General of the SASAC, Director of the Policies and Regulations Bureau of the SASAC, Deputy Secretary-General of the SASAC and Head of the Local State-Owned Enterprise Reform Coordination Group under the Office of the Leading Group for State-Owned Enterprise Reform of the State Council, the Party Secretary and Chairman of China Reform Holdings Corporation Ltd. Since April 2025, Mr. Zhou has served as External Director of the Guarantor.

**Feng Shuchen (冯树臣)**, aged 61, is External Director of the Guarantor. Mr. Feng holds a master's degree. Mr. Feng previously held positions as Assistant General Manager of CHN Energy Investment Group, General Manager and Deputy Party Secretary of Guodian Power Development Company, and Deputy General Manager and Member of the Leading Party Member Group of CHN Energy Investment Group. Since April 2025, Mr. Feng has served as External Director of the Guarantor.

**Qin Du (秦都)**, aged 56, is Employee Director of the Guarantor. Mr. Qin is a senior engineer with a doctoral degree. In December 2011, he was appointed Deputy General Manager of Northeast Oil and Gas Branch of Sinopec Corp. In July 2019, he was appointed General Manager and Deputy Secretary of the CPC Committee of Sinopec Group Northeast Petroleum Bureau Co., Ltd., and General Manager of Northeast Oil and Gas Branch of Sinopec Corp. In August 2020, he was appointed Executive Director and Secretary of CPC Committee of Sinopec Group Henan Petroleum Exploration Bureau Co., Ltd., and representative of Henan Oilfield Branch of Sinopec Corp. In December 2022, he was appointed Head of the Organisation Department of the CPC Committee, General Manager of the Human Resources Department, and Director of the CPC Committee Compilation Office of the Guarantor. In May 2023, he was concurrently appointed Deputy Secretary of the Direct Subordinate CPC Committee of the Guarantor. In December 2023, he was appointed Assistant to the General Manager, Head of the Organisation Department of the CPC Committee, General Manager of the Human Resources Department, Director of the CPC Committee Compilation Office, and Deputy Secretary of the Direct Subordinate CPC Committee of the Guarantor. In January 2024, he was appointed Employee Director, Assistant to the General Manager, Head of the Organisation Department of the CPC Committee, General Manager of the Human Resources Department, Director of the CPC Committee Compilation Office, and Deputy Secretary of the Direct Subordinate CPC Committee of the Guarantor.



## SENIOR MANAGEMENT

The table below sets forth information regarding the Guarantor's other senior management and their concurrent positions at Sinopec Corp.

Name	Age	Position
Wang Peng (王鹏) . . . . .	55	Member of the Leading Party Member Group, Leader of the Discipline Inspection and Supervision Team
Cai Yong (蔡勇) . . . . .	50	Member of the Leading Party Member Group, Chief Financial Officer
Li Yonglin (李永林) . . . . .	58	Member of the Leading Party Member Group, Vice President, Director and Senior Vice President of Sinopec Corp.
Lv Liangdong (吕亮功) . . . . .	59	Member of the Leading Party Member Group, Vice President, Director and Senior Vice President of Sinopec Corp.
Niu Shuanwen (牛栓文) . . . . .	50	Member of the Leading Party Member Group, Vice President, Director and Senior Vice President of Sinopec Corp.
Wan Tao (万涛) . . . . .	57	Member of the Leading Party Member Group, Vice President, Director and Senior Vice President of Sinopec Corp.

**Wang Peng (王鹏)**, aged 55, is Member of the Leading Party Member Group and Leader of the Discipline Inspection and Supervision Team of the Guarantor. Mr. Wang holds a bachelor's degree. In January 2014, he was appointed Director General of the Fifth Discipline Inspection and Supervision Office of Beijing Discipline Inspection Committee of the CPC, Director General of the Eighth Discipline Inspection and Supervision Office, and Member of the Standing Committee, Secretary of the Commission for Disciplinary Inspection, Director General of Supervisory Commission of Xicheng District Party Committee, Beijing. In July 2017, he was appointed Deputy Director General of the Fifth Discipline Inspection Office of CPC Central Commission for Discipline Inspection ("CCDI"), Deputy Director General, Discipline Supervisor and Acting Deputy Director General, and First-Class Inspector of the Fourth Supervisory Inspection Office of the National Supervisory Commission of CCDI. In September 2019, he was appointed Acting Deputy Secretary of Shanxi Discipline Inspection Committee of the CPC, Deputy Director General of Shanxi Supervisory Commission of the CPC, and First-Class Senior Inspector of Shanxi Province. In March 2024, he joined the Guarantor and was appointed Member of the Leading Party Member Group and Leader of the Discipline Inspection and Supervision Team of the Guarantor.

**Cai Yong (蔡勇)**, aged 50, is Member of the Leading Party Member Group and Chief Financial Officer of the Guarantor. Mr. Cai is a senior economist with a master's degree. Mr. Cai previously held positions as Chief Financial Officer of China National Petroleum Corporation, Iraq Company, Chief Financial Officer of China National Petroleum Corporation, Middle East Company, Manager of the Finance, Taxation and Pricing Department of PetroChina Company Limited, Manager of the Treasury Department of PetroChina Company Limited, Manager of the Finance Department of China National Petroleum Corporation, Assistant General Manager of China National Petroleum Corporation and Chairman and Party Secretary of CNPC Capital Company Limited. Since April 2025, Mr. Cai has served as Chief Financial Officer of the Guarantor.

**Li Yonglin (李永林)**, aged 58, is Member of the Leading Party Member Group and Vice President of the Guarantor. Mr. Li is a professor-level senior engineer with a doctor's degree. He was appointed Vice President of Sinopec Maoming Petrochemical Company in March 2003. In July 2009, he was appointed

Chief of Preparatory Group for the Beihai Refining Off-Site Reconstruction Project. He was appointed President and Deputy Party Secretary of Sinopec Beihai Refining & Chemical Co., Ltd. in November 2011. He was appointed Vice President of Refining Division of Sinopec Corp. (Director General Level) in March 2015. He was appointed President and Deputy Party Secretary of Sinopec Tianjin Petrochemical Company, President of Sinopec Tianjin Company and Vice Chairman of SINOPEC SABIC Tianjin Petrochemical Co., Ltd. in December 2016. He was appointed Party Secretary of Sinopec Tianjin Petrochemical Company and Corporate Representative to Sinopec Tianjin Company for Sinopec Corp. in October 2019. He was appointed Assistant to the President of the Guarantor, servicing as President of Human Resource Department and Head of Organisational Department in July 2020. He was appointed Member of the Leading Party Member Group and Vice President of the Guarantor in November 2020.

**Lv Lianggong (吕亮功)**, aged 59, is Member of the Leading Party Member Group and Vice President of the Guarantor. Mr. Lv is a professor level senior engineer with a master's degree. In December 2001, he was appointed as Deputy Manager of Sinopec Jinan Company, in August 2008, he was appointed as Manager and Deputy Secretary of the CPC Committee of Sinopec Jinan Company, in December 2008, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Sinopec Jinan Company, in December 2016, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Anqing Petrochemical General Plant of the Group and General Manager of Sinopec Anqing Company, in July 2017, he was appointed to serve a temporary position as a member of the Standing Committee of the CPC Anqing Municipal Committee, in September 2018, he was appointed as the General Manager and Deputy Secretary of the CPC Committee of Sinopec Zhenhai Refining & Chemical Company, in December 2019, he was appointed as Representative and Secretary of the CPC Committee of Sinopec Zhenhai Refining & Chemical Company, in December 2020, he was appointed as Deputy Chief Economist, Director General of Organisation Department of Leading Party Member Group and President of Human Resource Department of the Guarantor, in June 2021, he was appointed as Deputy Chief Economist, Director General of Organisation Department of Leading Party Member Group, Director General of the Office of the Organisational Structure Establishment Committee of Leading Party Member Group and President of Human Resource Department of the Guarantor, in May 2022, he was elected as Supervisor of Sinopec Corp., in August 2022, he was appointed as a Member of the Leading Party Member Group and Vice President of the Guarantor.

**Niu Shuanwen (牛栓文)**, aged 50, is Member of the Leading Party Member Group and Vice President of the Guarantor. Mr. Niu is a professor-level senior engineer with a doctor's degree. In October 2018, he was appointed Vice President of Sinopec Shengli Oilfield Company. In May 2020, he was appointed President and Deputy Secretary of CPC Committee of Sinopec Shengli Petroleum Administration, and President of Sinopec Shengli Oilfield Company. In January 2022, he was appointed Executive Director and Secretary of CPC Committee of Sinopec Shengli Petroleum Administration, and Representative of Sinopec Shengli Oilfield Company. In June 2023, he was appointed Member of the Leading Party Member Group and Vice President of the Guarantor.

**Wan Tao (万涛)**, aged 57, is Member of the Leading Party Member Group and Vice President of the Guarantor. Mr. Wan is a professor-level senior engineer with a master's degree. In August 2012, he was appointed Deputy Managing Director of the Chemicals Department of Sinopec Corp. In January 2017, he was appointed President and Deputy Secretary of the CPC Committee of Sinopec Yizheng Chemical Fibre Company Limited and President of Yizheng Branch of Sinopec Assets Management Company Limited. In January 2018, he was appointed Executive Director and Secretary of the CPC Committee of Sinopec Yizheng Chemical Fibre Company Limited. In July 2022, he was appointed Chairman and Secretary of the CPC Committee of Sinopec Shanghai Petrochemical Company Limited. In March 2024, he was appointed Member of the Leading Party Member Group and Vice President of the Guarantor.

## DESCRIPTION OF SINOPEC CORP.

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the following:

- the exploration and production, pipeline transportation and sale of petroleum and natural gas;
- the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fibre, and other chemical products;
- the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies;
- research, development and application of technologies and information;
- hydrogen energy business and related services such as hydrogen production, storage, transportation and sales; and
- battery charging and swapping, solar energy, wind energy and other new energy business and related services.

The H shares and ADS representing H shares of Sinopec Corp. were simultaneously listed on the Hong Kong Stock Exchange (stock code: 0386), the New York Stock Exchange (stock code: SNP) and the London Stock Exchange (stock code: SNP) on 18 October 2000, and its A shares were listed on the Shanghai Stock Exchange (stock code: 600028) on 8 August 2001. As of the date of this Offering Circular, Sinopec Corp.'s ADS have been delisted from the New York Stock Exchange and the London Stock Exchange. Sinopec Corp. was awarded "Global Competitive Brands – Top 10 from China" by the International Data Group. As of the date of this Offering Circular, the equity interest held by the Guarantor, directly and indirectly, in Sinopec Corp. remains at 69.35 per cent. Sinopec Corp. accounted for approximately 76.1 per cent. of the Group's total assets as of 31 December 2024 and 98.0 per cent. of the Group's total revenue for the year ended 31 December 2024, according to the audited consolidated financial statements of Sinopec Corp. and of the Company prepared in accordance with PRC GAAP. For more information of Sinopec Corp., see Sinopec Corp.'s periodic reports filed with the Hong Kong Stock Exchange on <https://www.hkexnews.hk>. Sinopec Corp.'s periodic reports do not constitute part of this Offering Circular.

Further information about Sinopec Corp. can be found on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Information contained on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange does not form part of this Offering Circular. None of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the information contained in such third party websites. In addition, Sinopec Corp. was not involved in the preparation of this Offering Circular and has no obligation with respect to the Bonds.

## DESCRIPTION OF THE H SHARES

*The information included below is for information purposes only and is based on, or derived or extracted from, among other sources, publicly available information. The Issuer and the Guarantor have taken reasonable care in the compilation and reproduction of the information. However, none of the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them has independently verified such information. No representation or warranty, express or implied, is made or given by the Sole Lead Manager, the Trustee or the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of such information. Accordingly, such information should not be unduly relied upon.*

The Exchange Property shall comprise H Shares of Sinopec Corp. The H Share and A Shares of Sinopec Corp. have been listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange since 18 October 2000 and 8 August 2001, respectively. Information about Sinopec Corp. can be found on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Information contained on the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange does not form part of this Offering Circular. None of the Issuer, the Guarantor, the Sole Lead Manager, the Trustee, the Agents or any of their respective affiliates, officers, employees, agents, representatives, directors or advisers or any person who controls any of them accepts any responsibility for the information contained in such third-party websites. In addition, Sinopec Corp. was not involved in the preparation of this Offering Circular and has no obligation with respect to the Bonds.

### MARKET PRICE

For the closing prices and the daily trading volume of the H Shares on the Hong Kong Stock Exchange, please refer to the website of the Hong Kong Stock Exchange at [https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=386&sc\\_lang=en](https://www.hkex.com.hk/Market-Data/Securities-Prices/Equities/Equities-Quote?sym=386&sc_lang=en).

## EXCHANGE RATE INFORMATION

The PBOC sets and publishes daily a base exchange rate with reference primarily to the supply and demand of Renminbi against a basket of currencies in the markets during the prior day. The PBOC also takes into account other factors such as the general conditions existing in the international foreign exchange market. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong dollars and U.S. dollars, has been based on rates set by the PBOC, which are set daily based on the previous day's inter-bank foreign exchange market rates and current exchange rates in the world financial markets.

The PRC government has made further adjustments to the exchange rate system. The PBOC authorised the CFETS, effective since 4 January 2006, to announce the central parity exchange rate of certain foreign currencies against the Renminbi at 9:15 a.m. on each business day. This rate is set as the central parity for the trading against the Renminbi in the inter-bank foreign exchange spot market and the over the counter exchange rate for that business day. On 19 June 2010, the PBOC announced that in view of the recent economic situation and financial market developments in China and abroad, and the balance of payments situation in China, it has decided to proceed further with reform of the Renminbi exchange rate regime and to enhance the Renminbi exchange rate flexibility. According to the announcement, the exchange rate floating bands will remain the same as previously announced but the PBOC will place more emphasis on reflecting the market supply and demand with reference to a basket of currencies. On 11 August 2015, the PBOC adjusted the mechanism for market makers to form the central parity rate by requiring them to consider the closing exchange rate of the last trading date, the supply and demand of foreign exchange and the rate change at primary international currencies. On 11 December 2015, CFETS, a sub-institutional organisation of the PBOC, published the CFETS Renminbi exchange rate index for the first time which weighs the Renminbi based on 13 currencies, to guide the market in order to measure the Renminbi exchange rate from a new perspective. In December 2016, the CFETS announced that starting on 1 January 2017, the number of currencies in the CFETS currency basket will be increased to 24 from 13. The 11 currencies to be added, including the Korean won, the South African rand and the Mexican peso, will have a 21.09 per cent. weighting in the currency basket, while the U.S. dollar's weight in the basket will be reduced to 0.224 from 0.264. The PRC government may make further adjustments to the exchange rate system in the future.

Although PRC governmental policies were introduced in 1996 to reduce restrictions on the convertibility of the Renminbi into foreign currency for current account items, conversion of the Renminbi into foreign currency for capital items, such as foreign direct investment, loans or security, requires the approval of SAFE and other relevant authorities.

The table below sets forth for the periods indicated, certain information concerning the exchange rates between Renminbi and Hong Kong dollars which reflect the central parity rate published by CFETS as authorised by the PBOC.

Period	Exchange Rate			
	Period End	Average <sup>(1)</sup>	High	Low
		(RMB per HK\$1.00)		
2020 .....	0.84164	0.88874	0.91998	0.84139
2021 .....	0.81760	0.82933	0.84518	0.81432
2022 .....	0.89327	0.86279	0.92429	0.80638
2023 .....	0.90622	0.90109	0.92208	0.85624
2024 .....	0.92604	0.91221	0.92604	0.90112
2025				
January .....	0.92055	0.92298	0.92489	0.92044
February .....	0.92260	0.92157	0.92306	0.92021
March .....	0.92283	0.92293	0.92360	0.92242
April .....	0.92813	0.92783	0.92997	0.92257
May (through 9 May) .....	0.92764	0.92857	0.92903	0.92764

*Note:*

- (1) Determined by averaging the rates on the last business day of each month during the relevant year, except for monthly average rates, which are determined by averaging the daily rates during the respective months.

## PRC REGULATIONS

### OVERVIEW

China's petroleum and petrochemical industry has seen significant liberalisation in the past ten years. However, the exploration, production, marketing and distribution of crude oil and natural gas, as well as the production, marketing and distribution of certain refined oil products are still subject to regulation by many government agencies including:

#### National Development and Reform Commission

The NDRC is responsible for formulating and implementing key policies in respect of petroleum and petrochemical industry, including:

- formulating a guidance plan for annual production, import and export amount of crude oil, natural gas and gasoline nationwide based on its forecast on macroeconomic conditions in China;
- setting the pricing policy for refined oil and natural gas products;
- approving certain domestic and overseas resource investment projects which are subject to the NDRC's approval as required by the Catalogue of Investment Projects Approved by the Government (2016); and
- approving foreign investment-involved projects that are in excess of certain investment limits.

#### The Ministry of Commerce

The MOFCOM is responsible for examining, approving, record-filing of contracts allocating production quotas for oil and gas development within the PRC, Sino-foreign equity joint venture contracts and Sino-foreign cooperation joint venture contracts for oil and gas development within the PRC. It is also responsible for issuing quotas and licenses for import and export of crude oil and refined oil products.

In November 2010, the Group was approved by four Ministries including the MOFCOM to become one of the first trial enterprises to cooperate with international business partners and develop coal bed methane resources within the approved region (MOFCOM Circular 984 [2010]).

#### Ministry of Natural Resources

The Ministry of Natural Resources (the "MNR", former the ministry of Land and Resources, the "MLR") is responsible for approving, issuing and registering the licenses that are required to explore and produce crude oil and natural gas in China and approving the transfer of these exploration rights and production rights.

#### National Energy Administration

The National Energy Administration (the "NEA") is primarily responsible for the formulation of energy development plans and annual directive plans, approving major energy-related projects and facilitating the implementation of sustainable development of energy strategies, coordinating the development and utilisation of renewable energies and new energies, and organising matters relating to energy conservation and comprehensive utilisation as well as environmental protection for the energy industry.



## REGULATION OF EXPLORATION AND PRODUCTION

### Exploration and Production Rights

The PRC Constitution provides that all mineral and oil resources belong to the state. In 1986, the Standing Committee of the National People's Congress passed the Mineral Resources Law (amended in 1996, 2009 and 2024, respectively) which authorises the MNR to exercise administrative authority over the exploration and production of the mineral and oil resources within the PRC, including its territorial waters. The Mineral Resources Law and its supplementary regulations provide the basic legal framework under which exploration licenses and production licenses are granted.

On 22 September 2017, the geological survey qualification examination and approval is cancelled pursuant to the Decision of the State Council on Cancelling a Number of Administrative Licensing Items (No. 46 [2017] of the State Council). According to the Announcement of the Ministry of Land and Resources on Strengthening Post-event Supervision after Cancellation of Geological Exploration Qualification Approval published on 31 October 2017, after the cancel of the geological survey qualification examination and approval, MLR shall establish a national geological exploration information publicity platform, which shall be independently reported by the geological exploration unit, and its performance and exploration activities shall be updated regularly, and publicised to the public to provide services for investors to select geological exploration units. At the same time, the platform shall accept the supervision of the competent government departments and the society. Through the supervision and inspection of the government departments and social supervision, the geological exploration units that have verified the false information will be included in the anomaly list, and the geological exploration units that have verified the violations will be blacklisted. Geological exploration units that are included in the list of abnormalities and blacklists shall be subject to restrictions in accordance with the law in matters such as contracting financial funds projects and applying for mining rights.

### Incentives for Shale Gas Development

The NEA issued the *Shale Gas Industry Policy* (the “**Policy**”) on 22 October 2013, which classifies shale gas as a “national strategic new industry” and calls for more fiscal support for exploration and development of shale gas. In particular, subsidies should be given directly to a shale gas production company according to the amount of its shale gas development and utilisation. Local governments are also encouraged to provide subsidies to shale gas production companies, with the subsidy amount to be determined by local fiscal authorities. The Policy also reduces or waives compensatory fee for mineral resources, license and royalty fees for shale gas production companies. For encouraged projects like shale gas exploration and discovery, the policy waives customs duty for the imported equipment and machineries that cannot be manufactured domestically, in accordance with relevant regulations. The PRC government also proposed to implement tax incentive programs for shale gas exploration and discovery with respect to resource tax, value added tax and income tax, etc.

### Price Controls on Crude Oil

According to the Price Reform Plan of the Crude Oil and Refined Oil promulgated on 3 June 1998, the price of crude oil purchased and sold between the Petroleum and Natural Gas Group Corporation and the Petrochemical Group Company is determined through negotiation between the two parties. The basic principle of negotiation between the buyer and seller is that the cost of domestic onshore crude oil to reach the refinery is basically the same as the cost of imported crude oil to the plant. On 13 January 2016, the NDRC issued the Measures for Administration of Petroleum Products Price, which clearly stipulate that crude oil prices are subject to market-adjusted prices.

## Price Controls on Natural Gas

In June, 2013, the NDRC released the Circular on Adjustment of the Price of Natural Gas (Fa Gai Jia Ge [2013] No. 1246). Pursuant to the circular, a dynamic adjustment mechanism shall be established by linking prices of natural gas to the prices of alternative energy to reflect market demands. A reference ceiling price is set by the government bench-marked against city-gate price, and suppliers and buyers may determine the specific prices through negotiations below the price ceiling. The natural gas prices of stock gas and incremental gas shall be differentiated, and the price of incremental gas shall be adjusted in one-go to maintain a reasonable correlations with such alternative energies as fuel oil and liquefied petroleum gas (with the weight of 60 per cent. and 40 per cent.); stock gas shall refer to the 2012 actual consumption amount, the price of stock gas shall be adjusted step by step to be on par with the price of incremental gas. City-gate prices shall be applied to domestic onshore natural gas and imported pipeline natural gas. Control over the ex-factory prices of shale gas, coal-bed gas, and coal gas and the gas source price of liquefied natural gas shall be lifted and such prices shall be determined by both the supplier and the buyer through negotiation. Where it is necessary to transmit such gases in a mixed manner in long-distance pipelines and sell them together, the uniform city-gate price shall be implemented; where such gases are transmitted in a mixed manner in long-distance pipelines, but are sold separately, the gas source price shall be determined by the supplier and the buyer through negotiation and transportation expenses shall be paid to the pipeline transportation service provider at the pipeline transportation price as prescribed by the state.

In February 2015, with the goal of unifying stock gas and incremental gas prices, the NDRC released the Circular on Rationalising the Price of Non-Residential Natural Gas (Fa Gai Jia Ge [2015] No. 351), which calls for rationalising the price of non-residential natural gas, implementing pilot programs for price liberalisation of directly supplied gas for end-users. Based on the price fluctuation of the prices of alternative energies such as fuel oil and liquefied petroleum gas, and in accordance with the pricing mechanism of natural gas then in place, ceiling city-gate prices for incremental non-residential natural gas are decreased by RMB0.44 per cubic metre, the ceiling city-gate prices for stock gas are increased by RMB0.04 per cubic metre to unify gas prices. This circular was implemented from April 2015.

In November 2015, pursuant to the general guideline of furthering the price reform of resources products, the NDRC released the Circular on Adjustment of the City-Gate Price of Non-Residential Stock Natural Gas (Fa Gai Jia Ge [2015] No. 2688), in order to further liberalise the pricing of natural gas, replacing the reference ceiling price for city-gate prices of non-residential stock natural gas with a reference base rate, which is set at RMB700 below the reference ceiling price. With reference to the reference base rate, suppliers and buyers may determine the specific prices through negotiations below 120 per cent. of the reference base rate; to continue the existing subsidy programme for fertilizer gas price and the fertilizer gas price remains unchanged. This circular was implemented from November 2015.

In August 2017, pursuant to the reform of the supply side and the adjustment of value-added tax, the NDRC released the Circular on Adjustment of the Benchmark Price of Non-Residential Stock Natural Gas (Fa Gai Jia Ge Gui [2017] No. 1582), in order to implement the requirements of the supply side reform and with reference to the decrease of value-added tax, non-residential gas benchmark price was lowered by RMB0.1 per cubic metre, effective from 1 September 2017.

On 27 March 2019, the NDRC announced that the Gas Benchmark Price was adjusted accordingly to the adjustment of the value-added tax rate for natural gas sales, effective from 1 April 2019.

On 22 February 2020, the NDRC announced that, non-residential gas benchmark price shall be applied to the off-season policy ahead of schedule and be lowered to support enterprises to resume work and production, which was invalid on 30 June 2020.

On 3 March 2020, the NDRC released the Catalogue of Pricing by the Central Government, the city-gate prices of natural gas are deleted from the Catalogue and are not set by the central government in some competitive provinces and cities, effective from 1 May 2020.

On 1 July 2020, the NDRC announced that, the price of the natural gas transmission and distribution shall be in accordance with the principle of “the permitted cost plus the reasonable profit” and the upper limit of the rate of profit shall not exceed 7 per cent.

## **REGULATION OF PIPELINES NETWORKS**

According to the Measures for Regulation of Fair and Open Access to Oil and Gas Pipeline Networks (Trial) (NEA No. 84 [2014]) which expired in May 2019, pipeline and facility operators shall equally open pipeline networks and associated facilities to third parties and provide transportation, storage, gasification, liquefaction and compression and other services, if they have surplus capacity. The price for services is determined by the PRC pricing authorities. Operators are required to publish information in relation to access standards, service price, conditions and procedures for application regularly, through their own website or other platform recognised by the NEA. Operators should also report to the NEA or its local branches in relation to the status of the facilities, the delivery points, outstanding capacity and scheduled maintenance.

According to the Measures for Regulation of Fair and Open Access to Oil and Gas Pipeline Networks (Fa Gai Neng Yuan Gui No. 916 [2019]), which expired in May 2024, operators of the oil and gas pipeline facilities shall provide the oil and gas transportation, storage, gasification, loading and unloading, transshipment and other services without discrimination to all users who meet the conditions for access (“**Qualified Users**”). Operators shall not refuse to enter, or delay entering, service contracts with the Qualified Users without justification, or have unreasonable requirements thereunder. Where the prices for services are determined or guided by the relevant pricing authorities, operators shall charge the users in accordance with the prescribed price policies; while where market-oriented pricing regime is adopted, the service price shall be determined by contracting parties through consultation. Operators will be required to publish information in relation to access standards, service price, conditions and procedures for application, regularly through their own website or other platforms as recognised by the NEA. Operators should also report to the NEA or its local branches in relation to the status of the facilities, the delivery points, outstanding capacity and scheduled maintenance.

In June 2021, the NDRC issued the Interim Provisions for Management Measures of Natural Gas Pipeline Transmission Prices (Provisional) and the Interim Provisions for Supervision and Review of Natural Gas Pipeline Transmission Cost (Provisional), which became effective on 1 January 2022, further clarified and refined the pricing principles, methods, procedures, cost components and approval methods for cross-provincial natural gas pipeline transport prices. The provisions stipulate that (1) the pricing method shall follow the principle of “permitted cost plus reasonable income” and the method and procedures for determining and adjusting prices and the related core indexes such as permitted income rate and load rate are also defined; (2) it is required that independent accounting should be conducted in respect of the natural gas transportation business with the related costs to be calculated separately, and the standards for determining the major indexes constituting costs are also defined; and (3) appropriate public disclosure of cost related information is required.

## REGULATION OF REFINING AND MARKETING OF REFINED OIL PRODUCTS

### Volume and Price Controls on Gasoline Diesel and Jet Fuels

The PRC government continues to exercise control over the prices of gasoline, diesel and jet fuels.

According to the *Notice on Implementing Reforms on Prices of Refined Oil Products and Tax* promulgated by the State Council on 18 December 2008 and the *Measures for Administration of Petroleum Products Price* issued by the NDRC on 13 January 2016, the sale price for refined oil products in the PRC market shall be adjusted with reference to international crude oil price fluctuations, subject to governmental control. Pursuant to the provisions, the NDRC sets the maximum retail price and the provincial price bureaus have the authority to set the maximum wholesale prices for gasoline and diesel. As a principle, the maximum retail price for gasoline and diesel in the Chinese market shall be decided with reference to the international crude oil price plus the average domestic processing costs, tax levies, reasonable sales and marketing expenses and appropriate profit. Gasoline and diesel prices shall be adjusted once every 10 business days according to the changes in crude oil prices on the international market. Price adjustments shall come into effect at 24:00 on the date when such adjustments are announced. If the international crude oil prices experience sustained increase or radical fluctuation, the price of refined oil products, including gasoline and diesel products, will be controlled by the government to reduce the oil price fluctuation impact upon the PRC market. On 16 September 2013, a Circular of Relevant Opinions on Price Policies for Upgrading Oil Quality was promulgated by the NDRC, pursuant to which the upper limit of the prices for automotive gasoline and diesel that meet the National IV standards and National V standards can be raised respectively.

On 15 February 2015, the NDRC released the Notice on Market-oriented Reform on Ex-factory Price of the Jet Fuels (Fa Gai Jia Ge [2015] No. 329). Pursuant to the Notice, the NDRC no longer releases the import parity price for jet fuels in the Singapore market. The price of jet fuels shall still be determined by buyers and sellers without a cap. However, when supplying jet fuels for General Logistics Department of the Chinese People's Liberation Army, the price shall still be the import parity price in the Singapore market.

On 8 May 2019, the Civil Aviation Administration of China issued the *Implementing Opinions on Overall Promotion of Civil Aviation Cost Reduction*. Pursuant to the Opinions, the Civil Aviation Administration of China implement the policy adjustment of reducing the national VAT tax rate from 16 per cent. to 13 per cent. and reduce the price gap between cost price and sale price of jet fuel. At the same time, the Civil Aviation Administration of China also announced that it would closely focus on reducing the cost of enterprises, and carry out supervision on determining the cost for pricing of the air traffic control fees and the price gap between cost price and sale price of jet fuel.

## REGULATION OF CRUDE OIL AND REFINED OIL PRODUCTS MARKET

On 4 December 2006, the Ministry of Commerce of the PRC promulgated the *Administrative Rules for Crude Oil Market and Administrative Rules for Refined Oil Products Market*, which was amended on 28 October 2015 and invalid on 1 July 2020 to open the wholesale market of crude oil and refined oil products to new market entrants, respectively, and expired on 1 July 2020. Foreign enterprises' rapid entrance into Chinese petroleum and chemical products markets may change the current market status for petroleum and chemical products market.

On 26 March 2013, the NDRC announced adjustments to the existing refined oil pricing mechanism, which included, among other things, (i) shortening the price adjustment period from 22 business days to 10 business days; (ii) lifting the 4 per cent. downward and upward fluctuation cap of the price adjustments; (iii) adjusting the composition of domestic benchmark crude oil types in response to changes of types of imported crude oil and crude oil trading in the overseas market. Under certain extreme circumstances, such as sharp rises in domestic inflation or dramatic fluctuations of international crude oil prices, the NDRC may issue additional procedural guidelines, such as implementing ad hoc suspension or delay of price adjustments upon the approval by the State Council.

On 13 January 2016, the NDRC announced further adjustments to the refined oil pricing mechanism, which included, among other things, (i) set up the minimum adjusted price for refined oil which is U.S.\$40 per barrel, (ii) establish a risk reserve for oil price adjustments, (iii) lift the control on the factory price of liquefied petroleum gas, (iv) simplify the procedures on adjusting the refined oil price.

On 16 August 2019, the General Office of the State Council released the Opinions on Accelerating the Development of Circulation Industry and Promoting Consumer Spending (Guo Ban Fa [2019] No. 42) to adopt certain methods to expand the market access of refined oil industry, such as (i) to cancel the approval procedure for qualification for wholesale and storage operation of refined oil products; (ii) to delegate the approval authority of qualification for retail operation of refined oil products to the prefectural (municipal) people's governments; and (iii) to strengthen the interim and ex-post supervision of the circulation of refined oil products and the implementation of security protection measures. The rural areas below township level that meet certain conditions may use the existing collective construction land to build petrol service stations, gas service stations, or electric recharge stations and may expand consumer market of refined oil products.

## INVESTMENT

Under the State Council's Decision on Investment System Reform, investments without the use of government funds are only subject to a licensing system or a registration system, as the case may be. Under the current system, only significant projects involved in the Catalogue of Investment Projects Approved by the Government (2016) are subject to approval so as to maintain social and public interests. The scope to which the government approval system is applicable shall be observed and adjusted where necessary. All other projects of any investment scale are only subject to a registration system.

Pursuant to the Measures for the *Administration of Overseas Investment of Enterprises* (No. 11 of NDRC) issued by the NDRC on 26 December 2017 and effective as of 1 March 2018, projects subject to approval are sensitive projects to be carried out by investors either directly or through overseas enterprises controlled thereby and the approval authority is NDRC. Projects subject to filing are non-sensitive projects directly carried out by investors, namely the non-sensitive projects involving the direct investment of assets and equities or the provision of financing or guarantees. For a project requiring filing, the authority in charge of filing is (i) NDRC, if the investor is a centrally administered enterprise (a centrally administered financial enterprise or an enterprise directly subordinate to the administration by the State Council or its subordinate organ, the same below); (ii) NDRC, if the investor is a local enterprise and the amount of Chinese investment is U.S.\$0.3 billion or above; and (iii) the provincial development and reform authority at the place where the investor is registered, if the investor is a local enterprise and the amount of Chinese investment is less than U.S.\$0.3 billion.

On 7 January 2017, the SASAC issued the *Measures for the Supervision and Administration of the Outbound Investment by Central Enterprises* (“**Outbound Investment Measures**”) to strengthening the supervision and administration of the outbound investment by central enterprises, which shall refer to State-funded enterprises in which the SASAC performs the responsibilities of an investor on behalf of the State Council. Under the Outbound Investment Measures, The SASAC shall formulate a negative list of outbound investment projects by central enterprises; regulate such projects in a classified manner. Where an outbound investment project is classified as being subject to special regulation under the negative list, a central enterprise shall submit the said project to the SASAC for going through the procedures of review and control in the capacity as an investor after central enterprise decision-making procedures but before submitting documents to relevant State departments for the first time.

In accordance with the Administrative Measures for Overseas Investments issued by the MOFCOM, overseas investments involving sensitive countries (regions) and sensitive shall be approved by the MOFCOM. All other investments shall be filed with the MOFCOM.

Pursuant to the Anti-Monopoly Law of the PRC which became effective on August 1, 2008 and amended on 24 June 2022, when market concentration by business carriers through merger, acquisition of control through shares or assets acquisition, or acquisition of control or the ability to exercise decisive influence over other business carriers by contract or by other means reaches a threshold of declaration level prescribed by the State Council, the business carriers shall declare in advance to the Anti-monopoly Law enforcement agency; otherwise, the business carriers shall not implement such market concentration. In addition, even if the market concentration does not meet the prescribed threshold of declaration level, if there is evidence to prove that the concentration has or may have the effect of excluding or restricting competition, the anti-monopoly enforcement agency of the State Council may require the business carriers to make a declaration.

On 19 December 2020, the NDRC and the MOFCOM jointly issued the *Measures for the Security Review of Foreign Investments* (“**Foreign Investment Measures**”), pursuant to which any investment made directly or indirectly by a foreign investor within China that is deemed to have impacted or may impact the national security of China will be subject to a security review through a foreign investment security review regime. A special office under the joint purview of NDRC and MOFCOM will be responsible for organising, coordinating and directing the security review work. The Foreign Investment Measures will come into effect on 18 January 2021.

## **TAXATION, FEES AND ROYALTIES**

Companies which operate petroleum and petrochemical businesses in China are subject to a variety of taxes, fees and royalties.

Effective from 1 December 2014, the rate of mineral resource compensation charges on crude oil and natural gas is reduced to zero, and the applicable resource tax rate is correspondingly increased from 5 per cent. to 6 per cent.

Effective from 1 January 2015, the threshold of the special oil income levy is increased from U.S.\$55 to 65 per barrel, and a five-level progressive rate is applied to special oil income levy collection based on the sale prices.

From 29 November 2014 to 12 January 2015, the unit tax amount of consumption tax on gasoline, naphtha, solvent and lubricant have been adjusted three times and the current applicable consumption tax rates are set forth in the table below.



On 23 March 2016, the Ministry of Finance and the SAT jointly issued the Circular of Full Implementation of Business Tax to Value-added Tax Reform, which provides that effective from 1 May 2016, value-added tax completely replaced business tax to cover all the business sectors that used to fall under the business tax regime.

In April 2017, the State Council issued a notice to implement the reform of the existing mineral resources income levy system, in which the existing license fees of exploration rights and production rights will be integrated into mining rights occupancy fees, and will be dynamically adjusted based on the changes in mineral product prices and economic development needs. Collection methods and standards have not yet been released.

The Environmental Protection Tax Law was promulgated on 25 December 2016 and effective as of 1 January 2018, which was amended on 26 October 2018. According to Environmental Protection Tax Law, the enterprises, public institutions and other producers/operators that discharge taxable pollutants directly to the environment within the territorial areas of PRC and other sea areas under the jurisdiction of the PRC are the taxpayers of environmental protection tax and shall pay such tax in accordance with the provisions of this Law, and the air pollutants, water pollutants, solid wastes and noise stipulated in the Table of Items and Amounts of Environmental Protection Tax and the Table of Taxable Pollutants and Equivalent Values annexed to the Environmental Protection Tax Law are the taxable pollutants.

On 22 September 2017, the geological survey qualification examination and approval is cancelled pursuant to the Decision of the State Council on Cancelling a Number of Administrative Licensing Items (No. 46 [2017] of the State Council). According to the Announcement of the Ministry of Land and Resources on Strengthening Post-event Supervision after Cancellation of Geological Exploration Qualification Approval published on 31 October 2017, after the cancel of the geological survey qualification examination and approval, MLR shall establish a national geological exploration information publicity platform, which shall be independently reported by the geological exploration unit, and its performance and exploration activities shall be updated regularly, and publicised to the public to provide services for investors to select geological exploration units. At the same time, the platform shall accept the supervision of the competent government departments and the society. Through the supervision and inspection of the government departments and social supervision, the geological exploration units that have verified the false information will be included in the anomaly list, and the geological exploration units that have verified the violations will be blacklisted. Geological exploration units that are included in the list of abnormalities and blacklists shall be subject to restrictions in accordance with the law in matters such as contracting financial funds projects and applying for mining rights.



## **TAXATION**

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any Bondholder or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### **BRITISH VIRGIN ISLANDS**

The Issuer is exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

Payments of principal, premium or interest in respect of the Bonds to persons who are not resident in the British Virgin Islands are not subject to British Virgin Islands tax or withholding tax.

Capital gains realised with respect to the Bonds by persons who are not persons resident in the British Virgin Islands are also exempt from all provisions of the Income Tax Ordinance of the British Virgin Islands.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the British Virgin Islands with respect to the Bonds.

All instruments relating to transactions in respect of the Bonds are exempt from payment of stamp duty in the British Virgin Islands. This assumes that the Issuer does not hold an interest in real estate in the British Virgin Islands.

### **HONG KONG**

#### **Withholding Tax**

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

#### **Profits Tax**

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;

- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, with effect from 1 January 2024, pursuant to various foreign-sourced income exemption legislation in Hong Kong (the “**FSIE Amendments**”), certain specified foreign-sourced income (including interest, dividend, disposal gain or intellectual property income, in each case, arising in or derived from a territory outside Hong Kong) accrued to an MNE entity (as defined in the FSIE Amendments) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The FSIE Amendments also provide for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

## **Stamp Duty**

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

Hong Kong stamp duty is payable by the purchaser on every purchase, and by the seller on every sale of Hong Kong stock, including the transfer of the H Shares to the holder of the Bonds upon the exchange. The duty is charged at the ad valorem rate of 0.1 per cent. of the consideration for, or (if greater) the value of, the H Shares transferred to or from each of the seller and the purchaser. In other words, a total of 0.2 per cent. is currently payable on a typical transfer (i.e. sale and purchase transaction) of H Shares. In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a sale or purchase of H Shares is effected by a person who is not resident in Hong Kong and any stamp duty payable on the instrument of transfer is not paid, the relevant instrument of transfer (if any) is chargeable with such duty, together with the stamp duty otherwise chargeable thereon and the transferee is liable to pay such duty.

If stamp duty is not paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

## PRC

### Income Tax

The following summary describes the principal PRC tax consequences of ownership of the Bonds by beneficial owners who, or which, are not residents of mainland China for the PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “*Taxation – PRC*” section. In considering whether to invest in the Bonds, investors should consult their individual tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction. Reference is made to PRC taxes from the taxable year beginning on or after 1 January 2008.

Under the EIT Law, an enterprise established outside the PRC with a “de facto management body” within the PRC is deemed a “resident enterprise”, meaning that it can be treated in a manner similar to a PRC enterprise for enterprise income tax purposes, although dividends paid from one resident enterprise to another may qualify as “tax-exempt income”. The implementing rules of the EIT Law define “de facto management” as “substantial and overall management and control over the production and operations, personnel, accounting, and properties” of the enterprise. Notice on Issues Concerning the Determination of Chinese-Controlled Enterprises Registered Overseas as Resident Enterprises on the Basis of Their Bodies of Actual Management, issued by the SAT on 22 April 2009 provides that a foreign enterprise controlled by a PRC company or a PRC company group will be classified as a “resident enterprise” with a “de facto management body” located within the PRC if all of the following requirements are satisfied at the same time: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders’ meetings are located or kept within the PRC; and (iv) more than half of the enterprise’s directors with voting rights or senior management habitually reside within the PRC.

If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of the PRC, the Issuer may be deemed as a PRC resident enterprise for the purpose of the EIT Law and be subject to the PRC enterprise income tax at the rate of 25 per cent. in respect of its global income. As of the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC resident enterprise for the purpose of the EIT Law. As such, non-PRC enterprise holders of the Bonds will not be subject to withholding tax, income tax or any other taxes or duties (including stamp duty) imposed by any governmental authority in the PRC in respect of the holding of the Bonds or any repayment of principal and payment of interest made thereon by the Issuer. However, there is no assurance that the Issuer will not be treated as a PRC resident enterprise under the EIT Law and related implementation regulations in the future.

Under the EIT Law and the implementation regulations thereunder, PRC enterprise income tax at a rate of 10 per cent. is normally applicable to PRC-sourced income of non-resident enterprises without establishment within the PRC or whose income has no actual connection to its establishment within the PRC, subject to adjustment by applicable treaty. The EIT Law’s implementation regulations further set forth that interest income is viewed as PRC-sourced income if the enterprise that pays interest is located in the PRC. If the Issuer is deemed a PRC resident enterprise for tax purposes, interest paid to non-PRC Bondholders may be regarded as PRC-sourced and therefore be subject to PRC enterprise income tax at the rate of up to 10 per cent. Accordingly, in the event that the Issuer is deemed to be a PRC resident enterprise by the PRC tax authorities in the future, the Issuer will be required to withhold income tax from

the payments of interest in respect of the Bonds to any non-PRC enterprise Bondholder. Similarly, an individual income tax at the rate of 20 per cent. will apply if the interest income is viewed as PRC-sourced income, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. However, despite the potential withholding of PRC tax by the Issuer, the Issuer has agreed to pay any additional amounts to holders of the Bonds so that holders of the Bonds would receive the full amount of the scheduled payment, as further set out in the “*Terms and Conditions of the Bonds*”.

In addition, given the fact that the Guarantor is a PRC tax resident enterprise under the EIT Law and, in the event that the Guarantor is required to fulfil its obligations under the Guarantee by making interest payments on behalf of the Issuer, such interest payments under the Guarantee may be considered to be derived from sources within the PRC. In such case, the Guarantor may be obliged to withhold PRC tax at a rate of 10 per cent. on such payments to non-resident enterprise holders of the Bonds and 20 per cent. for non-resident individual holders of the Bonds. To the extent that the PRC has entered into arrangements relating to the avoidance of double-taxation with any jurisdiction, such as Hong Kong, which allows a lower rate of withholding tax, such lower rate may apply to qualified holders of the Bonds. Repayment of the principal will not be subject to PRC withholding tax.

Non-PRC Bondholders will not be subject to the PRC tax on any capital gains derived from a sale or exchange of Bonds consummated outside mainland China between non-PRC Bondholders, except however, if the Issuer is treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future, any gain realised by the non-PRC Bondholders from the transfer of the Bonds may be regarded as being derived from sources within the PRC and accordingly would be subject to PRC withholding tax at a rate of 20 per cent. (for non-resident individuals) and 10 per cent. (for non-resident enterprises), subject to the application of any relevant income tax treaty that the PRC has entered into.

No PRC stamp duty will be imposed on non-PRC Bondholders either upon issuance of the Bonds or upon a subsequent transfer of Bonds.

### **Value Added Tax**

On 23 March 2016, the MOF and the SAT jointly issued Circular 36 which provides that all business tax payers are included into the pilot programme to pay VAT from 1 May 2016.

According to Circular 36, entities and individuals providing the services within PRC shall be subject to VAT. The services are treated as being provided within PRC where either the service provider or the service recipient is located in PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the interpretation of “loans” under Circular 36, the issuance of Bonds may be treated as the holders of the Bonds providing loans to the Issuer, which thus shall be regarded as the provision of financial services. If the PRC tax authorities take the view that the Bondholders are providing financial services within the PRC, the Bondholders shall be subject to VAT at the rate up to 6 per cent. when receiving the interest payments under the Bonds from the Issuer. In the event that the Guarantor is required to discharge its obligation under the Guarantee, the interests of the Bonds shall be subject to the VAT at the rate up to 6 per cent. considering the Guarantor is located in the PRC. Furthermore, if the Issuer or the Guarantor pays interest income to Bondholders who are located outside the PRC, the Issuer (if VAT applicable) or the Guarantor, acting as the obligatory withholder in accordance with applicable law, shall withhold VAT from the payment of interest income to Bondholders who are located outside of the PRC.

Where a holder of the Bonds who is an entity or individual located outside of the PRC resells the Bonds to an entity or individual located outside of the PRC and derives any gain, since neither the service provider nor the service recipient is located in the PRC, theoretically Circular 36 does not apply and the Issuer does not have the obligation to withhold the VAT or the local levies. However, there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located within the PRC, and the above disclosure may be subject to further change upon the issuance of further clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of the Circular 36.

## **Taxation of the H Shares**

### ***Taxation of Dividends on H Shares***

According to the Notice Regarding Questions on Withholding Enterprise Income Tax When PRC Resident Enterprises Distribute Dividends to Overseas Non-resident Enterprise Shareholders of H Shares (Guoshuihan [2008] No. 897) (关于中国居民企业向境外H股非居民企业股东派发股息代扣代缴企业所得税有关问题的通知(国税函[2008]897号)) issued by the SAT, which became effective on 6 November 2008, PRC issuers should withhold enterprise income tax at a rate of 10 per cent. when they distribute dividends to non-resident enterprise shareholders of H shares. Non-resident enterprise investors in H Shares can file an application with the PRC tax authorities to apply any tax treatments in accordance with applicable tax agreements (or arrangements). Such investors will be required to provide materials proving that they are the beneficial owners that meet the requirements of any such tax treatments.

According to the PRC Individual Income Tax Law (the “**PRC IIT Law**”) as amended, and its implementation rules, dividends paid by PRC companies to individual shareholders are generally subject to a PRC withholding tax levied at a flat rate of 20 per cent. Pursuant to the Notice on Matters Concerning the Levy and Administration of Individual Income Tax following the Repeal of Guo Shui Fa [1993] No. 45 (Guo Shui Han [2011] No. 348) (国家税务总局关于国税发[1993]045号文件废止后有关个人所得税征管问题的通知(国税函[2011]348号)) issued by the SAT, if a domestic non-foreign-invested enterprise issues its shares in Hong Kong, its non-PRC resident individual shareholders may be entitled to preferential tax treatments in accordance with the applicable tax treaties and arrangements. Generally, the distribution of dividends by a domestic non-foreign-invested enterprise whose shares are issued and listed in Hong Kong is subject to a withholding individual income tax of 10 per cent. and there is no need to apply to the PRC tax authorities to qualify for this rate. If the tax rate specified in the relevant tax treaty or arrangement is lower than 10 per cent., an individual shareholder who receives dividends may apply to the PRC tax authorities for a refund of the excess amount withheld. In accordance with the PRC laws, if an individual shareholder is a resident of a country which has entered into a tax treaty with the PRC and the agreed tax rate is higher than 10 per cent. but lower than 20 per cent., his dividend will be subject to income tax at the agreed tax rate. If an individual shareholder is a resident of a country which has not entered into a tax treaty with the PRC, his dividend will be subject to income tax at a tax rate of 20 per cent. The Issuer will withhold tax from any dividend payment at the applicable tax rate (which may be higher than 10 per cent. if the relevant individual shareholders and the tax rate applicable to such shareholder can be identified by the Issuer).

### ***Taxation of Capital Gains related to transfer of H Shares***

According to the EIT Law and its implementation rules, a non-resident enterprise without an establishment within the PRC or whose income has no actual connection to its establishment inside the PRC is generally subject to enterprise income tax at a rate of 10 per cent. with respect to its PRC-sourced income, including the gains derived from the disposal of equity interests in a PRC enterprise. Such tax may be reduced or eliminated under applicable tax treaties.

According to the PRC IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20 per cent. on gains realised on the sale of equity interests in PRC resident enterprises. Under the Circular Declaring that Individual Income Tax Continues to Be Exempted over Income of Individuals from Transfer of Shares (Cai Shui Zi [1998] No. 61) (财政部、国家税务总局关于个人转让股票所得继续暂免征收个人所得税的通知(财税字[1998]61号)) issued by the MOF and the SAT on 30 March 1998, from 1 January 1997, income of individuals from the transfer of shares in listed enterprises continues to be exempted from individual income tax. After the latest amendment to the PRC IIT Law, the SAT has not explicitly stated whether it will continue to exempt individual income tax on income derived by individuals from the transfer of listed shares. However, on 31 December 2009, the MOF, the SAT and the CSRC jointly issued the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2009] No. 167) (关于个人转让上市公司限售股所得征收个人所得税有关问题的通知(财税[2009]167号)) and on 10 November 2010, the aforementioned authorities issued the Supplementary Notice of the Circular on Related Issues on Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (Cai Shui [2010] No. 70) (关于个人转让上市公司限售股所得征收个人所得税有关问题的补充通知(财税[2010]70号)), which provides that individuals' income from transferring listed shares on certain domestic exchanges generally will continue to be exempted from the individual income tax. The aforementioned provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on gains from the sale of shares of PRC resident enterprises listed on overseas stock exchanges, and also there is no assurance that the PRC tax authorities will not change these practices, which could result in levying income tax on non-PRC resident individuals on gains from the sale of H shares.

### ***Tax Arrangements and Treaties***

According to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (内地和香港特别行政区关于对所得避免双重征税和防止偷漏税的安排) with respect to taxes on income, the PRC tax authorities may impose tax on dividends payable by a PRC company to a Hong Kong resident, but such tax shall not exceed 10 per cent. of the gross amount of dividends payable, and in the case where a Hong Kong resident beneficially owns at least 25 per cent. equity interest in a PRC company, such tax shall not exceed 5 per cent. of the gross amount of dividends payable by the PRC company.



## SUBSCRIPTION AND SALE

The Issuer and the Guarantor have entered into a subscription agreement with Goldman Sachs (Asia) L.L.C. as the Sole Lead Manager dated 13 May 2025 (the “**Subscription Agreement**”) pursuant to which, and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Sole Lead Manager, and the Sole Lead Manager has agreed to subscribe and pay for the aggregate principal amount of the Bonds (being HK\$7,750,000,000).

Each of the Issuer and the Guarantor has agreed in the Subscription Agreement that, unless as otherwise agreed, the Issuer, the Guarantor and any persons acting on any of their behalf will not, and each of the Issuer and the Guarantor will procure that neither Sinopec Corp. nor any of their respective subsidiaries nor any person acting on its behalf will, for a period from the date of the Subscription Agreement up to 90 days after the Issue Date, without the prior written consent of the Sole Lead Manager (a) issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible or exchangeable into or exercisable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Sole Lead Manager between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive); except for the Bonds and the H Shares delivered on exchange of the Bonds and any Shares issued pursuant to the Share Schemes.

The Subscription Agreement provides that the Issuer and the Guarantor will jointly and severally indemnify the Sole Lead Manager and its affiliates against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Sole Lead Manager are subject to certain conditions precedent and entitles the Sole Lead Manager to terminate it in certain circumstances prior to payment being made to the Issuer.

The Sole Lead Manager and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities (“**Banking Services or Transactions**”). The Sole Lead Manager and its affiliates may have, from time to time, performed, and may in the future perform, various Banking Services or Transactions with the Issuer and the Guarantor for which they have received, or will receive, fees and expenses.

In connection with the offering of the Bonds, the Sole Lead Manager and/or its affiliates, or affiliates of the Issuer or the Guarantor, may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer or the Guarantor, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the offering of the Bonds should be read as including any offering of the Bonds to the Sole Lead Manager and/or its affiliates, or affiliates of the Issuer or the Guarantor as investors for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any applicable legal or regulatory requirements. If such transactions occur, the trading price and liquidity of the Bonds may be impacted.



Furthermore, it is possible that a significant proportion of the Bonds may be initially allocated to, and subsequently held by, a limited number of investors. If this is the case, the trading price and liquidity of trading in the Bonds may be constrained. The Issuer, the Guarantor and the Sole Lead Manager are under no obligation to disclose the extent of the distribution of the Bonds amongst individual investors, otherwise than in accordance with any applicable legal or regulatory requirements.

In the ordinary course of their various business activities, the Sole Lead Manager and its affiliates make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the Issuer and/or the Guarantor, including the Bonds and the H Shares and could adversely affect the trading price and liquidity of the Bonds and/or the H Shares. The Sole Lead Manager and its affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds, H Shares or other financial instruments of the Issuer or the Guarantor, and may recommend to their clients that they acquire long and/or short positions in the Bonds, H Shares or other financial instruments of the Issuer or the Guarantor.

**Notice to capital market intermediaries and prospective investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to CMIs (including private banks):** This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). The Sole Lead Manager is also acting as OC for this offering and is subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, the Guarantor, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the Guarantor, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, the Guarantor or any CMI (including its group companies) and inform the Sole Lead Manager accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to the Sole Lead Manager when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer or the Guarantor. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Sole Lead Manager (who is in control of the order book) should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Sole Lead Manager (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to SyndicateExecutionHK@ny.email.gs.com.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to the Sole Lead Manager; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to the Sole Lead Manager. By submitting an order and providing such information to the Sole Lead Manager, each CMI (including private banks) further warrants that it and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by the Sole Lead Manager and/or any other third parties as may be required by the SFC Code, including to the Issuer, the Guarantor, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Sole Lead Manager may be asked to demonstrate compliance with its obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the Sole Lead Manager with such evidence within the timeline requested.

## GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

## UNITED STATES

The Bonds, the Guarantee and the H Shares to be delivered upon exchange of the Bonds have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Sole Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Bonds, the Guarantee or the H Shares to be delivered upon exchange of the Bonds (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Bonds, the Guarantee or the H Shares to be delivered upon exchange of the Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds, the Guarantee or the H Shares to be delivered upon exchange of the Bonds, as the case may be, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds and the Guarantee are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Bonds and the Guarantee, an offer or sale of the Bonds, the Guarantee or the H Shares to be delivered upon exchange of the Bonds within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

## PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

## **PROHIBITION OF SALES TO UK RETAIL INVESTORS**

The Sole Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## **UNITED KINGDOM**

The Sole Lead Manager has represented and agreed that:

- (i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## **HONG KONG**

The Sole Lead Manager has represented and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **PRC**

The Sole Lead Manager has represented and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan Region), except as permitted by applicable laws of the People's Republic of China.

## **SINGAPORE**

The Sole Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

## **BRITISH VIRGIN ISLANDS**

The Sole Lead Manager has represented, warranted and agreed that no offer has been made directly or indirectly to any person or to the public in the British Virgin Islands to purchase or subscribe for any of the Bonds and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the British Virgin Islands, except as otherwise permitted by the British Virgin Islands laws.

This Offering Circular does not constitute, and there will not be, an offering of the Bonds to any person in the British Virgin Islands.

## **JAPAN**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, the Sole Lead Manager has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **SUMMARY OF CERTAIN DIFFERENCES BETWEEN PRC GAAP AND IFRS**

*The consolidated financial statements of the Guarantor included in this Offering Circular have been prepared and presented in accordance with PRC GAAP. PRC GAAP are substantially in line with IFRS, except for certain modifications that still exist between PRC GAAP and IFRS, which might be relevant to the financial information of the Group included herein.*

*The following is a general summary of certain differences between PRC GAAP and IFRS as applicable to the Group. The differences identified below are limited to those significant differences that are appropriate to the Group's financial statements. The Guarantor is responsible for preparing the summary below. Since the summary is not meant to be exhaustive, there can be no assurance regarding the completeness of the summary. The Guarantor has not prepared a complete reconciliation of the consolidated financial information and related footnote disclosure between PRC GAAP and IFRS and has not quantified such differences. Had any such quantification or reconciliation been undertaken by the Guarantor, other potentially significant accounting and disclosure differences may be required that are not identified below. Additionally, no attempt has been made to identify possible future differences between PRC GAAP and IFRS as a result of prescribed changes in accounting standard. Regulatory bodies that promulgate PRC GAAP and IFRS have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify future differences between PRC GAAP and IFRS that may affect the financial information as a result of transactions or events that may occur in the future. Accordingly, no assurance is provided that the following summary of differences between PRC GAAP and IFRS is complete.*

*In making an investment decision, investors must rely upon their own examination of the Group, the terms of the offering and other disclosure contained herein. Investors should consult their own professional advisers for an understanding of the differences between PRC GAAP and IFRS and/or between PRC GAAP and other generally accepted accounting principles, and how those differences might affect the financial information contained herein.*

### **SHARE REFORM SCHEME COST**

In 2004, PRC listed companies under state control started to implement share reform schemes by encouraging holders of publicly tradable shares to allow non-publicly tradable shares to convert into tradable shares. One of the common ways to achieve this purpose is to pay cash directly to the holders of publicly tradable shares. Under PRC GAAP, such a payment is capitalised as the cost of long-term equity investments, financial assets held for trading or other equity instrument investments, as appropriate.

Under IFRS, such a payment is not allowed to be capitalised and, accordingly, a GAAP difference may be noted.

### **PROVISION FOR FUTURE DEVELOPMENT FUND AND WORK SAFETY COST**

Under PRC GAAP, in accordance with relevant regulations of the Chinese authorities, the Group has to accrue special reserves such as future development funds and work safety cost, which are presented as cost of expenses of the period and the amount that has been accrued, are presented in special reserve of owner's equity. Work safety cost, which belongs to cost of expenses, directly offset the special reserves. The accrued work safety reserve, which is used by enterprises and used to form fixed assets, shall be charged as "construction in progress", and recognised as a fixed asset upon the project being completed and reaching the expected operational standard. Meanwhile, the special reserves are offset in accordance with the cost of fixed asset formation, while the equivalent amount of accumulated depreciation is recorded. The fixed asset so formed shall cease to accrue depreciation in the following periods.

Pursuant to the IFRS, these expenditures should be recognised when incurred. Relevant capital expenditures are recognised as part of cost of non-current assets when they are incurred and depreciated according to the respective depreciation policy. The differences between the above mentioned standards give rise to differences in deferred tax.

## **GOVERNMENT GRANT**

Under PRC GAAP, an assets-related government grant is only required to be recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset.

However, under IFRS, such assets-related government grants are allowed to be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Under PRC GAAP, the relocation compensation directly allocated from the government's fiscal budget for public interests is required to be recognised as special payables. The income from compensation attributable to losses of fixed assets and intangible assets, related expenses, losses from production suspension incurred during the relocation and reconstruction period and purchases of assets after the relocation shall be transferred from special payables to deferred income and accounted for in accordance with the government grants standard. The surplus reached after deducting the amount transferred to deferred income shall be recognised in capital reserve.

Under IFRS, if an entity relocates for reasons of public interests, the compensation received shall be recognised in profit and loss.

## **REVERSAL OF AN IMPAIRMENT LOSS**

Under PRC GAAP, once an impairment loss is recognised for a long term asset (such as fixed assets, intangible assets and goodwill), it shall not be reversed in any subsequent period.

Under IFRS, an impairment loss recognised in prior periods for an asset other than goodwill could be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

## **RELATED PARTY DISCLOSURES**

Under PRC GAAP, government-related entities are not treated as related parties. Under IFRS, government-related entities are still treated as related parties.

## **FIXED ASSETS AND INTANGIBLE ASSETS**

Under PRC GAAP, only the cost model is allowed.

Under IFRS, an entity can choose either the cost model or the revaluation model as its accounting policy.



## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream. The Legal Entity Identifier of the Issuer is 254900FHVD3YNZ5XIC45. The ISIN of the Bonds is XS3037621086 and the Common Code of the Bonds is 303762108.
2. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the Bonds was authorised by resolutions of the board of directors of the Issuer on 13 May 2025.

The Guarantor has obtained all necessary consents, approvals and authorisations in connection with the performance of its obligations under the Deed of Guarantee, the Trust Deed and the Agency Agreement. The Guarantee was authorised by resolutions of the board of directors of the Guarantor on 20 December 2024.

3. **No Material Adverse Change of the Issuer:** As at the date of this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective material adverse change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Issuer since its establishment on 14 March 2025.
4. **No Material Adverse Change of the Guarantor and the Group:** As at the date of this Offering Circular, there has been no material adverse change, or any development or event likely to involve a prospective material adverse change, in the condition (financial or otherwise), prospects, properties, results of operations, business or general affairs of the Guarantor or the Group since 31 December 2024.
5. **Litigation:** As at the date of this Offering Circular, none of the Issuer, the Guarantor or any other member of the Group is involved in any litigation or arbitration proceedings that (i) the Issuer or the Guarantor believes are material in the context of the Bonds, and the entry into the Deed of Guarantee, or (ii) may have, or have had, a significant effect on the business or financial position of the Issuer, the Guarantor, or the Group, and so far as the Issuer and the Guarantor are aware, no such proceedings are pending or threatened.
6. **Available Documents:** So long as any Bond is outstanding, copies of the following documents will be available (i) for inspection by the Bondholders at all reasonable times during normal office hours (being between 9.00 a.m. (Hong Kong time) and 3.00 p.m. (Hong Kong time) from Monday to Friday, other than public holidays) at the principal place of business of the Trustee, being at the Issue Date at 40/F, Champion Tower, 3 Garden Road, Central, Hong Kong, and the specified office of the Principal Paying and Exchange Agent, in each case following prior written request and proof of holding and identity to the satisfaction of the Trustee or, as the case may be, the Principal Paying and Exchange Agent and (ii) electronically from the Principal Paying and Exchange Agent following prior written request and proof of holding and identity to the satisfaction of the Principal Paying and Exchange Agent:

- the Trust Deed;
- the Deed of Guarantee; and
- the Agency Agreement.

7. **Financial Statements:** The Audited Consolidated Financial Statements, which are included elsewhere in this Offering Circular, have been audited by BDO China as stated in its report included herein. The Audited Consolidated Financial Statements were prepared and presented in accordance with PRC GAAP. The China Accounting Standards or PRC GAAP differ in certain material respects from IFRS. For a discussion of certain differences between PRC GAAP and IFRS, please see the section entitled “*Summary of Certain Differences between PRC GAAP and IFRS*”.
8. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. It is expected that the listing of, and permission to deal in, the Bonds on the Hong Kong Stock Exchange will become effective on or about 21 May 2025.

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*Note:*

In the Audited Consolidated Financial Statements, F-46 to F-47 and F-93 to F-94 are the business license and practicing certificates of BDO China and F-48 to F-49 and F-95 to F-96 are the qualification certificates of the certified public accountants in BDO China.

**CHINA PETROCHEMICAL CORPORATION**

**AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**China Petrochemical Corporation**  
**Review Report and Financial Statements**  
(From January 1, 2023, to December 31, 2023)

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## Auditors' Report

PCPAR [2024] No. ZK20605

**To China Petrochemical Corporation:****I Opinion**

We have audited the attached condensed consolidated and the parent company's financial statements of China Petrochemical Corporation (hereinafter referred to as "the Company"), including the balance sheet as at December 31, 2023, the income statement and statement of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the CAS, and present fairly the consolidated and the parent company's financial positions of the Company as at December 31, 2023 and the consolidated and the parent company's financial performance and cash flows for the year then ended.

**II Basis for Opinion**

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**III Responsibilities of the Management and Those Charged with Governance for the Financial Statements**

The management of the Company (hereinafter referred to as the "Management") is responsible for preparing the financial statements in accordance with the requirements of CAS to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

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



#### IV Auditors' 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 auditors' 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 the audit standards 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.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also implement the following work:

- (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) Understand the 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) The Management comes to the conclusion by using the appropriateness of the going-concern assumption. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content (including the disclosures) of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit, and bear full responsibility for our audit opinion.

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

BDO CHINA Shu Lun Pan  
Certified Public Accountant LLP



**Certified Public Accountant of China:**  
**Lin Zhen**

**Certified Public Accountant of China:**  
**Zhu Xiaodong**

**Shanghai, China**

**April 29, 2024**

*This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.*

# Consolidated Balance Sheet

Items	Note V	As at 31 December 2023 RMB '000,000	As at 1 January 2023 RMB '000,000
<b>Current assets</b>			
Cash and bank	1	225,864	230,343
Financial assets held for trading		32,480	33,541
Derivative financial assets		9,759	19,335
Accounts receivable	2	61,836	55,744
Receivables financing		4,919	5,589
Prepayments		18,734	23,671
Other receivables		33,970	36,540
Inventories	3	314,644	308,917
Contract assets		27,563	26,281
Non-current assets due within one-year		5,379	15,294
Other current assets		169,460	107,498
<b>Total current assets</b>		<b>904,608</b>	<b>862,753</b>
<b>Non-current assets</b>			
Long-term receivables		13,152	986
Long-term equity investments		235,954	233,540
Other equity instrument investments		28,143	24,496
Fixed assets	4	641,531	593,236
Construction in progress	5	203,534	217,816
Oil and gas assets		200,880	163,534
Right-of-use assets		41,078	40,243
Intangible assets		164,167	146,714
Goodwill		8,657	8,649
Long-term deferred expenses		21,728	19,767
Deferred tax assets		26,260	24,351
Other non-current assets		226,551	209,754
<b>Total non-current assets</b>		<b>1,811,635</b>	<b>1,683,086</b>
<b>Total assets</b>		<b>2,716,243</b>	<b>2,545,839</b>

# Consolidated Balance Sheet (Continued)

Items	Note V	As at 31 December 2023 RMB '000,000	As at 1 January 2023 RMB '000,000
<b>Current liabilities</b>			
Short-term loans	6	139,443	81,099
Notes payable		40,978	21,937
Accounts payable		282,700	288,921
Contract liabilities		162,687	157,232
Employee benefits payable		28,018	25,785
Taxes and surcharges payable		45,453	38,370
Other payables		119,232	135,773
Non-current liabilities due within one year	7	58,872	75,830
Other current liabilities		31,872	37,681
<b>Total current liabilities</b>		<b>909,255</b>	<b>862,628</b>
<b>Non-current liabilities</b>			
Long-term loans	8	174,997	92,639
Bonds payable	9	137,266	163,792
Long-term payables		49,790	13,598
Lease liabilities	10	24,545	25,213
Estimated liabilities		58,532	51,898
Deferred tax liabilities		14,958	8,969
Other non-current liabilities		19,133	10,747
<b>Total non-current liabilities</b>		<b>479,221</b>	<b>366,856</b>
<b>Total liabilities</b>		<b>1,388,476</b>	<b>1,229,484</b>
<b>Owner's equity</b>			
Paid-in capital		326,525	326,424
Capital reserves		62,672	62,622
Other comprehensive income		(8,997)	(6,120)
Specific reserves		2,874	3,013
Surplus reserves		250,010	242,485
General risk reserves		2,936	2,817
Retained earnings		286,713	282,616
<b>Total equity attributable to parent company</b>		<b>922,733</b>	<b>913,857</b>
Minority interests		405,034	402,498
<b>Total equity</b>		<b>1,327,767</b>	<b>1,316,355</b>
<b>Total Liabilities and equity</b>		<b>2,716,243</b>	<b>2,545,839</b>

Ma Yongsheng

Legal Representative

Zhang Shaofeng

Chief Financial Officer

Wu Bo

Director of Finance Department

# Consolidated Income Statement

Items	Note V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>I. Operating revenue</b>		<b>3,245,388</b>	<b>3,366,866</b>
<b>II. Total operating costs</b>		<b>3,152,515</b>	<b>3,272,327</b>
Incl.: Operating costs		2,707,656	2,840,171
Taxes and surcharges		276,467	266,782
Selling and distribution expenses		61,124	58,433
General and administrative expenses		72,964	74,990
Research and development expenses		19,239	18,068
Exploration costs		11,332	10,593
Financial expenses	11	3,733	3,290
Add: Other income (loss)		11,950	9,005
Investment income (loss)	12	9,922	16,602
Gain from changes of fair value (loss)		1,923	(1,169)
Expected credit loss (loss)		325	3,007
Assets impairment loss (loss)	13	(3,419)	(10,162)
Gain from assets disposal (loss)		5,333	1,766
<b>III. Operating profit (loss)</b>		<b>118,907</b>	<b>113,588</b>
Add: Non-operating income		2,558	13,862
Less: Non-operating expenses		4,396	6,976
<b>IV. Total profit (loss)</b>		<b>117,069</b>	<b>120,474</b>
Less: Income tax expenses		20,440	24,361
<b>V. Net profit (loss)</b>		<b>96,629</b>	<b>96,113</b>
Less: Profit/loss attributable to minority interests		30,131	30,594
<b>VI. Net profit attributable to parent company</b>		<b>66,498</b>	<b>65,519</b>

Ma Yongsheng

Legal Representative

Zhang Shaofeng

Chief Financial Officer

Wu Bo

Director of Finance Department

# Consolidated Statement of Cash Flows

Items	Notes V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>I. Cash flows from operating activities</b>			
Cash received from sales and services		3,607,169	3,600,712
Refund of tax and surcharges		12,068	21,796
Other cash received relating to operating activities		198,951	334,750
<b>Subtotal of cash inflows from operating activities</b>		<b>3,818,188</b>	<b>3,957,258</b>
Cash paid for goods and services		2,796,335	2,870,468
Cash paid to and for employees		151,289	144,599
Payments of taxes and surcharges		345,145	399,872
Other cash paid relating to operating activities		336,457	412,048
<b>Subtotal of cash outflows from operating activities</b>		<b>3,629,226</b>	<b>3,826,987</b>
<b>Net cash flows from operating activities</b>	15	<b>188,962</b>	<b>130,271</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		83,142	49,088
Cash received from investment income		15,515	17,429
Net cash received from disposal fixed assets, intangible assets and other long-term assets		6,350	1,465
Net cash received from disposal of subsidiaries and other operating units		404	10,049
Other cash received relating to investing activities		6,185	60,326
<b>Subtotal of cash inflows from investing activities</b>		<b>111,596</b>	<b>138,357</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		187,865	187,490
Cash paid for acquisition of investments		121,077	63,370
Net cash paid to acquire subsidiaries and other operating units			29,383
Other cash paid relating to investing activities		37,026	4,598
<b>Subtotal of cash outflows from investing activities</b>		<b>345,968</b>	<b>284,841</b>
<b>Net cash flows from investing activities</b>		<b>(234,372)</b>	<b>(146,484)</b>

# Consolidated Statement of Cash Flows (Continued)

Items	Notes V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		1,863	3,385
Cash received from borrowings		921,817	884,890
Other cash received relating to financing activities		6,024	1,076
<b>Subtotal of cash inflows from financing activities</b>		<b>929,704</b>	<b>889,351</b>
Cash repayments of borrowings		825,768	861,585
Cash paid for dividends, profits distribution or interest		45,732	52,061
Other cash paid relating to financing activities		22,078	11,299
<b>Subtotal of cash outflows from financing activities</b>		<b>893,578</b>	<b>924,945</b>
<b>Net cash flows from financing activities</b>		<b>36,126</b>	<b>(35,594)</b>
<b>IV. Effect of foreign exchange rate changes on cash</b>		<b>1,935</b>	<b>11,098</b>
<b>V. Net increase in cash and cash equivalents</b>	15	<b>(7,349)</b>	<b>(40,709)</b>
Add: Cash and cash equivalents at the beginning of the period	15	230,386	271,095
<b>VI. Cash and cash equivalents at the end of the period</b>	15	<b>223,037</b>	<b>230,386</b>

**Ma Yongsheng**

**Legal Representative**

**Zhang Shaofeng**

**Chief Financial Officer**

**Wu Bo**

**Director of Finance Department**



**Balance Sheet**

<b>Items</b>	<b>Note V</b>	<b>As at 31 December 2023 RMB '000,000</b>	<b>As at 1 January 2023 RMB '000,000</b>
<b>Current assets</b>			
Cash and bank		153,906	152,820
Financial assets held for trading			
Derivative financial assets			
Accounts receivable			
Receivables financing			
Prepayments		1	4
Other receivables		19,743	25,468
Inventories			
Contract assets			
Non-current assets due within one-year		5,690	2,243
Other current assets		23	11
<b>Total current assets</b>		<b>179,363</b>	<b>180,546</b>
<b>Non-current assets</b>			
Long-term receivables			
Long-term equity investments		385,682	362,254
Other equity instrument investments		19,093	16,211
Fixed assets		472	497
Construction in progress		6	28
Oil and gas assets			
Right-of-use assets		48	
Intangible assets		13,372	13,887
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets		3,842	7,169
<b>Total non-current assets</b>		<b>422,515</b>	<b>400,046</b>
<b>Total assets</b>		<b>601,878</b>	<b>580,592</b>

**Balance Sheet (Continued)**

Items	Note V	As at 31 December 2023 RMB '000,000	As at 1 January 2023 RMB '000,000
<b>Current liabilities</b>			
Short-term loans		43,983	37,435
Notes payable			
Accounts payable		3	6
Contract liabilities			
Employee benefits payable		11,967	10,363
Taxes and surcharges payable		378	2,194
Other payables		11,479	16,720
Non-current liabilities due within one year		4,014	6,022
Other current liabilities			
<b>Total current liabilities</b>		<b>71,824</b>	<b>72,740</b>
<b>Non-current liabilities</b>			
Long-term loans		42	44
Bonds payable		800	4,800
Long-term payables		838	838
Lease liabilities		36	
Estimated liabilities		2,141	2,219
Deferred tax liabilities		1,175	315
Other non-current liabilities		8,600	
<b>Total non-current liabilities</b>		<b>13,632</b>	<b>8,216</b>
<b>Total liabilities</b>		<b>85,456</b>	<b>80,956</b>
<b>Owner's equity</b>			
Paid-in capital		326,525	326,424
Capital reserves		20,645	20,678
Other comprehensive income		(17,532)	(20,191)
Specific reserves			
Surplus reserves		71,633	68,197
General risk reserves			
Retained earnings		115,151	104,528
<b>Total equity</b>		<b>516,422</b>	<b>499,636</b>
<b>Total Liabilities and equity</b>		<b>601,878</b>	<b>580,592</b>

Ma Yongsheng
**Legal Representative**
Zhang Shaofeng
**Chief Financial Officer**
Wu Bo
**Director of Finance Department**

## Income Statement

Items	Note V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>I. Operating revenue</b>		<b>4,734</b>	<b>4,799</b>
<b>II. Total operating costs</b>		<b>2,898</b>	<b>8,167</b>
Incl.: Operating costs			
Taxes and surcharges		73	79
Selling and distribution expenses			
General and administrative expenses		3,611	8,454
Research and development expenses		193	148
Exploration costs			
Financial expenses		(979)	(514)
Add: Other income (loss)		15	7
Investment income (loss)		33,124	42,203
Gain from changes of fair value (loss)			
Expected credit loss (loss)		3	(3)
Assets impairment loss (loss)			
Gain from assets disposal (loss)			
<b>III. Operating profit (loss)</b>		<b>34,978</b>	<b>38,839</b>
Add: Non-operating income		2	
Less: Non-operating expenses		40	(126)
<b>IV. Total profit (loss)</b>		<b>34,940</b>	<b>38,965</b>
Less: Income tax expenses		579	2,889
<b>V. Net profit (loss)</b>		<b>34,361</b>	<b>36,076</b>

Ma Yongsheng

Legal Representative

Zhang Shaofeng

Chief Financial Officer

Wu Bo

Director of Finance Department

## Statement of Cash Flows

Items	Notes V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>I. Cash flows from operating activities</b>			
Cash received from sales and services		4,977	5,065
Refund of tax and surcharges			
Other cash received relating to operating activities		5,223	4,185
<b>Subtotal of cash inflows from operating activities</b>		<b>10,200</b>	<b>9,250</b>
Cash paid for goods and services		5	4
Cash paid to and for employees		777	766
Payments of taxes and surcharges		2,735	2,151
Other cash paid relating to operating activities		4,602	3,274
<b>Subtotal of cash outflows from operating activities</b>		<b>8,119</b>	<b>6,195</b>
<b>Net cash flows from operating activities</b>		<b>2,081</b>	<b>3,055</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		8,963	66,245
Cash received from investment income		32,686	41,655
Net cash received from disposal fixed assets, intangible assets and other long-term assets			
Net cash received from disposal of subsidiaries and other operating units			
Other cash received relating to investing activities			
<b>Subtotal of cash inflows from investing activities</b>		<b>41,649</b>	<b>107,900</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		12	12
Cash paid for acquisition of investments		30,040	38,848
Net cash paid to acquire subsidiaries and other operating units			
Other cash paid relating to investing activities			
<b>Subtotal of cash outflows from investing activities</b>		<b>30,052</b>	<b>38,860</b>
<b>Net cash flows from investing activities</b>		<b>11,597</b>	<b>69,040</b>

# Statement of Cash Flows (Continued)

Items	Notes V	Year	
		2023	2022
		RMB '000,000	RMB '000,000
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		101	130
Cash received from borrowings		46,775	48,035
Other cash received relating to financing activities			
<b>Subtotal of cash inflows from financing activities</b>		<b>46,876</b>	<b>48,165</b>
Cash repayments of borrowings		46,251	45,482
Cash paid for dividends, profits distribution or interest		13,392	15,360
Other cash paid relating to financing activities		16	20
<b>Subtotal of cash outflows from financing activities</b>		<b>59,659</b>	<b>60,862</b>
<b>Net cash flows from financing activities</b>		<b>(12,783)</b>	<b>(12,697)</b>
<b>IV. Effect of foreign exchange rate changes on cash</b>		<b>(1)</b>	
<b>V. Net increase in cash and cash equivalents</b>		<b>894</b>	<b>59,398</b>
Add: Cash and cash equivalents at the beginning of the period		152,820	93,422
<b>VI. Cash and cash equivalents at the end of the period</b>		<b>153,714</b>	<b>152,820</b>

**Ma Yongsheng**

**Legal Representative**

**Zhang Shaofeng**

**Chief Financial Officer**

**Wu Bo**

**Director of Finance Department**

**China Petrochemical Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2023**

**I COMPANY PROFILE**

China Petrochemical Corporation (hereinafter referred to as "the Company") is a wholly state-owned company established on July 27, 1998, with its registered place and headquarters in Beijing, a registered capital of RMB 326.5 billion and its legal representative is Ma Yongsheng.

The Company is one of the largest integrated energy and chemical companies with upstream, midstream and downstream operation in China, established on the basis of former China Petrochemical Corporation according to the Circular on Establishment Program of Sinopec Group and Announcement on the articles of association of Sinopec Group (the State Economic and Trade Commission [1998] No.458). The former China Petrochemical Corporation was established in 1983 as the economic entity with the qualification of a legal person under direct control by the State Council, and responsible for designing and planning the national petrochemical production construction and import and export business. In July, 1998, China carried out significant reform and restructured the petroleum and petrochemical industry, Sinopec Group completely merged China Eastern United Petrochemical (Group) Company Limited and finished transfer with China National Petroleum Corporation and hand-over with provincial/ municipal as well as specifically designated municipal petroleum companies, hence, it became a state-owned company, functioning as a state-authorized investment organization in which the state holds the full control.

According to the Reply on Matters Related to the Restructuring of China Petrochemical Corporation (GZGG [2017] No.1076) issued by the State-owned Assets Supervision and Administration Commission, the Company completed its corporate restructuring in August 2018, with its enterprise type changing from "ownership by the whole people" to "limited liability company (wholly state-owned)" and its name changing to "China Petrochemical Corporation". With the approval of Beijing Administration for Industry and Commerce, the Company completed the industrial and commercial registration of changes on August 20, 2018.

The Company and its subsidiaries' ("the Group") key business activities include: exploration and development of petroleum and natural gas, petroleum refining, petrochemical, petroleum products wholesale and retail, exploration and designing, construction and installation of petroleum and petrochemical projects.

The Group has 39 wholly-owned or holding subsidiaries, including China Petroleum & Chemical Company ("Sinopec Corp.") listed in Hong Kong, New York, London and Shanghai, Sinopec Oilfield Service Corporation ("SSC") listed in Hong Kong and Shanghai, Sinopec Engineering (Group) Co., Ltd. listed in Hong Kong, Sinopec Oilfield Equipment Corporation listed in Shenzhen, as well as 35 unlisted companies.

**II BASIS OF PREPARATION FOR THE FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions (collectively referred as "CAS") issued by the Ministry of Finance ("MOF").

The financial statements of the Group have been prepared on the going concern basis.

### III STATEMENT ON COMPLIANCE WITH THE CAS

The financial statements have been prepared in compliance with the CAS to truly and completely present the consolidated financial position as at 31 December, 2023, and the consolidated financial performance and cash flows for the year then ended.

### IV SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1 Accounting period

The calendar year is adopted for the accounting year of the Group, namely, from January 1 to December 31 of each year.

#### 2 Functional currency

The Group adopts RMB as its functional currency.

#### 3 Accounting basis and valuation principle

The Group's accounts are recorded on an accrual basis. Except for any financial instruments, the financial statements are measured on basis of historical cost. In case of the assets impairment, provision for impairment will be made according to relevant regulations.

#### 4 Recognition criteria of cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, other monetary funds and short-term non-equity investments held by the Company. The recognition of short-term non-equity investments as cash equivalents must meet the following four conditions at the same time: short term (generally refers to maturity within three months from the acquisition date), strong liquidity, easy conversion into known amount of cash, and little risk of value change.

#### 5 Foreign currency transactions and translation of foreign currency financial statements

##### 5.1 Foreign currency transactions

For the Group's foreign-currency transactions, the foreign-currency amount is translated into the functional currency amount according to the spot exchange rate on the transaction date or the exchange rate at the end of last month. Foreign-currency exchange business or transactions involving foreign currency exchange shall be translated at the exchange rate actually used in the transactions, i.e. the bank purchase price or selling price.

Balance of foreign currency monetary items is translated into the amount in RMB for adjustment at the spot exchange rate prevailing on the balance sheet date; foreign currency non-monetary items measured at fair value are translated into the amount in RMB for adjustment at the spot exchange rate prevailing on the day when the fair value is determined. Differences arising from exchange of special borrowing accounts in foreign currency at the end of the period and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs according to the provisions; differences arising from exchange of other foreign currency accounts shall be included in the financial expenses. Differences arising from exchange of different currencies are included in the financial expenses.

##### 5.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "Retained earnings", are translated at the spot exchange rates on the dates when the transactions occur. Income and expense items in the income statement and items reflecting the amount of profit



distribution in the statement of changes in owner's equity shall be converted using the exchange rate consistent with the initial recognition on the date of occurrence of the foreign-currency transactions. Differences arising from the said translation of foreign-currency financial statements are presented separately as "Other comprehensive income" under the owners' equity in the balance sheet.

## 6 Financial instruments

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

### 6.1 Classification and measurement of financial assets

The Group classifies financial assets according to the business model of managing financial assets and the contractual cash flows characteristics of financial assets:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at fair value through current profit or loss.

Except for accounts receivable or notes receivable that do not consist of or consider significant financing components, financial assets are measured at fair value at initial recognition. For the financial assets which are measured at their fair values and of which the variation is included in the current profits and losses, the transaction expense shall be directly recorded into the profits and losses of the current period. For other categories of financial assets, the transaction expense shall be recorded into the initially recognized amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Group in accordance with the amount of consideration that the Group is expected to be entitled to receive.

#### A. Debt instruments

- (1) Measured in amortized cost: Assets, which are held for the purpose of receiving contract cash flows and whose cash flows are only for the payment of principal and interest, are classified as financial assets measured at amortized cost.

After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from the financial assets that are measured at amortized cost and that are not part of any hedging relationship shall be included into the current profit or loss when such financial assets are de-recognized, amortized under the effective interest method or impaired.

- (2) Measured at fair value through other comprehensive income: Assets, which are held for the purpose of receiving contractual cash flows and selling the financial assets and whose cash flows are only for the payment of principal and interest, are classified as financial assets measured at fair value through other comprehensive income.

After initial recognition, such financial assets will be subsequently measured at fair value. The interest calculated under the effective interest method, impairment losses or gains and exchange losses or gains will be included in current profit or loss, and other gains or losses will be included

in other comprehensive income. When de-recognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in current profit or loss.

- (3) Measured at fair value through current profit or loss: Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income mentioned above, all the rest debt instruments are classified as financial assets measured at fair value through current profit or loss by the Group.

After the initial recognition, such financial assets will be subsequently measured at fair value, and the gains or losses (including interest and dividends income) arising therefrom will be included in the current profit or loss, unless the financial assets are part of the hedging relationship.

## **B. Equity instruments**

Investments in equity instruments over which the Group has no control, joint control and significant influence are designated as financial assets measured at fair value through the current profit or loss, and are listed as financial assets held for trading.

In addition, the Group designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income and listed them as other equity instrument investments. Dividend income related to such financial assets is included in the current profit or loss. At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

## **6.2 Classification and measurement of financial liabilities**

Financial liabilities, upon initial recognition, are classified into the financial liabilities measured at amortized cost and the financial liabilities measured at fair value through the current profit or loss. Transaction expenses related to financial liabilities which have not been divided as the financial liabilities measured at fair value through current profit or loss are included in the initial recognition amount.

For financial liabilities measured at amortized cost, the gains or losses arising from their derecognition or amortization are included in the current profit or loss. For financial liabilities that are subsequently measured at fair value, the gains or losses arising from changes in their fair value and the dividends and interest expenses related to the financial liabilities are included in current profit or loss.

## **6.3 Derivative financial instruments**

Derivative financial instruments are measured at fair value upon initial recognition and their fair value is re-assessed on each balance sheet date. Gains and losses arising from the reassessment of the fair value of derivative financial instruments shall be included in the current profit or loss except for those meeting the requirements for hedge accounting.

## **6.4 Impairment of financial instruments**

The Group recognizes the provision for loss based on the expected credit losses of the financial assets measured at amortized cost, other debt investments measured at fair value through other comprehensive income, the lease receivables, the contract assets, the loan commitments other than financial liabilities classified at fair value through the current

profit or loss, and the financial guarantee contracts not measured at fair value through the current profit or loss.

The Group calculates and recognizes the expected credit losses after taking into account reasonable and reliable information such as past events, current situation and forecast of future economic situation.

On the balance sheet date, the Group separately measures the expected credit losses of financial instruments at different stages. If the credit risk of a financial instrument has not increased significantly since the initial confirmation, it is in the first stage, and the Group measures the provision for loss according to the expected credit loss in the next 12 months. If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage and the Group measures the provision for loss according to the expected credit loss of the instrument throughout its life. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage, and the Group measures the provision for loss according to the expected credit loss of the instrument throughout its life.

For a financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, and measures the provision for loss according to the expected credit losses in the next 12 months.

For the financial instruments in the first stage and the second stage, as well as those with lower credit risk, the Group calculates the interest income according to its book balance without deducting the impairment provision at actual interest rate. For the financial instruments in the third stage, the interest income is calculated according to the book balance minus the amortized cost after the provision for impairment at the actual interest rate.

For notes receivable, accounts receivable and contract assets, regardless of whether there is any significant financing component, the Group measures the provision for loss according to the expected credit loss for the entire duration.

The Group includes the accrued or reversed provision for loss into the current profit or loss.

#### **6.5 Fair value of financial instruments**

For the recognition method of fair value of financial assets and financial liabilities, see note IV 7.

#### **6.6 Derecognition of financial instruments**

In case any financial asset meets one of the following conditions, it will be derecognized:

- (1) The contract rights of obtaining cash flows of the financial assets are terminated;
- (2) The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial assets have been transferred by the Group to the transferee;
- (3) The financial asset has been transferred, even though the Group neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset but gives up its control over the financial asset.

When other equity instrument investment is derecognized, the difference between its book value and the sum of the received consideration and the accumulated amount of

changes in fair value originally directly included in other comprehensive income shall be included in retained earnings. When a remaining financial asset is derecognized, the difference between the book value of the financial asset and the sum of the consideration received and the accumulated amount of changes in the fair value originally included in other comprehensive income will be included in the current profit or loss.

A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. As for financial liabilities, the difference between the book value of the derecognized part and the consideration paid is included in the current profit or loss.

#### **6.7 Transfer of financial assets**

The transfer of a financial asset refers to a transfer or delivery of the financial asset (or its cash flows) from an enterprise (the "transferor") to a party other than the issuer of such financial asset ("the transferee").

Where the Group has transferred nearly all risks and rewards associated with the ownership of a financial asset to the transferee, the financial asset shall be de-recognized; where the Center retains nearly all risks and rewards associated with the ownership of a financial asset, the financial asset shall be continuously recognized.

Where the Group neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset, it shall be treated based on different circumstances as below: where the Company has not retain its control over the financial asset, the financial asset should be derecognized, and assets and liabilities arising therefrom should be recognized; or where the Company retains its control over the financial asset, relevant financial asset is recognized according to the extent of its continuing involvement in the transferred financial assets and relevant liabilities are recognized accordingly.

### **7 Fair value measurement**

Fair value is the price received from an asset or paid for transfer of a liability by a market participant in an orderly transaction on the measurement date.

Where there is an active market for the financial assets or financial liabilities, the Group will determine their fair values at the quoted price in the active market. Where there is no active market, the Group will adopt the valuation techniques to determine their fair values.

When the Company measures non-financial assets at fair value, it should consider a market participant's ability to generate economic benefit by using the asset or by selling it to another market participant who will use the asset in its highest and best use.

When the Group uses the valuation techniques, it has considered the valuation techniques that are applicable in the current situation and are supported by enough available data and other information. The Company gives priority to the observable inputs when using valuation techniques, and those unobservable inputs are used only under the circumstance when it is impossible or unobservable inputs to obtain relevant observable inputs.

For assets and liabilities measured at or disclosed by their fair value in the financial statements, the level of the measurement result of fair value shall subject to the lowest level which the input having great significance to the entire measurement of fair value belongs to: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access on the measurement date; Level 2 inputs are directly or indirectly observable inputs of relevant assets or liabilities other than first-level inputs; Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

On each balance sheet date, the Group reevaluates the assets and liabilities continuously measured at fair value and recognized in the financial statements in order to determine whether there is a conversion among the levels of fair value measurement.

## **8 Inventories**

### **8.1 Classification of inventories**

The Group's inventories are classified into raw materials, revolving materials, goods in transit, goods in process, goods in stock, goods dispatched, and contract performance costs etc.

### **8.2 Measurement of inventories when acquired and dispatched**

Inventories of the Group are measured at actual costs when acquired. When raw materials, goods in progress, goods in stock (except reserved crude oil) and the like are dispatched, the weighted average method or the planned cost method shall be adopted for pricing, the difference between the planned cost and the actual cost shall be separately accounted for through the cost difference account, and at the end of each month, the cost difference borne by the received and dispatched inventories shall be carried forward, and the planned cost shall be adjusted to the actual cost. For the swap sale of reserve crude oil, the swap purchase cost shall be carried forward to the sales cost. If the crude oil sold for swap is not fully replaced on the balance sheet date, the sales revenue will be carried forward temporarily as the sales cost, and the difference will be adjusted according to the actual repurchase cost after the replacement is completed. For inventories that cannot be used instead, inventories purchased or manufactured specially for specific projects, and the cost of providing labor services, the cost of dispatched inventories shall be determined by using the specific identification method. Low-cost consumables shall be amortized by the one-time write-off method when they are collected. Other revolving materials generally adopt the one-time write-off method, and revolving materials with larger value and longer service life are amortized by times over the benefit period.

### **8.3 Method of making provision for inventory impairment**

On the balance sheet date, where the inventory costs are higher than the net realizable values, the provision for inventory impairment reserves shall be made. The Group makes provision for inventory impairment of commercial crude oil reserves on combined category basis, and makes such provision for other inventories on an individual item basis. If the factors that previously affected the write-down of inventory value have disappeared, the provision for inventory impairment are reversed within the original provision made.

### **8.4 Determination method for net realizable values of inventories**

The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges. In determining the net realizable value of inventories, the purpose of holding the inventories (except for the crude oil reserves) and the influence of post balance sheet events are both taken into account. The net realizable value of commercial crude oil reserves is determined based on the estimated future (five-year) crude oil price with consideration to the incidental transportation expenses, the oil premiums and discounts, as well as exchange rate conversion and ton/barrel ratio and other factors that have occurred.

### **8.5 Inventory physical counting system**

The perpetual inventory system is adopted by the Group.

**9 Long-term equity investments**

The Group's long-term equity investments include equity investment by which the Company exercises control and significant influence over the investee and equity investment in joint ventures. Where the Group is able to have significant influence on an investee, the investee is an associate of the Group.

**9.1 Determination of investment costs**

Long-term equity investments are measured at the investment costs upon acquisition. The investment costs are the fair value of any assets acquired, any liabilities incurred or assumed, and any equity securities issued for acquisition of such investment, including the relevant direct costs. For long-term equity investments formed from business combinations under common control, the investment costs thereof shall be recognized at the share of book value of the combinee's owners' equity on the acquisition date.

**9.2 Subsequent measurement and recognition methods of profit or loss**

The Group measures the long-term equity investments that can exercise control over the investee under the cost method, and measures the investments in associates and joint ventures under the equity method.

**A. Long-term equity investments under cost method**

For the long-term equity investments under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the cash dividends or profits declared to be distributed by the investee are recognized as investment income to be included in current profit and loss.

**B. Long-term equity investments under equity method**

For the Group's long-term equity investments measured under the equity method, if the investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the investment costs of the long-term equity investments; if the investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the book value of long-term equity investments should be adjusted, and the difference should be included into the current profit and loss.

When the equity method is adopted, the Company shall, according to the shares of net profits and losses and other comprehensive income realized by the investee which the Company shall enjoy or bear, recognize the profit and loss on the investments and other comprehensive income and adjust the book value of the long-term equity investments; the Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments; for other changes in owner's equity of the investee other than net profit or loss and profit distribution, the Company adjusts the book value of long-term equity investments and includes such changes in owner's equity. When recognizing the attributable share of net profit or loss of the investee, the Company should, based on the fair value of identifiable net asset of the investee when it obtains the investment, recognize its attributable share of the net profit or loss of the investee after the adjustment according to the Group's accounting policy and accounting period.



**9.3 Basis of control, common control over or significant impact on the investee**

Control means that the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the return of the investee by using the power over the investee. The financial positions, operating results and cash flows of subsidiaries are included in the consolidated financial statements from the control start date to the control end date.

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same.

Significant influence refers to the power of the investor to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. In determining whether to exercise significant influence over the investee, the Company will consider the voting shares of the investee directly or indirectly held by the investor, and effects of the transfer into the equities of the investee from the potential voting rights to be exercisable in current period held by the investor and other parties under an assumption such as the effects of the current convertible warrants, stock options, convertible corporate bonds, etc. issued by the investee.

**9.4 Disposal of long-term equity investments**

For the disposal of long-term equity investments, the difference between the book value and the actual price thereof shall be included in the investment income. For long-term equity investment accounted for using the equity method, if it is included in other comprehensive income due to changes in other comprehensive income of the investee, the part originally included in other comprehensive income shall be transferred to investment income according to the corresponding proportion when the investment is disposed.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments and other reasons, the remaining equity should be calculated as the difference between the fair value and the book value on the date of the loss of joint control or significant influence and be included in the current profit and loss. For other comprehensive income recognized from accounting of the original equity investments under the equity method, accounting treatment should be made by using the same basis for the investee to directly dispose the relevant assets or liabilities when the equity method is no longer adopted. Other changes in equity interests related to original equity investment should be included in current profits and losses.

Where the Company loses control over the investee due to its disposal of part of equity investment or other reasons, if it can exercise joint control over or significant influence on the investee through the remaining equities after disposal, the remaining equities shall be measured by changing to employ the equity method and adjusted as if the remaining equities had been measured by employing the equity method ever since acquired in preparation of separate financial statements; if the Company cannot exercise joint control over or a significant influence on the investee through the remaining equities after disposal, the accounting treatment shall be changed to be made in accordance with relevant regulations of the Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and book value thereof on the date of loss of the control shall be included in current profit or loss.



#### 9.5 Impairment of long-term equity investment

For investments in subsidiaries, associates and joint ventures, as well as the Group's provision method for asset impairment, see the Note IV 12.

### 10 Fixed assets

#### 10.1 Recognition criteria of fixed assets

The Group's fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they meet the following conditions at the same time: economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably.

#### 10.2 Measurement of fixed assets

The Group's fixed assets are initially measured at actual costs on acquisition.

#### 10.3 Classification and depreciation policy of fixed assets

The Group accounts for its fixed assets by categories and determine their estimated useful life, estimated net residual value and depreciation method in accordance with the Depreciation Life of Fixed Assets of China Petrochemical Corporation.

Other than assets that are fully depreciated and remain in use as well as land and other assets that are separately measured and accounted for according to provisions on assets checkup and capital verification, the Group provides depreciation for all fixed assets.

The Group adopts the straight-line method for the provision for depreciation. For fixed assets for which no provision for impairment has been made, their depreciation shall be accrued by category, estimated useful lives and expected residual value. The Group determines the annual depreciation rate of various fixed assets as follows:

Category of fixed assets	Estimated service life (year)	Estimated residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	12-40	3	2.43-8.08
General equipment	4-20	3	4.85-24.25
Special equipment for oil and gas exploration	8-18	3	5.39-12.13
Special equipment for petroleum and chemical industry	10-20	3	4.85-9.70
Others	4-30	0-3	3.23-25.00

For a fixed asset whose estimated depreciation life and estimated residual rate are re-estimated within its useful life and which has been provided with impairment reserve, the depreciation rate and amount are re-determined according to the fixed asset's book value and its remaining useful life. When the depreciation amount of fixed assets is adjusted due to the impairment reserve of fixed assets, the accumulated depreciation previously accrued shall not be adjusted.

#### 10.4 Subsequent expenses of fixed assets

Subsequent expenses of fixed assets of the Group refer to expenses from updating and improvement, repair costs of fixed assets during use.

Subsequent expenditures such as renovation and reconstruction costs of fixed assets, which meet the conditions for recognition of fixed assets, shall be included in the cost of fixed assets, and the book value of the replaced parts (if any) shall be deducted; expenses such as repair costs that do not meet the conditions for recognition of fixed assets shall be included in the current profit or loss when incurred.

#### 10.5 Provision for impairment of fixed assets

See IV 12 for testing and provision methods of impairment of fixed assets.

### 11 Oil and gas assets

#### 11.1 Classification, recognition and measurement of oil and gas assets

The Group's oil and gas assets include wells and related facilities, rights and interests in proven mining areas, and rights and interests in unproved mining areas. When the economic benefits related to the oil and gas assets are likely to flow into the enterprise and the cost of the oil and gas assets can be measured reliably, the oil and gas assets are recognized, and the Group carries out initial measurement based on the actual cost incurred.

When the rights and interests in proven mining areas and unproved mining areas are obtained, the initial cost of oil and gas assets shall be recognized based on the actual expenses incurred. The rights and interests in unproved mining areas shall be transferred to the current profit and loss when the proven economically recoverable reserves are not finally obtained.

After completion of the well, the drilling exploration expenditure shall be handled respectively as follows:

- A. If there is economically proved recoverable reserves found in the well, the well drilling expenditures shall be carried forward to the cost of the well and related facilities;
- B. If there is no economically proved recoverable reserves found in the well, the well drilling expenditures shall be included in current profit or loss after deducting net residual value;
- C. If it is impossible to determine whether there is economically proved recoverable reserves upon the well completion practice, the expenditures shall be capitalized temporarily for a time not exceeding one year. If it is still impossible to determine whether there is economically proved recoverable reserves after one year from the well completion practice, and the following conditions are met at the same time, the capitalized expenditures for drilling the well will continue to be capitalized temporarily, otherwise, they will be included in the current profit or loss:
  - 1) It is discovered that the well has enough reserves, but further exploration activities are needed to determine whether it is economically proved recoverable reserves.
  - 2) Further exploration activities are already in progress or in plan and will soon be implemented.
- D. If an exploratory well that has been expensed for drilling exploration is found to having economically proved recoverable reserves, the expensed drilling exploration expenditure shall not be adjusted, and the expenditures incurred for re-drilling and completion shall be capitalized.

The cost of development wells and related auxiliary equipment shall be capitalized.

Non-drilling exploration expenditures are included in the current profit or loss when incurred and will not be capitalized.

Oil and gas development expenditure, when reaching the expected serviceable condition (dry wells are completed), is transferred to the cost of oil and gas assets.

#### **11.2 Depletion policy for oil and gas assets**

Oil and gas mining enterprises under the Group accrue depreciation for oil and gas assets using the production method based on the production and the oil and gas reserves.

#### **11.3 Disposal fee of oil and gas assets**

The Group will accrue deposit disposal fee for its obligation to dispose of oil and gas assets that meet the conditions for recognition of estimated liabilities from these assets' present value, while recognizing the estimated liabilities. The disposal fees of oil and gas assets are depreciated in accordance with the depreciation policy for related assets. The difference between the final value and present value of the mining area disposal fees is amortized over the life of the related assets, included in the current financial expenses, with estimated liabilities recognized at the same time.

The disposal expenses incurred to the Group for oil and gas assets that have not been accrued with mining area disposal fees are included in the current profit or loss when incurred.

#### **11.4 Provision for impairment of oil and gas assets**

See IV 12 for testing and provision methods of impairment of oil and gas assets.

### **12 Impairment of assets**

The Group's impairment of assets, such as the long-term equity investments in subsidiaries, associates and joint ventures and the investment property, fixed assets, oil and gas assets, construction in progress, intangible assets, goodwill and other non-current assets that are subsequently measured by the cost model, are determined according to the following methods:

The Group shall, on the balance sheet date, make a judgment on whether there is any indication that the assets may impair. If such indication does exist, the Group shall estimate the recoverable amount and carry out an impairment test. Impairment tests for goodwill arising from the business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the serviceable conditions shall be conducted every year whether the indication of impairment exists or not.

The recoverable amounts of assets are the higher between the net amount of their fair values less the disposal expenses and the present values of estimated future cash flows. The Group shall, on the basis of single item assets, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. The recognition of an asset group shall base on whether the main cash inflow generated from the asset group is independent of those generated from other assets or other asset groups.

Where the recoverable amount of an asset or an asset group is lower than its book value, the book value of the asset or asset group shall be written down to their recoverable amounts. The write-downs are included in the current profit or loss, and the provision for asset impairment shall be made accordingly at the same time.

Goodwill is tested in combination with goodwill-related asset group or portfolio of asset groups. In the course of impairment test, if the indication of impairment of goodwill-related asset group or portfolio of asset groups exists, the Company shall firstly test the impairment of asset group or portfolio of asset groups excluding the goodwill, calculate the recoverable amount and recognize relevant impairment losses. Then, the Company shall test the impairment of the asset group or portfolio of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, it shall recognize the losses from impairment of goodwill.

Losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

### **13 Revenue**

The Group fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control over the relevant goods or services. Obtaining control over the relevant goods or services means being able to dominate the use of the goods or the provision of the services and to receive almost all economic benefits from them.

For the performance obligations performed within a certain period, the Group recognizes revenue according to the performance progress during that period. For performance obligations performed at a certain time-point, the Group recognizes revenue when the customer obtains control over the relevant goods or services.

#### **13.1 Sale of goods**

The sales contracts between the Group and its customers usually only include the performance obligation of transferring the goods. When the customer obtains the control over the relevant goods, the Group recognizes the revenue based on the amount of consideration that it is expected to receive. The Group will consider the following signs when judging whether the customer has acquired control over the goods, including:

- Acquisition of the current right to collect the goods payment;
- Transfer of main risks and rewards in goods ownership;
- Transfer of legal ownership of the goods, and transfer of the goods asset in kind;  
and
- Customer's acceptance of the goods.

#### **13.2 Construction**

Construction contracts between the Group and its customers usually include performance obligations for infrastructure construction. Since customers can control the goods under construction during the performance of the Group, the Group regards them as performance obligations to be performed within a certain period, and revenue is recognized according to the performance progress, except for those whose performance progress cannot be reasonably determined. The Group determines the performance progress of the services according to the input method. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

#### **13.3 Rendering of services**

Service contracts between the Group and its customers mainly include performance obligations such as petroleum engineering and technical services and engineering design.

For service contracts that meet one of the following conditions:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation;
- Customers are able to control the goods under construction in the Company's performance process; or
- The services provided during the contract performance process have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date.

The Group regards it as a performance obligation to be performed within a certain period, and recognizes the revenue according to the performance progress, except for the case that the performance progress cannot be reasonably determined. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For service contracts that do not meet one of the above conditions, the Group will regard them as performance obligations to be performed at a certain time-point and recognize the revenue at the time-point when the customer obtains control over the relevant services.

#### **14 Government grants**

Government grants are recognized when the Company can meet the conditions for the government grants and can obtain the grants.

Government grants in the form of monetary assets are measured at the amount received or receivable. The government grants offered in the form of non-monetary assets are measured at fair value or at the nominal value of RMB 1 if the fair value cannot be reliably obtained.

The assets-related government grants shall be recognized as deferred income, allocated evenly over the useful lives of the assets, and included in the current profit or loss. The income-related government grants, if used to compensate relevant expenses or losses already incurred, shall be included into the current profit or loss deferred income; the income-related government grants, if used to compensate relevant expenses or losses in the future, shall be included into the deferred income and later included into the current profit or loss during the period of recognition of the relevant expenses. Government grants measured at nominal amount are included in current profit or loss.

Government grants relevant to routine activities of the Company should be included into other income. Government grants irrelevant to these routine activities of the Company should be included in the non-operating revenue and expenditure.

For the interest subsidies for policy-based preferential loan, if the finance department appropriates the interest subsidies to the lending bank, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate. Where the finance department directly appropriates the interest subsidies to the Group, the interest subsidies will be used to offset related borrowing costs.

Where recognized government subsidies become repayable, it shall be handled accordingly as follows: if there is relevant deferred income balance, the government subsidies repayable shall be offset against the book balance of the deferred income, and the remainder shall be recorded in current profit or loss; if there is no relevant deferred income, the government subsidies repayable shall be recorded directly in current profit or loss.

## 15 Safety fund reserve

According to the relevant regulations of the Circular of the Ministry of Finance and the State Administration of Work Safety on Issuing the Administrative Measures for the Withdrawal and Use of Work Safety Costs of Enterprises (CZ [2022] No.136), the work safety costs for crude oil and natural gas extraction business are withdrawn on a monthly basis according to the crude ore output, specifically as RMB 20 yuan/ton for crude oil and 7.5 yuan/thousand cubic meters for natural gas; and the work safety costs for petrochemical engineering business (refining engineering) are withdrawn at 2% of the construction and installation cost; the work safety costs for refinery and chemical business are withdrawn every month based on the actual operating income of various dangerous goods listed in the List of Dangerous Goods (GB12268) for the last year, in an excess regressive manner and at a rate of 0.2%-4.5%; the work safety costs for machinery manufacturing business are withdrawn every month based on the actual operating income of the last year, in an excess regressive manner and at a rate of 0.05%-2.35%.

Expenses of safety production, upon withdrawal, are included in the cost of related products or the current profit and loss, and recognized in the item of "special reserves" at the same time.

When withdrawn safe production costs are used within the prescribed range and belong to expenses, such costs shall be directly deducted from special reserves; where fixed assets form, incurred expenses are accumulated under the item "construction in progress" and are recognized as fixed assets when the safe project is completed and reaches the working conditions for its intended; meanwhile, special reserves shall be offset according to the costs of fixed assets and the accumulated depreciation of the same amount shall be recognized. Provision for depreciation of fixed assets will be no longer made in subsequent periods.

## 16 Notes to changes in accounting policies and accounting estimates as well as corrections of accounting errors

### 16.1 Changes in accounting policies

In 2023, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the MOF, mainly include:

In accordance with CAS Bulletin No.16 (CK[2022] No.31), the provisions of the Accounting Standards for Business Enterprises No. 18 – Income Taxes on exemption from initial recognition of deferred tax liabilities and deferred tax assets shall not apply to single transactions that are not business combinations, that do not affect accounting profits or taxable income (or deductible losses) upon transaction's occurrence, and result in equal amount of taxable temporary differences and deductible temporary differences caused by initially recognised assets and liabilities.

The Group has made retrospective adjustments in accordance with these provisions for applicable single transactions occurring between January 1, 2022 and the date of initial implementation.

(a) The effects on financial statements as at January 1, 2023 from the adoption of Bulletin No.16 are summarised as follows:

Content of changes in accounting policies	Affected items in the financial statements	Affected amount As at January 1, 2023
Adoption of Bulletin No.16	Deferred tax assets	2,493
	Deferred tax liabilities	(804)
	Capital reserves	(30)
	Other comprehensive income	
	Surplus reserves	120

Content of changes in accounting policies	Affected items in the financial statements	Affected amount As at January 1, 2023
	Retained earnings	1,897
	Minority interests	1,310

(b) The effects on comparative financial statements of Year 2022 from the adoption of Bulletin No.16 are summarised as follows:

Content of changes in accounting policies	Affected items in the financial statements	Affected amount Year 2022
Adoption of Bulletin No.16	Income tax expenses	(874)
	Profit/loss attributable to minority interests	315
	Net profit attributable to parent company	559

**16.2** There were no significant adjustments for accounting estimates or corrections of errors required to be disclosed during the reporting period.

## V NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1 Cash and bank

Item	As at December 31, 2023	As at January 1, 2023
Cash on hand	8	37
Cash at bank	222,465	226,719
Other monetary fund	3,391	3,587
<b>Total</b>	<b>225,864</b>	<b>230,343</b>

### 2 Accounts receivable

Item	As at December 31, 2023	As at January 1, 2023
Accounts receivable	71,576	65,675
Less: provision for bad debts	9,740	9,931
<b>Total</b>	<b>61,836</b>	<b>55,744</b>

### 3 Inventories

Item	As at December 31, 2023			As at January 1, 2023		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Finished goods	175,583	17,948	157,635	180,099	24,714	155,385
Raw materials	61,435	2,908	58,527	64,736	2,732	62,004
Materials in transit	55,191		55,191	53,240		53,240
Goods in process	24,565	144	24,421	19,421	198	19,223
Contract performance costs	499	107	392	488	142	346
Turnover materials	391	8	383	402		402
Goods in transit	83	45	38	72	38	34
Other inventories	18,057		18,057	18,283		18,283
<b>Total</b>	<b>335,804</b>	<b>21,160</b>	<b>314,644</b>	<b>336,741</b>	<b>27,824</b>	<b>308,917</b>



**4 Fixed assets**

Item	As at December 31, 2023	As at January 1, 2023
Fixed assets	641,347	593,116
Fixed assets pending for disposal	184	120
<b>Total</b>	<b>641,531</b>	<b>593,236</b>

Fixed assets:

Item	As at January 1, 2023	Increase	Decrease	As at December 31, 2023
(1) Cost	1,492,870	151,665	53,092	1,591,443
Including: land assets	7,058	34	16	7,076
Buildings and constructions	211,392	17,030	9,225	219,197
Temporary facilities	1,078	345	86	1,337
General equipment	129,884	14,264	7,557	136,591
Specific equipment for oil and gas exploration	201,338	30,941	4,184	228,095
Specific equipment for petroleum and chemical industry	911,863	84,732	30,630	965,965
Others	30,257	4,319	1,394	33,182
(2) Accumulated depreciation	839,985	79,709	26,672	893,022
Including: land assets				
Buildings and constructions	93,980	7,964	2,530	99,414
Temporary facilities	829	266	86	1,009
General equipment	86,612	8,242	4,621	90,233
Specific equipment for oil and gas exploration	125,938	18,768	3,458	141,248
Specific equipment for petroleum and chemical industry	517,648	42,718	15,118	545,248
Others	14,978	1,751	859	15,870
(3) Net book value	652,885	—	—	698,421
Including: land assets	7,058	—	—	7,076
Buildings and constructions	117,412	—	—	119,783
Temporary facilities	249	—	—	328
General equipment	43,272	—	—	46,358
Specific equipment for oil and gas exploration	75,400	—	—	86,847
Specific equipment for petroleum and chemical industry	394,215	—	—	420,717
Others	15,279	—	—	17,312
(4) Provision for impairment	59,769	2,821	5,516	57,074
Including: land assets	27			27
Buildings and constructions	8,015	361	563	7,813
Temporary facilities				
General equipment	4,036	228	415	3,849
Specific equipment for oil and gas exploration	8,395	19	196	8,218
Specific equipment for petroleum and chemical industry	37,633	2,145	4,258	35,520
Others	1,663	68	84	1,647

Item	As at January 1, 2023	Increase	Decrease	As at December 31, 2023
(5) Book value	593,116	—	—	641,347
Including: land assets	7,031	—	—	7,049
Buildings and constructions	109,397	—	—	111,970
Temporary facilities	249	—	—	328
General equipment	39,236	—	—	42,509
Specific equipment for oil and gas exploration	67,005	—	—	78,629
Specific equipment for petroleum and chemical industry	356,582	—	—	385,197
Others	13,616	—	—	15,665

## 5 Construction in progress

Item	As at December 31, 2023			As at January 1, 2023		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Expenditures for capital construction	67,231	890	66,341	84,184	831	83,353
Technological improvement project	82,160	847	81,313	83,691	874	82,817
Geological exploration	21,084	1,796	19,288	19,456	1,767	17,689
Oil and gas exploitation	33,129	1,690	31,439	31,306	1,614	29,692
Other projects	4,446	17	4,429	3,938	17	3,921
Project materials	744	20	724	344		344
<b>Total</b>	<b>208,794</b>	<b>5,260</b>	<b>203,534</b>	<b>222,919</b>	<b>5,103</b>	<b>217,816</b>

Changes of significant construction in progress in 2023

Project names	Budget	As at January 1, 2023	Increase	Transferred to fixed assets	Other decrease	As at December 31, 2023	Proportion of accumulated project expenditure in budget (%)	Project progresses (%)	Accumulated interest capitalized	Including: interest capitalized in 2023	Source of funding
1. Zhenhai Refining and Chemical Refining Highclass Synthetic New Materials Project	41,639	6,332	11,180			17,512	41.54	41.54	60	60	Loans & self-financing
2. Yangzi Petrochemical Refinery Structure Adjustment Project	5,000	3,360	1,600			4,960	99.20	99.20	32	32	Loans & self-financing
3. Development and Construction Project of Leikoupo Formation Gas Reservoir in West Sichuan Gas Field	8,591	3,694	2,342	1,150		4,886	67.89	67.89	88	45	Loans & self-financing
4. Chaozhou Huaying LNG Receiving Station Project	6,118	2,149	1,444	18		3,575	58.79	58.79	28	28	Loans & self-financing
5. Shandong Pipeline Network East Main Line Natural Gas Pipeline Project	8,546	3,466	2,217	3,107	79	2,497	66.54	66.54	90	71	Loans & self-financing
<b>Total</b>	—	<b>19,001</b>	<b>18,783</b>	<b>4,275</b>	<b>79</b>	<b>33,430</b>	—	—	<b>298</b>	<b>236</b>	—

Year 2023, the capitalization rates used by the Group to determine the interest capitalized of borrowing were from 1.70% to 4.25%.

**6 Short-term loans**

Item	As at December 31, 2023	As at January 1, 2023
Credit loans	139,443	81,099
<b>Total</b>	<b>139,443</b>	<b>81,099</b>

**7 Non-current liabilities due within one year**

Item	As at December 31, 2023	As at January 1, 2023
Long-term loans due within one year	19,659	14,712
Bonds payable due within one year	29,148	52,435
Other long-term liabilities due within one year	10,065	8,683
<b>Total</b>	<b>58,872</b>	<b>75,830</b>

As at December 31, 2023, the Group had no significant long-term loans outstanding on schedule.

As at December 31, 2023, the Group's bonds payable due within one year are as follows:

Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
RMB 2,000,000,000 2.59% Due 2024	Sinopec Corp.	2021/08/05	3	RMB 2,000
RMB 2,550,000,000 2.50% Due 2024	Sinopec Corp.	2021/12/27	3	RMB 2,550
21 Sinopec 01 green medium-term notes (carbon neutral bond)	The Company	2021/04/06	3	RMB 1,100
21 Sinopec MTN001	The Company	2021/10/25	3	RMB 2,000
RMB 900,000,000 2.94% Due 2024	The Company	2021/12/17	3	RMB 900
US\$ 1,000,000,000 4.375% Senior Notes Due 2024	Overseas Development	2014/04/10	10	USD 1,000
US\$ 400,000,000 4.375% Senior Notes Due 2024	Overseas Development	2014/06/09	10	USD 400
USD\$800,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/08/01	5	USD 800
USD\$700,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/11/04	5	USD 700
RMB 300,000,000 3.55% Due 2027 (payment by installments)	Sinopec Star	2022/03/18	5	RMB 300
<b>Total</b>	—	—	—	—

(Continued:)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2023
RMB 2,000,000,000 2.59% Due 2024	2,000	2.59	2,000
RMB 2,550,000,000 2.50% Due 2024	2,550	2.50	2,549
21 Sinopec 01 green medium-term notes (carbon neutral bond)	1,100	3.35	1,100

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2023
21 Sinopec MTN001	2,000	2.94	2,000
RMB 900,000,000 2.94% Due 2024	900	2.94	900
US\$ 1,000,000,000 4.375% Senior Notes Due 2024	6,115	4.375	7,081
US\$ 400,000,000 4.375% Senior Notes Due 2024	2,581	4.375	2,837
USD\$800,000,000 2.500% Senior Notes Due 2024	5,474	2.500	5,662
USD\$700,000,000 2.500% Senior Notes Due 2024	4,900	2.500	4,954
RMB 300,000,000 3.55% Due 2027 (payment by installments)	300	3.55	65
<b>Total</b>	<b>—</b>	<b>—</b>	<b>29,148</b>

\*Sinopec Star Co., Ltd. ("Sinopec Star")

Sinopec Group Overseas Development Limited ("Overseas Development")

## 8 Long-term loans

Item	As at December 31, 2023	As at January 1, 2023
Credit loans	174,570	91,940
Guarantee loans	421	689
Pledge loans	4	10
Mortgage loans	2	
<b>Total</b>	<b>174,997</b>	<b>92,639</b>

## 9 Bonds payable

Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
RMB 5,000,000,000 2.70% Due 2023	Sinopec Corp.	2020/04/01	3	RMB 5,000
RMB 5,000,000,000 2.70% Due 2023	Sinopec Corp.	2020/04/01	3	RMB 5,000
RMB 10,000,000,000 2.20% Due 2023	Sinopec Corp.	2020/05/28	3	RMB 10,000
RMB 5,000,000,000 3.20% Due 2026 (Convertible Bond)	Sinopec Corp.	2021/07/26	5	RMB 5,000
RMB 2,000,000,000 2.59% Due 2024	Sinopec Corp.	2021/08/05	3	RMB 2,000
RMB 2,000,000,000 2.80% Due 2023	Sinopec Corp.	2021/08/06	2	RMB 2,000
RMB 2,550,000,000 2.50% Due 2024	Sinopec Corp.	2021/12/27	3	RMB 2,550
USD 1,250,000,000 3.13% Due 2023	Sinopec Corp.	2013/04/24	10	USD 1,250
USD 500,000,000 4.25% Due 2043	Sinopec Corp.	2013/04/24	30	USD 500
21 Sinopec 01 green medium term-notes (carbon neutral bond)	The Company	2021/04/06	3	RMB 1,100
21 Sinopec MTN001	The Company	2021/10/25	3	RMB 2,000

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Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
21 Sinopec MTN002	The Company	2021/10/27	2	RMB 2,000
21 Sinopec MTN003	The Company	2021/10/27	2	RMB 2,000
21 Sinopec MTN004	The Company	2021/10/25	2	RMB 2,000
16 Sinopec 02	The Company	2016/09/23	7	RMB 4,300
16 Sinopec 03	The Company	2016/09/23	10	RMB 800
RMB 900,000,000 2.94% Due 2024	The Company	2021/12/17	3	RMB 900
US\$ 1,000,000,000 4.875% Senior Notes Due 2042	Overseas Development	2012/05/10	30	USD 1,000
US\$ 1,500,000,000 4.375% Senior Notes Due 2023	Overseas Development	2013/10/09	10	USD 1,500
US\$ 500,000,000 5.375% Senior Notes Due 2043	Overseas Development	2013/10/09	30	USD 500
US\$ 1,000,000,000 4.375% Senior Notes Due 2024	Overseas Development	2014/04/10	10	USD 1,000
US\$ 400,000,000 4.375% Senior Notes Due 2024	Overseas Development	2014/06/09	10	USD 400
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	Overseas Development	2015/04/22	10	USD 1,500
US\$ 800,000,000 4.100% Senior Notes Due 2045	Overseas Development	2015/04/22	30	USD 800
US\$ 700,000,000 3.500% Senior Notes Due 2026	Overseas Development	2016/04/25	10	USD 700
US\$ 400,000,000 4.250% Senior Notes Due 2046	Overseas Development	2016/04/25	30	USD 400
USD\$ 600,000,000 2.750% Senior Notes Due 2026	Overseas Development	2016/09/22	10	USD 600
USD\$ 1,000,000,000 2.375% Senior Notes Due 2027	Overseas Development	2017/04/05	10	USD 1,000
USD\$ 300,000,000 4.250% Senior Notes Due 2047	Overseas Development	2017/04/05	30	USD 300
USD\$ 750,000,000 3.250% Senior Notes Due 2027	Overseas Development	2017/09/06	10	USD 750
USD\$ 400,000,000 4.000% Senior Notes Due 2047	Overseas Development	2017/09/06	30	USD 400
USD\$ 750,000,000 3.750% Senior Notes Due 2023	Overseas Development	2018/09/05	5	USD 750
USD\$ 500,000,000 4.125% Senior Notes Due 2025	Overseas Development	2018/09/05	7	USD 500
USD\$ 750,000,000 4.250% Senior Notes Due 2028	Overseas Development	2018/09/05	10	USD 750
USD\$ 400,000,000 4.600% Senior Notes Due 2048	Overseas Development	2018/09/05	30	USD 400
USD\$ 800,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/08/01	5	USD 800
USD\$ 700,000,000 2.950% Senior Notes Due 2029	Overseas Development	2019/08/01	10	USD 700

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Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
USD\$ 500,000,000 3.680% Senior Notes Due 2049	Overseas Development	2019/08/01	30	USD 500
USD\$ 700,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/11/04	5	USD 700
USD\$ 1,000,000,000 2.950% Senior Notes Due 2029	Overseas Development	2019/11/04	10	USD 1,000
USD\$ 300,000,000 3.440% Senior Notes Due 2049	Overseas Development	2019/11/04	30	USD 300
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	Overseas Development	2020/05/06	5	USD 1,000
US\$ 500,000,000 3.350% Senior Notes Due 2050	Overseas Development	2020/05/06	30	USD 500
US\$ 1,500,000,000 2.700% Senior Notes Due 2030	Overseas Development	2020/05/06	10	USD 1,500
US\$ 1,150,000,000 1.450% Senior Notes Due 2026	Overseas Development	2021/01/08	5	USD 1,150
US\$ 1,200,000,000 2.300% Senior Notes Due 2031	Overseas Development	2021/01/08	10	USD 1,200
US\$ 650,000,000 3.100% Senior Notes Due 2051	Overseas Development	2021/01/08	30	USD 650
RMB 300,000,000 3.55% Due 2027 (payment by installments)	Sinopec Star	2022/03/18	5	RMB 300
<b>Subtotal</b>	—	—	—	—
<b>Less: Bonds payable due within one year</b>	—	—	—	—
<b>Total</b>	—	—	—	—

(Continued:)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2023	As at January 1, 2023
RMB 5,000,000,000 2.70% Due 2023	5,000	2.70		4,999
RMB 5,000,000,000 2.70% Due 2023	5,000	2.70		4,999
RMB 10,000,000,000 2.20% Due 2023	10,000	2.20		9,999
RMB 5,000,000,000 3.20% Due 2026 (Convertible Bond)	5,000	3.20	4,992	4,990
RMB 2,000,000,000 2.59% Due 2024	2,000	2.59	2,000	2,000
RMB 2,000,000,000 2.80% Due 2023	2,000	2.80		2,000
RMB 2,550,000,000 2.50% Due 2024	2,550	2.50	2,549	2,548
USD 1,250,000,000 3.13% Due 2023	7,776	3.13		8,705
USD 500,000,000 4.25% Due 2043	3,110	4.25	3,520	3,458
21 Sinopec 01 green medium term-notes (carbon neutral bond)	1,100	3.35	1,100	1,100
21 Sinopec MTN001	2,000	2.94	2,000	2,000



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Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2023	As at January 1, 2023
21 Sinopec MTN002	2,000	2.84		2,000
21 Sinopec MTN003	2,000	2.84		2,000
21 Sinopec MTN004	2,000	2.84		2,000
16 Sinopec 02	4,300	3.02		21
16 Sinopec 03	800	3.30	800	800
RMB 900,000,000 2.94% Due 2024	900	2.94	900	900
US\$ 1,000,000,000 4.875% Senior Notes Due 2042	6,222	4.875	7,033	6,914
US\$ 1,500,000,000 4.375% Senior Notes Due 2023	9,123	4.375		10,436
US\$ 500,000,000 5.375% Senior Notes Due 2043	3,043	5.375	3,512	3,452
US\$ 1,000,000,000 4.375% Senior Notes Due 2024	6,115	4.375	7,081	6,959
US\$ 400,000,000 4.375% Senior Notes Due 2024	2,581	4.375	2,837	2,805
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	9,088	3.250	10,605	10,410
US\$ 800,000,000 4.100% Senior Notes Due 2045	4,895	4.100	5,650	5,555
US\$ 700,000,000 3.500% Senior Notes Due 2026	4,491	3.500	4,950	4,864
US\$ 400,000,000 4.250% Senior Notes Due 2046	2,566	4.250	2,819	2,771
USD\$ 600,000,000 2.750% Senior Notes Due 2026	3,962	2.750	4,234	4,158
USD\$ 1,000,000,000 2.375% Senior Notes Due 2027	6,862	2.375	7,070	6,949
USD\$ 300,000,000 4.250% Senior Notes Due 2047	2,059	4.250	2,116	2,080
USD\$ 750,000,000 3.250% Senior Notes Due 2027	4,951	3.250	5,312	5,223
USD\$ 400,000,000 4.000% Senior Notes Due 2047	2,640	4.000	2,833	2,786
USD\$ 750,000,000 3.750% Senior Notes Due 2023	5,079	3.750		5,217
USD\$ 500,000,000 4.125% Senior Notes Due 2025	3,389	4.125	3,535	3,472
USD\$ 750,000,000 4.250% Senior Notes Due 2028	5,064	4.250	5,282	5,189
USD\$ 400,000,000 4.600% Senior Notes Due 2048	2,723	4.600	2,827	2,780
USD\$ 800,000,000 2.500% Senior Notes Due 2024	5,474	2.500	5,662	5,560
USD\$ 700,000,000 2.950% Senior Notes Due 2029	4,781	2.950	4,935	4,849
USD\$ 500,000,000 3.680% Senior Notes Due 2049	3,429	3.680	3,529	3,470

China Petrochemical Corporation  
Notes to the Financial Statements  
For the Year Ended December 31, 2023  
(Amounts are expressed in RMB '000,000 unless otherwise stated)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2023	As at January 1, 2023
USD\$ 700,000,000 2.500% Senior Notes Due 2024	4,900	2.500	4,954	4,867
USD\$ 1,000,000,000 2.950% Senior Notes Due 2029	6,976	2.950	7,049	6,926
USD\$ 300,000,000 3.440% Senior Notes Due 2049	2,103	3.440	2,119	2,084
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	7,043	2.150	7,075	6,952
US\$ 500,000,000 3.350% Senior Notes Due 2050	3,526	3.350	3,533	3,474
US\$ 1,500,000,000 2.700% Senior Notes Due 2030	10,523	2.700	10,570	10,386
US\$ 1,150,000,000 1.450% Senior Notes Due 2026	7,777	1.450	8,132	7,990
US\$ 1,200,000,000 2.300% Senior Notes Due 2031	8,084	2.300	8,451	8,304
US\$ 650,000,000 3.100% Senior Notes Due 2051	4,402	3.100	4,592	4,518
RMB 300,000,000 3.55% Due 2027 (payment by installments)	300	3.55	256	308
<b>Subtotal</b>	—	—	<b>166,414</b>	<b>216,227</b>
<b>Less: Bonds payable due within one year</b>	—	—	<b>29,148</b>	<b>52,435</b>
<b>Total</b>	—	—	<b>137,266</b>	<b>163,792</b>

As at December 31, 2023, bonds payable due within one year have been reclassified to "non-current liabilities due within one year", see note V 7.

**10 Lease liabilities**

Item	As at December 31, 2023	As at January 1, 2023
Lease payments	34,324	33,836
Less: financing charges unrecognized	1,582	1,853
lease liabilities due within one year	8,197	6,770
<b>Total</b>	<b>24,545</b>	<b>25,213</b>

**11 Financial expenses**

Item	Year 2023	Year 2022
Net interest expenses	4,019	3,177
Incl.: interest expenses	8,753	8,991
interest income	4,734	5,814
Net losses from foreign exchange	(1,588)	(1,015)
Other expenses	1,302	1,128
Incl.: poundage spending	1,178	1,044
<b>Total</b>	<b>3,733</b>	<b>3,290</b>

**12 Investment income**

Item	Year 2023	Year 2022
Income from long-term equity investments accounted for under equity method	9,599	14,716
Investment income from disposal of long-term equity investments	564	13,720
Investment income from holding financial assets held for trading	448	748
Investment income from disposal of financial assets held for trading	-13	162
Interest income from holding of creditor's right investments	5	5
Interest income from holding of other creditor's right investments	356	312
Investment income from disposal of other creditor's right investments	68	55
Dividend income from holding of other equity instruments	1,472	736
Income from derivative instruments	(4,575)	(15,074)
Hedging gains and losses	1,455	997
Others	543	225
<b>Total</b>	<b>9,922</b>	<b>16,602</b>

**13 Assets impairment loss**

Item	Year 2023	Year 2022
Loss from diminution in the value of inventories	215	4,331
Loss from impairment of long-term equity investments	2	4
Loss from impairment of fixed assets	2,183	2,357
Loss from impairment of oil and gas assets	775	2,754
Loss from impairment of intangible assets	27	4
Loss from impairment of construction in progress	119	581
Loss from impairment of contract assets	8	114
Others	90	17
<b>Total</b>	<b>3,419</b>	<b>10,162</b>

**14 Segment information**

Item	Oil & Gas Exploitation		Refining Production		Chemical Production	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Operating revenue	321,164	322,214	1,529,786	1,575,140	534,697	562,733
Operating costs and expenses	279,303	271,451	1,512,045	1,563,182	547,685	573,104
Operating profit (loss)	54,501	54,123	18,342	11,526	-12,443	5,210

(Continued 1:)

Item	Sales of refined oil		Oil & Petrochemical Engineering		Others	
	Year 2023	Year 2022	Year 2023	Year 2022	Year 2023	Year 2022
Operating revenue	1,818,429	1,713,874	145,194	134,769	1,679,263	1,889,077
Operating costs and expenses	1,794,257	1,689,389	142,818	131,938	1,673,441	1,877,425
Operating profit (loss)	28,422	26,758	3,871	3,608	56,573	55,448

(Continued 2:)

Item	Elimination of inter-segment		Total	
	Year 2023	Year 2022	Year 2023	Year 2022
Operating revenue	2,783,145	2,830,941	3,245,388	3,366,866
Operating costs and expenses	2,797,034	2,834,162	3,152,515	3,272,327
Operating profit (loss)	30,359	43,085	118,907	113,588

## 15 Notes to matters concerning the consolidated statement of cash flows

### 15.1 Reconciliation of net profit to cash flows from operating activities

Item	Year 2023	Year 2022
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	96,629	96,113
Plus: Assets impairment loss	3,419	10,162
Expected credit loss	(325)	(3,007)
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation and amortization of investment properties	103,890	95,887
Depreciation of right-of-use assets	9,859	8,433
Amortization of intangible assets	7,751	7,569
Amortization of long-term deferred expenses	6,603	5,928
Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	(5,333)	(1,766)
Loss from retirement of fixed assets, oil and gas assets and investment properties ("-" for gain)	838	1,300
Loss from changes in fair value ("-" for gain)	(1,923)	1,169
Financial expenses ("-" for gain)	7,032	8,000
Dry hole costs written off	6,999	6,419
Investment loss ("-" for gain)	(9,922)	(16,602)
Decrease in deferred tax assets ("-" for increase)	(632)	2,036
Increase deferred tax liabilities ("-" for decrease)	3,117	(816)

Item	Year 2023	Year 2022
Decrease in inventories ("-" for increase)	(5,892)	(52,986)
Decrease in operating receivables ("-" for increase)	(10,376)	9,917
Increase in operating payables ("-" for decrease)	(19,801)	(47,737)
Increase in work safety costs ("-" for decrease)	(138)	252
Others	(2,833)	
Net cash flows from operating activities	188,962	130,271
(2) Net changes in cash:		
Ending balance of cash	223,037	230,386
Less: beginning balance of cash	230,386	271,095
Net increase in cash	(7,349)	(40,709)

## 15.2 Breakdowns of cash

Item	As at December 31, 2023	As at January 1, 2023
Cash on hand	8	37
Unrestricted bank deposit	219,638	226,762
Unrestricted Other monetary fund	3,391	3,587
<b>Total</b>	<b>223,037</b>	<b>230,386</b>

## 16 Contingencies

### 16.1 Contingent liabilities arising from guarantees provided

As at December 31, 2023, the external guarantee provided by the Group amounted to RMB 59,919 million, with the details as follows:

- The Company provided the guarantee to its associate Sinopec International Petroleum Exploration and Production Limited of RMB 49,408 million, including the loan guarantee of RMB 36,511 million, performance guarantee of RMB 12,437 million and other guarantee of RMB 460 million.
- Sinopec Corp., a subordinate company of the Group, provided two guarantees to external enterprises of the Group, amounted to RMB 8,563 million, which were not overdue. In which: one guarantee of RMB 4,828 million was provided to the joint venture Zhongan United Coal Chemical Co., Ltd and the other guarantee of RMB 3,735 million was provided to the joint venture Russian Amur Natural Gas Chemical Integrated LLC.
- SSC, a subordinate company of the Group, provided one performance guarantee to its joint venture DS Servicios Petroleros, S.A.de C.V., which amounted to RMB 1,948 million.

### 16.2 Contingent liabilities arising from pending litigation or arbitration

The Group is the accused in some legal actions, and also the designated party in other lawsuits lodged in the routine business operation. The management has made the assessment on the possibility of bad outcomes brought about by these contingencies, legal actions or other lawsuits, and believes that no liability therefrom will have significant adverse impact on the Group's financial condition or operating performance.

**VI THERE WERE NO SIGNIFICANT SUBSEQUENT EVENTS REQUIRED TO BE DISCLOSED DURING THE REPORTING PERIOD.**

**VII THERE WERE NO OTHER SIGNIFICANT EVENTS REQUIRED TO BE DISCLOSED DURING THE REPORTING PERIOD.**

**VIII FINANCIAL STATEMENTS APPROVAL**

The financial statements for the Year ended December 31, 2023 had been approved by the board of the Company.

**China Petrochemical Corporation**

**April 29, 2024**





# 营业执照

统一社会信用代码

91310101568093764U

证照编号: 01000000202401150067

(副本)

市场主体身  
份码了解更多可  
记、监管信息、体  
验更多应用服务。



名称 立信会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 朱建弟、杨志国

经营范围

审查企业会计报表,出具审计报告;验证企业资本,出具验资报告;办理企业合并、分立、清算事宜中的审计业务,出具有关报告;基本建设年度财务决算审计;代理记账;会计咨询、税务咨询、管理咨询、会计培训;信息系统集成服务;信息技术服务;法律、法规规定的其他业务。  
【依法须经批准的项目,经相关部门批准后方可开展经营活动】

出资额 人民币15450.0000万元整

成立日期 2011年01月24日

主要经营场所 上海市黄浦区南京东路61号四楼



登记机关

2024年01月15日

国家企业信用信息公示系统网址: <http://www.gsxt.gov.cn>

市场主体应当于每年1月1日至6月30日通过国家企业信用信息公示系统报送公示年度报告。

国家市场监督管理总局监制



证书序号: 0001247

## 说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批, 准予执行注册会计师法定业务的凭证。
- 2、《会计师事务所执业证书》记载事项发生变动的, 应当向财政部门申请换发。
- 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 4、会计师事务所终止或执业许可注销的, 应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇一八年六月一日

中华人民共和国财政部制



会计师事务所

# 执业证书



名称: 立信会计师事务所 (特殊普通合伙)

首席合伙人: 朱建弟

主任会计师:

经营场所: 上海市黄浦区南京东路61号四楼

组织形式: 特殊普通合伙制

执业证书编号: 310000006

批准执业文号: 沪财会〔2000〕26号 (转制批文 沪财会〔2010〕82号)

批准执业日期: 2000年6月13日 (转制日期 2013年12月31日)



# 年度检验登记

## Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.



林榛(310000062184)  
您已通过2020年年检  
上海市注册会计师协会  
2020年08月31日



林榛(310000062184)  
您已通过2021年年检  
上海市注册会计师协会  
2021年10月30日

6



# 年度检验登记

## Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.



林榛的年检二维码

年 /y 月 /m 日 /d

7



中国注册会计师协会

林榛

姓 Full name 林榛  
性 Sex 男  
出生 Date of birth 1973-03-21  
工作 Working unit 立信会计师事务所(普通合伙)  
身份 Identity card No. 3101051973032100





# 年度检验登记

## Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.



朱晓东年检二维码

年 /y 月 /m 日 /d

10

# 年度检验登记

## Annual Renewal Registration

本证书经检验合格，继续有效一年。  
This certificate is valid for another year after this renewal.

年 /y 月 /m 日 /d

11



姓名 朱晓东

Full name

性别 男

Sex

1976-02-09

出生日期

Date of birth

工作单位

Working unit

身份证号码 310224197602098014

Identity card No.



**CHINA PETROCHEMICAL CORPORATION**

**AUDITORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2024**



**China Petrochemical Corporation**  
**Review Report and Financial Statements**  
(From January 1, 2024, to December 31, 2024)

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## Auditors' Report

PCPAR [2025] No. ZK20843

To China Petrochemical Corporation:

### I Opinion

We have audited the attached condensed consolidated and the parent company's financial statements of China Petrochemical Corporation (hereinafter referred to as "the Company"), including the balance sheet as at December 31, 2024, the income statement and statement of cash flows for the year then ended, and the notes to the financial statements.

In our opinion, the financial statements attached are prepared, in all material respects, in accordance with the CAS, and present fairly the consolidated and the parent company's financial positions of the Company as at December 31, 2024 and the consolidated and the parent company's financial performance and cash flows for the year then ended.

### II Basis for Opinion

We conducted our audit in accordance with the Auditing Standards for Certified Public Accountants of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of this auditors' report. According to the Code of Ethics for Certified Public Accountants of China, we are independent of the Company and we have fulfilled other responsibilities in the aspect of code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### III Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of the Company (hereinafter referred to as the "Management") is responsible for preparing the financial statements in accordance with the requirements of CAS to achieve a fair presentation, and for designing, implementing and maintaining internal control that is necessary to ensure that the financial statements are free from material misstatements, whether due to frauds or errors.

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

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



**IV Auditors' 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 auditors' 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 the audit standards 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.

During the process of an audit conducted in accordance with audit standards, we exercise professional judgment and maintain professional scepticism throughout the audit. Meanwhile, we also implement the following work:

- (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) Understand the 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 internal control.
- (3) Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
- (4) The Management comes to the conclusion by using the appropriateness of the going-concern assumption. Meanwhile, based on the audit evidence obtained, we come to a conclusion on whether a material uncertainty exists in events or conditions that may cause significant doubt on the Company's going-concern ability. If we conclude that a material uncertainty exists, we are required to, in our auditors' report, draw attention of the users of statements to the related disclosures in the financial statements; if such disclosures are inadequate, we should modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content (including the disclosures) of the financial statements, and evaluate whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.







**立信会计师事务所(特殊普通合伙)**  
BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit, and bear full responsibility for our audit opinion.

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



**Certified Public Accountant of China:**  
**Gao Fei**

**Certified Public Accountant of China:**  
**Zhou Yi**

**Shanghai, China**

**April 18, 2025**

*This auditors' report and the accompanying financial statements are English translations of the Chinese auditors' report and statutory financial statements prepared under accounting principles and practices generally accepted in the People's Republic of China. In case the English version does not conform to the Chinese version, the Chinese version shall prevail.*



# Consolidated Balance Sheet

Items	Note V	As at 31 December 2024 RMB '000,000	As at 1 January 2024 RMB '000,000
<b>Current assets</b>			
Cash and bank	1	228,767	225,864
Financial assets held for trading		32,319	32,480
Derivative financial assets		2,554	9,759
Accounts receivable	2	63,018	61,836
Receivables financing		6,041	4,919
Prepayments		20,635	18,734
Other receivables		38,216	33,970
Inventories	3	321,424	314,644
Contract assets		29,657	27,563
Non-current assets due within one-year		3,698	5,379
Other current assets		137,300	169,460
<b>Total current assets</b>		<b>883,629</b>	<b>904,608</b>
<b>Non-current assets</b>			
Long-term receivables		13,570	13,152
Long-term equity investments		249,949	235,954
Other equity instrument investments		32,242	28,143
Fixed assets	4	651,804	641,531
Construction in progress	5	229,043	203,534
Oil and gas assets		219,428	200,880
Right-of-use assets		39,709	41,078
Intangible assets		163,690	164,167
Goodwill		8,678	8,657
Long-term deferred expenses		19,883	21,728
Deferred tax assets		25,011	26,260
Other non-current assets		203,486	226,551
<b>Total non-current assets</b>		<b>1,856,493</b>	<b>1,811,635</b>
<b>Total assets</b>		<b>2,740,122</b>	<b>2,716,243</b>



**Consolidated Balance Sheet (Continued)**

Items	Note V	As at 31 December 2024 RMB '000,000	As at 1 January 2024 RMB '000,000
<b>Current liabilities</b>			
Short-term loans	6	114,019	139,443
Notes payable		53,972	40,978
Accounts payable		259,096	282,700
Contract liabilities		161,043	162,687
Employee benefits payable		24,372	28,018
Taxes and surcharges payable		43,735	45,453
Other payables		120,501	119,232
Non-current liabilities due within one year	7	92,649	58,872
Other current liabilities		32,624	31,872
<b>Total current liabilities</b>		<b>902,011</b>	<b>909,255</b>
<b>Non-current liabilities</b>			
Long-term loans	8	204,761	174,997
Bonds payable	9	146,937	137,266
Long-term payables		41,235	49,790
Lease liabilities	10	22,158	24,545
Estimated liabilities		59,735	58,532
Deferred tax liabilities		15,702	14,958
Other non-current liabilities		36,003	19,133
<b>Total non-current liabilities</b>		<b>526,531</b>	<b>479,221</b>
<b>Total liabilities</b>		<b>1,428,542</b>	<b>1,388,476</b>
<b>Owner's equity</b>			
Paid-in capital		326,090	326,525
Capital reserves		67,441	62,672
Other comprehensive income		(8,602)	(8,997)
Specific reserves		2,741	2,874
Surplus reserves		257,872	250,010
General risk reserves		2,960	2,936
Retained earnings		259,751	286,713
<b>Total equity attributable to parent company</b>		<b>908,253</b>	<b>922,733</b>
Minority interests		403,327	405,034
<b>Total equity</b>		<b>1,311,580</b>	<b>1,327,767</b>
<b>Total Liabilities and equity</b>		<b>2,740,122</b>	<b>2,716,243</b>

Ma Yongsheng

Legal Representative

Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department



# Consolidated Income Statement

Items	Note V	Year	
		2024	2023
		RMB '000,000	RMB '000,000
<b>I. Operating revenue</b>		<b>3,138,768</b>	<b>3,245,388</b>
<b>II. Total operating costs</b>		<b>3,064,397</b>	<b>3,152,515</b>
Incl.: Operating costs		2,628,924	2,707,661
Taxes and surcharges		270,955	276,467
Selling and distribution expenses		61,308	61,119
General and administrative expenses		66,046	72,964
Research and development expenses		21,006	19,239
Exploration costs		9,460	11,332
Financial expenses	11	6,698	3,733
Add: Other income (loss)		12,913	11,950
Investment income (loss)	12	20,695	9,922
Gain from changes of fair value (loss)		(3,108)	1,923
Expected credit loss (loss)		626	325
Assets impairment loss (loss)	13	(6,961)	(3,419)
Gain from assets disposal (loss)		4,663	5,333
<b>III. Operating profit (loss)</b>		<b>103,199</b>	<b>118,907</b>
Add: Non-operating income		3,435	2,558
Less: Non-operating expenses		5,552	4,396
<b>IV. Total profit (loss)</b>		<b>101,082</b>	<b>117,069</b>
Less: Income tax expenses		18,551	20,440
<b>V. Net profit (loss)</b>		<b>82,531</b>	<b>96,629</b>
Less: Profit/loss attributable to minority interests		24,708	30,131
<b>VI. Net profit attributable to parent company</b>		<b>57,823</b>	<b>66,498</b>

Ma Yongsheng

Legal Representative

Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department





# Consolidated Statement of Cash Flows

Items	Notes V	Year	
		2024	2023
		RMB '000,000	RMB '000,000
<b>I. Cash flows from operating activities</b>			
Cash received from sales and services		3,574,883	3,607,169
Refund of tax and surcharges		8,462	12,068
Other cash received relating to operating activities		159,737	198,951
<b>Subtotal of cash inflows from operating activities</b>		<b>3,743,082</b>	<b>3,818,188</b>
Cash paid for goods and services		2,750,850	2,796,335
Cash paid to and for employees		154,270	151,289
Payments of taxes and surcharges		353,767	345,145
Other cash paid relating to operating activities		325,268	336,457
<b>Subtotal of cash outflows from operating activities</b>		<b>3,584,155</b>	<b>3,629,226</b>
<b>Net cash flows from operating activities</b>	15	<b>158,927</b>	<b>188,962</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		79,444	83,142
Cash received from investment income		16,695	15,515
Net cash received from disposal fixed assets, intangible assets and other long-term assets		3,539	6,350
Net cash received from disposal of subsidiaries and other operating units		78	404
Other cash received relating to investing activities		61,552	6,185
<b>Subtotal of cash inflows from investing activities</b>		<b>161,308</b>	<b>111,596</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets		154,554	187,865
Cash paid for acquisition of investments		71,077	121,077
Net cash paid to acquire subsidiaries and other operating units			
Other cash paid relating to investing activities		32,754	37,026
<b>Subtotal of cash outflows from investing activities</b>		<b>258,385</b>	<b>345,968</b>
<b>Net cash flows from investing activities</b>		<b>(97,077)</b>	<b>(234,372)</b>



# Consolidated Statement of Cash Flows (Continued)

Items	Notes V	Year	
		2024	2023
		RMB '000,000	RMB '000,000
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		3,713	1,863
Cash received from borrowings		935,312	921,817
Other cash received relating to financing activities		1,940	6,024
<b>Subtotal of cash inflows from financing activities</b>		<b>940,965</b>	<b>929,704</b>
Cash repayments of borrowings		892,930	825,768
Cash paid for dividends, profits distribution or interest		47,717	45,732
Other cash paid relating to financing activities		61,815	22,078
<b>Subtotal of cash outflows from financing activities</b>		<b>1,002,462</b>	<b>893,578</b>
<b>Net cash flows from financing activities</b>		<b>(61,497)</b>	<b>36,126</b>
<b>IV. Effect of foreign exchange rate changes on cash</b>		<b>52</b>	<b>1,935</b>
<b>V. Net increase in cash and cash equivalents</b>	15	<b>405</b>	<b>(7,349)</b>
Add: Cash and cash equivalents at the beginning of the period	15	223,037	230,386
<b>VI. Cash and cash equivalents at the end of the period</b>	15	<b>223,442</b>	<b>223,037</b>

Ma Yongsheng

Legal Representative

Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department





# **Balance Sheet**

Items	As at 31 December 2024 RMB '000,000	As at 1 January 2024 RMB '000,000
<b>Current assets</b>		
Cash and bank	142,026	153,906
Financial assets held for trading		
Derivative financial assets		
Accounts receivable		
Receivables financing		
Prepayments	2	1
Other receivables	15,667	19,743
Inventories		
Contract assets		
Non-current assets due within one-year		5,690
Other current assets	23	23
<b>Total current assets</b>	<b>157,718</b>	<b>179,363</b>
<b>Non-current assets</b>		
Long-term receivables		
Long-term equity investments	428,605	385,682
Other equity instrument investments	21,310	19,093
Fixed assets	450	472
Construction in progress	5	6
Oil and gas assets		
Right-of-use assets	61	48
Intangible assets	12,858	13,372
Goodwill		
Long-term deferred expenses		
Deferred tax assets		
Other non-current assets	6	3,842
<b>Total non-current assets</b>	<b>463,295</b>	<b>422,515</b>
<b>Total assets</b>	<b>621,013</b>	<b>601,878</b>



**Balance Sheet (Continued)**

Items	As at 31 December 2024 RMB '000,000	As at 1 January 2024 RMB '000,000
<b>Current liabilities</b>		
Short-term loans	34,108	43,983
Notes payable		
Accounts payable	5	3
Contract liabilities		
Employee benefits payable	8,330	11,967
Taxes and surcharges payable	251	378
Other payables	375	11,479
Non-current liabilities due within one year	125	4,014
Other current liabilities		
<b>Total current liabilities</b>	<b>43,194</b>	<b>71,824</b>
<b>Non-current liabilities</b>		
Long-term loans	10,031	42
Bonds payable	11,800	800
Long-term payables	839	838
Lease liabilities	45	36
Estimated liabilities	1,734	2,141
Deferred tax liabilities	1,874	1,175
Other non-current liabilities	25,800	8,600
<b>Total non-current liabilities</b>	<b>52,123</b>	<b>13,632</b>
<b>Total liabilities</b>	<b>95,317</b>	<b>85,456</b>
<b>Owner's equity</b>		
Paid-in capital	326,090	326,525
Capital reserves	18,673	20,645
Other comprehensive income	(15,517)	(17,532)
Specific reserves		
Surplus reserves	75,804	71,633
General risk reserves		
Retained earnings	120,646	115,151
<b>Total equity</b>	<b>525,696</b>	<b>516,422</b>
<b>Total Liabilities and equity</b>	<b>621,013</b>	<b>601,878</b>

Ma Yongsheng

Legal Representative

Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department



# Income Statement

Items	Year	
	2024	2023
	RMB '000,000	RMB '000,000
<b>I. Operating revenue</b>	<b>4,705</b>	<b>4,734</b>
<b>II. Total operating costs</b>	<b>(2,313)</b>	<b>2,898</b>
Incl.: Operating costs		
Taxes and surcharges	65	73
Selling and distribution expenses		
General and administrative expenses	(1,625)	3,611
Research and development expenses	193	193
Exploration costs		
Financial expenses	(946)	(979)
Add: Other income (loss)	2	15
Investment income (loss)	35,134	33,124
Gain from changes of fair value (loss)		
Expected credit loss (loss)	(1)	3
Assets impairment loss (loss)		
Gain from assets disposal (loss)		
<b>III. Operating profit (loss)</b>	<b>42,153</b>	<b>34,978</b>
Add: Non-operating income	1	2
Less: Non-operating expenses	(288)	40
<b>IV. Total profit (loss)</b>	<b>42,442</b>	<b>34,940</b>
Less: Income tax expenses	726	579
<b>V. Net profit (loss)</b>	<b>41,716</b>	<b>34,361</b>

Ma Yongsheng

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Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department



# Statement of Cash Flows

Items	Year	
	2024	2023
	RMB '000,000	RMB '000,000
<b>I. Cash flows from operating activities</b>		
Cash received from sales and services	4,966	4,977
Refund of tax and surcharges		
Other cash received relating to operating activities	6,646	5,223
<b>Subtotal of cash inflows from operating activities</b>	<b>11,612</b>	<b>10,200</b>
Cash paid for goods and services	16	5
Cash paid to and for employees	771	777
Payments of taxes and surcharges	1,387	2,735
Other cash paid relating to operating activities	5,380	4,602
<b>Subtotal of cash outflows from operating activities</b>	<b>7,554</b>	<b>8,119</b>
<b>Net cash flows from operating activities</b>	<b>4,058</b>	<b>2,081</b>
<b>II. Cash flows from investing activities</b>		
Cash received from disposal of investments	14,127	8,963
Cash received from investment income	34,984	32,686
Net cash received from disposal fixed assets, intangible assets and other long-term assets		
Net cash received from disposal of subsidiaries and other operating units		
Other cash received relating to investing activities		
<b>Subtotal of cash inflows from investing activities</b>	<b>49,111</b>	<b>41,649</b>
Cash paid for purchasing fixed assets, intangible assets and other long-term assets	19	12
Cash paid for acquisition of investments	56,804	30,040
Net cash paid to acquire subsidiaries and other operating units		
Other cash paid relating to investing activities		
<b>Subtotal of cash outflows from investing activities</b>	<b>56,823</b>	<b>30,052</b>
<b>Net cash flows from investing activities</b>	<b>(7,712)</b>	<b>11,597</b>



**Statement of Cash Flows (Continued)**

Items	Year	
	2024	2023
	RMB '000,000	RMB '000,000
<b>III. Cash flows from financing activities</b>		
Cash received from capital contributions	146	101
Cash received from borrowings	52,198	46,775
Other cash received relating to financing activities		
<b>Subtotal of cash inflows from financing activities</b>	<b>52,344</b>	<b>46,876</b>
Cash repayments of borrowings	45,080	46,251
Cash paid for dividends, profits distribution or interest	16,303	13,392
Other cash paid relating to financing activities	25	16
<b>Subtotal of cash outflows from financing activities</b>	<b>61,408</b>	<b>59,659</b>
<b>Net cash flows from financing activities</b>	<b>(9,064)</b>	<b>(12,783)</b>
<b>IV. Effect of foreign exchange rate changes on cash</b>	<b>(2)</b>	<b>(1)</b>
<b>V. Net increase in cash and cash equivalents</b>	<b>(12,720)</b>	<b>894</b>
Add: Cash and cash equivalents at the beginning of the period	153,714	152,820
<b>VI. Cash and cash equivalents at the end of the period</b>	<b>140,994</b>	<b>153,714</b>

Ma Yongsheng

Legal Representative

Cai Yong

Chief Financial Officer

Zhou Meiyun

Director of Finance Department





**China Petrochemical Corporation**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2024**

**I COMPANY PROFILE**

China Petrochemical Corporation (hereinafter referred to as "the Company") is a wholly state-owned company established on July 27, 1998, with its registered place and headquarters in Beijing, a registered capital of RMB 326.5 billion and its legal representative is Ma Yongsheng.

The Company is one of the largest integrated energy and chemical companies with upstream, midstream and downstream operation in China, established on the basis of former China Petrochemical Corporation according to the Circular on Establishment Program of Sinopec Group and Announcement on the articles of association of Sinopec Group (the State Economic and Trade Commission [1998] No.458). China Petrochemical Corporation was established in 1983 as the economic entity with the qualification of a legal person under direct control by the State Council, and responsible for designing and planning the national petrochemical production construction and import and export business. In July, 1998, China carried out significant reform and restructured the petroleum and petrochemical industry, Sinopec Group completely merged China Eastern United Petrochemical (Group) Company Limited and finished transfer with China National Petroleum Corporation and hand-over with provincial/ municipal as well as specifically designated municipal petroleum companies, hence, it became a state-owned company, functioning as a state-authorized investment organization in which the state holds the full control.

According to the Reply on Matters Related to the Restructuring of China Petrochemical Corporation (GZGG [2017] No.1076) issued by the State-owned Assets Supervision and Administration Commission, the Company completed its corporate restructuring in August 2018, with its enterprise type changing from "ownership by the whole people" to "limited liability company (wholly state-owned)" and its name changing to "China Petrochemical Corporation". With the approval of Beijing Administration for Industry and Commerce, the Company completed the industrial and commercial registration of changes on August 20, 2018.

The Company and its subsidiaries' ("the Group") key business activities include: exploration and development of petroleum and natural gas, petroleum refining, petrochemical, petroleum products wholesale and retail, exploration and designing, construction and installation of petroleum and petrochemical projects.

The Group has 39 wholly-owned or holding subsidiaries, including China Petroleum & Chemical Company ("Sinopec Corp.") and Sinopec Oilfield Service Corporation ("SSC") listed in Hong Kong and Shanghai, Sinopec Engineering (Group) Co., Ltd. listed in Hong Kong, Sinopec Oilfield Equipment Corporation ("SOC") listed in Shenzhen, as well as 35 unlisted companies.

**II BASIS OF PREPARATION FOR THE FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with the Accounting Standards for Business Enterprises and corresponding application guidance, interpretations and other related provisions (collectively referred as "CAS") issued by the Ministry of Finance ("MOF").

The financial statements of the Group have been prepared on the going concern basis.





### III STATEMENT ON COMPLIANCE WITH THE CAS

The financial statements have been prepared in compliance with the CAS to truly and completely present the consolidated financial position as at December 31, 2024, and the consolidated financial performance and cash flows for the year then ended.

### IV MATERIAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

#### 1 Accounting period

The calendar year is adopted for the accounting year of the Group, namely, from January 1 to December 31 of each year.

#### 2 Functional currency

The Group adopts RMB as its functional currency.

#### 3 Accounting basis and valuation principle

The Group's accounts are recorded on an accrual basis. Except for any financial instruments, the financial statements are measured on basis of historical cost. In case of the assets impairment, provision for impairment will be made according to relevant regulations.

#### 4 Recognition criteria of cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, other monetary funds and short-term non-equity investments held by the Company. The recognition of short-term non-equity investments as cash equivalents must meet the following four conditions at the same time: short term (generally refers to maturity within three months from the acquisition date), strong liquidity, easy conversion into known amount of cash, and little risk of value change.

#### 5 Foreign currency transactions and translation of foreign currency financial statements

##### 5.1 Foreign currency transactions

For the Group's foreign-currency transactions, the foreign-currency amount is translated into the functional currency amount according to the spot exchange rate on the transaction date or the exchange rate at the end of last month. Foreign-currency exchange business or transactions involving foreign currency exchange shall be translated at the exchange rate actually used in the transactions, i.e. the bank purchase price or selling price.

Balance of foreign currency monetary items is translated into the amount in RMB for adjustment at the spot exchange rate prevailing on the balance sheet date; foreign currency non-monetary items measured at fair value are translated into the amount in RMB for adjustment at the spot exchange rate prevailing on the day when the fair value is determined. Differences arising from exchange of special borrowing accounts in foreign currency at the end of the period and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs according to the provisions; differences arising from exchange of other foreign currency accounts shall be included in the financial expenses. Differences arising from exchange of different currencies are included in the financial expenses.

##### 5.2 Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "Retained earnings", are translated at the spot exchange rates on the dates when the transactions occur. Income and expense items in the income statement and items reflecting the amount of profit



distribution in the statement of changes in owner's equity shall be converted using the exchange rate consistent with the initial recognition on the date of occurrence of the foreign-currency transactions. Differences arising from the said translation of foreign-currency financial statements are presented separately as "Other comprehensive income" under the owners' equity in the balance sheet.

## 6 Financial instruments

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

### 6.1 Classification and measurement of financial assets

The Group classifies financial assets according to the business model of managing financial assets and the contractual cash flows characteristics of financial assets:

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income;
- Financial assets measured at fair value through current profit or loss.

Except for accounts receivable or notes receivable that do not consist of or consider significant financing components, financial assets are measured at fair value at initial recognition. For the financial assets which are measured at their fair values and of which the variation is included in the current profits and losses, the transaction expense shall be directly recorded into the profits and losses of the current period. For other categories of financial assets, the transaction expense shall be recorded into the initially recognized amount. Accounts receivable or notes receivable arising from the sale of products or the provision of labor services that do not include or take into account significant financing components are initially recognized by the Group in accordance with the amount of consideration that the Group is expected to be entitled to receive.

#### A. Debt instruments

- (1) Measured in amortized cost: Assets, which are held for the purpose of receiving contract cash flows and whose cash flows are only for the payment of principal and interest, are classified as financial assets measured at amortized cost.

After initial recognition, such financial assets are measured at amortized cost by using the effective interest method. Gains or losses arising from the financial assets that are measured at amortized cost and that are not part of any hedging relationship shall be included into the current profit or loss when such financial assets are de-recognized, amortized under the effective interest method or impaired.

- (2) Measured at fair value through other comprehensive income: Assets, which are held for the purpose of receiving contractual cash flows and selling the financial assets and whose cash flows are only for the payment of principal and interest, are classified as financial assets measured at fair value through other comprehensive income.

After initial recognition, such financial assets will be subsequently measured at fair value. The interest calculated under the effective interest method, impairment losses or gains and exchange losses or gains will be





included in current profit or loss, and other gains or losses will be included in other comprehensive income. When de-recognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in current profit or loss.

- (3) Measured at fair value through current profit or loss: Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income mentioned above, all the rest debt instruments are classified as financial assets measured at fair value through current profit or loss by the Group.

After the initial recognition, such financial assets will be subsequently measured at fair value, and the gains or losses (including interest and dividends income) arising therefrom will be included in the current profit or loss, unless the financial assets are part of the hedging relationship.

#### **B. Equity instruments**

Investments in equity instruments over which the Group has no control, joint control and significant influence are designated as financial assets measured at fair value through the current profit or loss, and are listed as financial assets held for trading.

In addition, the Group designated some non-trading equity instrument investments as financial assets measured at fair value through other comprehensive income and listed them as other equity instrument investments. Dividend income related to such financial assets is included in the current profit or loss. At derecognition, the accumulated gains or losses previously included in other comprehensive income will be transferred from the other comprehensive income to the retained earnings.

#### **6.2 Classification and measurement of financial liabilities**

Financial liabilities, upon initial recognition, are classified into the financial liabilities measured at amortized cost and the financial liabilities measured at fair value through the current profit or loss. Transaction expenses related to financial liabilities which have not been divided as the financial liabilities measured at fair value through current profit or loss are included in the initial recognition amount.

For financial liabilities measured at amortized cost, the gains or losses arising from their derecognition or amortization are included in the current profit or loss. For financial liabilities that are subsequently measured at fair value, the gains or losses arising from changes in their fair value and the dividends and interest expenses related to the financial liabilities are included in current profit or loss.

#### **6.3 Derivative financial instruments**

Derivative financial instruments are measured at fair value upon initial recognition and their fair value is re-assessed on each balance sheet date. Gains and losses arising from the reassessment of the fair value of derivative financial instruments shall be included in the current profit or loss except for those meeting the requirements for hedge accounting.

#### **6.4 Impairment of financial instruments**

The Group recognizes the provision for loss based on the expected credit losses of the financial assets measured at amortized cost, other debt investments measured at fair value through other comprehensive income, the lease receivables, the contract assets, the loan



commitments other than financial liabilities classified at fair value through the current profit or loss, and the financial guarantee contracts not measured at fair value through the current profit or loss.

The Group calculates and recognizes the expected credit losses after taking into account reasonable and reliable information such as past events, current situation and forecast of future economic situation.

On the balance sheet date, the Group separately measures the expected credit losses of financial instruments at different stages. If the credit risk of a financial instrument has not increased significantly since the initial confirmation, it is in the first stage, and the Group measures the provision for loss according to the expected credit loss in the next 12 months. If the credit risk of a financial instrument has increased significantly since its initial recognition but no credit impairment has occurred, it is in the second stage and the Group measures the provision for loss according to the expected credit loss of the instrument throughout its life. If a financial instrument has suffered credit impairment since its initial recognition, it is in the third stage, and the Group measures the provision for loss according to the expected credit loss of the instrument throughout its life.

For a financial instrument with lower credit risk on the balance sheet date, the Group assumes that its credit risk has not increased significantly since the initial recognition, and measures the provision for loss according to the expected credit losses in the next 12 months.

For the financial instruments in the first stage and the second stage, as well as those with lower credit risk, the Group calculates the interest income according to its book balance without deducting the impairment provision at actual interest rate. For the financial instruments in the third stage, the interest income is calculated according to the book balance minus the amortized cost after the provision for impairment at the actual interest rate.

For notes receivable, accounts receivable and contract assets, regardless of whether there is any significant financing component, the Group measures the provision for loss according to the expected credit loss for the entire duration.

The Group includes the accrued or reversed provision for loss into the current profit or loss.

#### **6.5 Fair value of financial instruments**

For the recognition method of fair value of financial assets and financial liabilities, see note IV 7.

#### **6.6 Derecognition of financial instruments**

In case any financial asset meets one of the following conditions, it will be derecognized:

- (1) The contract rights of obtaining cash flows of the financial assets are terminated;
- (2) The financial asset has been transferred, and nearly all the risks and rewards associated with ownership of the financial assets have been transferred by the Group to the transferee;
- (3) The financial asset has been transferred, even though the Group neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset but gives up its control over the financial asset.





When other equity instrument investment is derecognized, the difference between its book value and the sum of the received consideration and the accumulated amount of changes in fair value originally directly included in other comprehensive income shall be included in retained earnings. When a remaining financial asset is derecognized, the difference between the book value of the financial asset and the sum of the consideration received and the accumulated amount of changes in the fair value originally included in other comprehensive income will be included in the current profit or loss.

A financial liability shall be wholly or partly derecognized if its present obligations are wholly or partly dissolved. As for financial liabilities, the difference between the book value of the derecognized part and the consideration paid is included in the current profit or loss.

#### **6.7 Transfer of financial assets**

The transfer of a financial asset refers to a transfer or delivery of the financial asset (or its cash flows) from an enterprise (the "transferor") to a party other than the issuer of such financial asset ("the transferee").

Where the Group has transferred nearly all risks and rewards associated with the ownership of a financial asset to the transferee, the financial asset shall be de-recognized; where the Center retains nearly all risks and rewards associated with the ownership of a financial asset, the financial asset shall be continuously recognized.

Where the Group neither transfers nor retains nearly all the risks and rewards associated with the ownership of the financial asset, it shall be treated based on different circumstances as below: where the Company has not retain its control over the financial asset, the financial asset should be derecognized, and assets and liabilities arising therefrom should be recognized; or where the Company retains its control over the financial asset, relevant financial asset is recognized according to the extent of its continuing involvement in the transferred financial assets and relevant liabilities are recognized accordingly.

### **7 Fair value measurement**

Fair value is the price received from an asset or paid for transfer of a liability by a market participant in an orderly transaction on the measurement date.

Where there is an active market for the financial assets or financial liabilities, the Group will determine their fair values at the quoted price in the active market. Where there is no active market, the Group will adopt the valuation techniques to determine their fair values.

When the Company measures non-financial assets at fair value, it should consider a market participant's ability to generate economic benefit by using the asset or by selling it to another market participant who will use the asset in its highest and best use.

When the Group uses the valuation techniques, it has considered the valuation techniques that are applicable in the current situation and are supported by enough available data and other information. The Company gives priority to the observable inputs when using valuation techniques, and those unobservable inputs are used only under the circumstance when it is impossible or unobservable inputs to obtain relevant observable inputs.

For assets and liabilities measured at or disclosed by their fair value in the financial statements, the level of the measurement result of fair value shall subject to the lowest level which the input having great significance to the entire measurement of fair value belongs to: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company



can access on the measurement date; Level 2 inputs are directly or indirectly observable inputs of relevant assets or liabilities other than first-level inputs; Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

On each balance sheet date, the Group reevaluates the assets and liabilities continuously measured at fair value and recognized in the financial statements in order to determine whether there is a conversion among the levels of fair value measurement.

## **8 Inventories**

### **8.1 Classification of inventories**

The Group's inventories are classified into raw materials, revolving materials, goods in transit, goods in process, goods in stock, goods dispatched, and contract performance costs etc.

### **8.2 Measurement of inventories when acquired and dispatched**

Inventories of the Group are measured at actual costs when acquired. When raw materials, goods in progress, goods in stock (except reserved crude oil) and the like are dispatched, the weighted average method or the planned cost method shall be adopted for pricing, the difference between the planned cost and the actual cost shall be separately accounted for through the cost difference account, and at the end of each month, the cost difference borne by the received and dispatched inventories shall be carried forward, and the planned cost shall be adjusted to the actual cost. For the swap sale of reserve crude oil, the swap purchase cost shall be carried forward to the sales cost. If the crude oil sold for swap is not fully replaced on the balance sheet date, the sales revenue will be carried forward temporarily as the sales cost, and the difference will be adjusted according to the actual repurchase cost after the replacement is completed. For inventories that cannot be used instead, inventories purchased or manufactured specially for specific projects, and the cost of providing labor services, the cost of dispatched inventories shall be determined by using the specific identification method. Low-cost consumables shall be amortized by the one-time write-off method when they are collected. Other revolving materials generally adopt the one-time write-off method, and revolving materials with larger value and longer service life are amortized by times over the benefit period.

### **8.3 Method of making provision for inventory impairment**

On the balance sheet date, where the inventory costs are higher than the net realizable values, the provision for inventory impairment reserves shall be made. The Group makes provision for inventory impairment of commercial crude oil reserves on combined category basis, and makes such provision for other inventories on an individual item basis. If the factors that previously affected the write-down of inventory value have disappeared, the provision for inventory impairment are reversed within the original provision made.

### **8.4 Determination method for net realizable values of inventories**

The net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges. In determining the net realizable value of inventories, the purpose of holding the inventories (except for the crude oil reserves) and the influence of post balance sheet events are both taken into account. The net realizable value of commercial crude oil reserves is determined based on the estimated future (five-year) crude oil price with consideration to the incidental transportation expenses, the oil premiums and discounts, as well as exchange rate conversion and ton/barrel ratio and other factors that have occurred.

### **8.5 Inventory physical counting system**

The perpetual inventory system is adopted by the Group.





**9 Long-term equity investments**

The Group's long-term equity investments include equity investment by which the Company exercises control and significant influence over the investee and equity investment in joint ventures. Where the Group is able to have significant influence on an investee, the investee is an associate of the Group.

**9.1 Determination of investment costs**

Long-term equity investments are measured at the investment costs upon acquisition. The investment costs are the fair value of any assets acquired, any liabilities incurred or assumed, and any equity securities issued for acquisition of such investment, including the relevant direct costs. For long-term equity investments formed from business combinations under common control, the investment costs thereof shall be recognized at the share of book value of the combinee's owners' equity on the acquisition date.

**9.2 Subsequent measurement and recognition methods of profit or loss**

The Group measures the long-term equity investments that can exercise control over the investee under the cost method, and measures the investments in associates and joint ventures under the equity method.

**A. Long-term equity investments under cost method**

For the long-term equity investments under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the cash dividends or profits declared to be distributed by the investee are recognized as investment income to be included in current profit and loss.

**B. Long-term equity investments under equity method**

For the Group's long-term equity investments measured under the equity method, if the investment costs are higher than the investor's attributable share of the fair value of the investee's identifiable net assets, no adjustment will be made to the investment costs of the long-term equity investments; if the investment costs are lower than the investor's attributable share of the fair value of the investee's identifiable net assets, the book value of long-term equity investments should be adjusted, and the difference should be included into the current profit and loss.

When the equity method is adopted, the Company shall, according to the shares of net profits and losses and other comprehensive income realized by the investee which the Company shall enjoy or bear, recognize the profit and loss on the investments and other comprehensive income and adjust the book value of the long-term equity investments; the Company shall calculate the part distributed from cash dividends or profits declared by the investee and correspondingly reduce the book value of the long-term equity investments; for other changes in owner's equity of the investee other than net profit or loss and profit distribution, the Company adjusts the book value of long-term equity investments and includes such changes in owner's equity. When recognizing the attributable share of net profit or loss of the investee, the Company should, based on the fair value of identifiable net asset of the investee when it obtains the investment, recognize its attributable share of the net profit or loss of the investee after the adjustment according to the Group's accounting policy and accounting period.

**9.3 Basis of control, common control over or significant impact on the investee**

Control means that the Company has the power over the investee and enjoys the variable return through participating in activities related to the investee, and has the ability to affect the return of the investee by using the power over the investee. The financial



positions, operating results and cash flows of subsidiaries are included in the consolidated financial statements from the control start date to the control end date.

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same.

Significant influence refers to the power of the investor to participate in making decisions on the financial and operating policies of the investee, but not the power to control, or jointly control, the formulation of such policies with other parties. In determining whether to exercise significant influence over the investee, the Company will consider the voting shares of the investee directly or indirectly held by the investor, and effects of the transfer into the equities of the investee from the potential voting rights to be exercisable in current period held by the investor and other parties under an assumption such as the effects of the current convertible warrants, stock options, convertible corporate bonds, etc. issued by the investee.

#### **9.4 Disposal of long-term equity investments**

For the disposal of long-term equity investments, the difference between the book value and the actual price thereof shall be included in the investment income. For long-term equity investment accounted for using the equity method, if it is included in other comprehensive income due to changes in other comprehensive income of the investee, the part originally included in other comprehensive income shall be transferred to investment income according to the corresponding proportion when the investment is disposed.

In case the joint control or significant influence over the investee is lost for disposing part of equity investments and other reasons, the remaining equity should be calculated as the difference between the fair value and the book value on the date of the loss of joint control or significant influence and be included in the current profit and loss. For other comprehensive income recognized from accounting of the original equity investments under the equity method, accounting treatment should be made by using the same basis for the investee to directly dispose the relevant assets or liabilities when the equity method is no longer adopted. Other changes in equity interests related to original equity investment should be included in current profits and losses.

Where the Company loses control over the investee due to its disposal of part of equity investment or other reasons, if it can exercise joint control over or significant influence on the investee through the remaining equities after disposal, the remaining equities shall be measured by changing to employ the equity method and adjusted as if the remaining equities had been measured by employing the equity method ever since acquired in preparation of separate financial statements; if the Company cannot exercise joint control over or a significant influence on the investee through the remaining equities after disposal, the accounting treatment shall be changed to be made in accordance with relevant regulations of the Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, and the difference between the fair value and book value thereof on the date of loss of the control shall be included in current profit or loss.

#### **9.5 Impairment of long-term equity investment**

For investments in subsidiaries, associates and joint ventures, as well as the Group's provision method for asset impairment, see the Note IV 12.





## 10 Fixed assets

### 10.1 Recognition criteria of fixed assets

The Group's fixed assets refer to the tangible assets held for the purpose of producing commodities, providing services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they meet the following conditions at the same time: economic benefits related to the fixed assets are likely to flow into the enterprise and the cost of the fixed assets can be measured reliably.

### 10.2 Measurement of fixed assets

The Group's fixed assets are initially measured at actual costs on acquisition.

### 10.3 Classification and depreciation policy of fixed assets

The Group accounts for its fixed assets by categories and determine their estimated useful life, estimated net residual value and depreciation method in accordance with the Depreciation Life of Fixed Assets of China Petrochemical Corporation.

Other than assets that are fully depreciated and remain in use as well as land and other assets that are separately measured and accounted for according to provisions on assets checkup and capital verification, the Group provides depreciation for all fixed assets.

The Group adopts the straight-line method for the provision for depreciation. For fixed assets for which no provision for impairment has been made, their depreciation shall be accrued by category, estimated useful lives and expected residual value. The Group determines the annual depreciation rate of various fixed assets as follows:

Category of fixed assets	Estimated service life (year)	Estimated residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	12-40	3	2.43-8.08
General equipment	4-20	3	4.85-24.25
Special equipment for oil and gas exploration	8-18	3	5.39-12.13
Special equipment for petroleum and chemical industry	10-20	3	4.85-9.70
Others	4-30	0-3	3.23-25.00

For a fixed asset whose estimated depreciation life and estimated residual rate are re-estimated within its useful life and which has been provided with impairment reserve, the depreciation rate and amount are re-determined according to the fixed asset's book value and its remaining useful life. When the depreciation amount of fixed assets is adjusted due to the impairment reserve of fixed assets, the accumulated depreciation previously accrued shall not be adjusted.

### 10.4 Subsequent expenses of fixed assets

Subsequent expenses of fixed assets of the Group refer to expenses from updating and improvement, repair costs of fixed assets during use.

Subsequent expenditures such as renovation and reconstruction costs of fixed assets, which meet the conditions for recognition of fixed assets, shall be included in the cost of fixed assets, and the book value of the replaced parts (if any) shall be deducted; expenses such as repair costs that do not meet the conditions for recognition of fixed assets shall be included in the current profit or loss when incurred.



**10.5 Provision for impairment of fixed assets**

See IV 12 for testing and provision methods of impairment of fixed assets.

**11 Oil and gas assets**

**11.1 Classification, recognition and measurement of oil and gas assets**

The Group's oil and gas assets include wells and related facilities, rights and interests in proven mining areas, and rights and interests in unproved mining areas. When the economic benefits related to the oil and gas assets are likely to flow into the enterprise and the cost of the oil and gas assets can be measured reliably, the oil and gas assets are recognized, and the Group carries out initial measurement based on the actual cost incurred.

When the rights and interests in proven mining areas and unproved mining areas are obtained, the initial cost of oil and gas assets shall be recognized based on the actual expenses incurred. The rights and interests in unproved mining areas shall be transferred to the current profit and loss when the proven economically recoverable reserves are not finally obtained.

After completion of the well, the drilling exploration expenditure shall be handled respectively as follows:

- A. If there is economically proved recoverable reserves found in the well, the well drilling expenditures shall be carried forward to the cost of the well and related facilities;
- B. If there is no economically proved recoverable reserves found in the well, the well drilling expenditures shall be included in current profit or loss after deducting net residual value;
- C. If it is impossible to determine whether there is economically proved recoverable reserves upon the well completion practice, the expenditures shall be capitalized temporarily for a time not exceeding one year. If it is still impossible to determine whether there is economically proved recoverable reserves after one year from the well completion practice, and the following conditions are met at the same time, the capitalized expenditures for drilling the well will continue to be capitalized temporarily, otherwise, they will be included in the current profit or loss:
  - 1) It is discovered that the well has enough reserves, but further exploration activities are needed to determine whether it is economically proved recoverable reserves.
  - 2) Further exploration activities are already in progress or in plan and will soon be implemented.
- D. If an exploratory well that has been expensed for drilling exploration is found to having economically proved recoverable reserves, the expensed drilling exploration expenditure shall not be adjusted, and the expenditures incurred for re-drilling and completion shall be capitalized.

The cost of development wells and related auxiliary equipment shall be capitalized.

Non-drilling exploration expenditures are included in the current profit or loss when incurred and will not be capitalized.





Oil and gas development expenditure, when reaching the expected serviceable condition (dry wells are completed), is transferred to the cost of oil and gas assets.

#### 11.2 Depletion policy for oil and gas assets

Oil and gas mining enterprises under the Group accrue depreciation for oil and gas assets using the production method based on the production and the oil and gas reserves.

#### 11.3 Disposal fee of oil and gas assets

The Group will accrue deposit disposal fee for its obligation to dispose of oil and gas assets that meet the conditions for recognition of estimated liabilities from these assets' present value, while recognizing the estimated liabilities. The disposal fees of oil and gas assets are depreciated in accordance with the depreciation policy for related assets. The difference between the final value and present value of the mining area disposal fees is amortized over the life of the related assets, included in the current financial expenses, with estimated liabilities recognized at the same time.

The disposal expenses incurred to the Group for oil and gas assets that have not been accrued with mining area disposal fees are included in the current profit or loss when incurred.

#### 11.4 Provision for impairment of oil and gas assets

See IV 12 for testing and provision methods of impairment of oil and gas assets.

### 12 Impairment of assets

The Group's impairment of assets, such as the long-term equity investments in subsidiaries, associates and joint ventures and the investment property, fixed assets, oil and gas assets, construction in progress, intangible assets, goodwill and other non-current assets that are subsequently measured by the cost model, are determined according to the following methods:

The Group shall, on the balance sheet date, make a judgment on whether there is any indication that the assets may impair. If such indication does exist, the Group shall estimate the recoverable amount and carry out an impairment test. Impairment tests for goodwill arising from the business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the serviceable conditions shall be conducted every year whether the indication of impairment exists or not.

The recoverable amounts of assets are the higher between the net amount of their fair values less the disposal expenses and the present values of estimated future cash flows. The Group shall, on the basis of single item assets, estimate the recoverable amount. Where it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. The recognition of an asset group shall base on whether the main cash inflow generated from the asset group is independent of those generated from other assets or other asset groups.

Where the recoverable amount of an asset or an asset group is lower than its book value, the book value of the asset or asset group shall be written down to their recoverable amounts. The write-downs are included in the current profit or loss, and the provision for asset impairment shall be made accordingly at the same time.

Goodwill is tested in combination with goodwill-related asset group or portfolio of asset groups. In the course of impairment test, if the indication of impairment of goodwill-related asset group or portfolio of asset groups exists, the Company shall firstly test the impairment of asset group or portfolio of asset groups excluding the goodwill, calculate the recoverable amount and



recognize relevant impairment losses. Then, the Company shall test the impairment of the asset group or portfolio of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, it shall recognize the losses from impairment of goodwill.

Losses from asset impairment shall not be reversed in subsequent accounting periods once recognized.

### **13 Revenue**

The Group fulfills its performance obligations in the contract, that is, it recognizes the revenue when the customer obtains control over the relevant goods or services. Obtaining control over the relevant goods or services means being able to dominate the use of the goods or the provision of the services and to receive almost all economic benefits from them.

For the performance obligations performed within a certain period, the Group recognizes revenue according to the performance progress during that period. For performance obligations performed at a certain time-point, the Group recognizes revenue when the customer obtains control over the relevant goods or services.

#### **13.1 Sale of goods**

The sales contracts between the Group and its customers usually only include the performance obligation of transferring the goods. When the customer obtains the control over the relevant goods, the Group recognizes the revenue based on the amount of consideration that it is expected to receive. The Group will consider the following signs when judging whether the customer has acquired control over the goods, including:

- Acquisition of the current right to collect the goods payment;
- Transfer of main risks and rewards in goods ownership;
- Transfer of legal ownership of the goods, and transfer of the goods asset in kind;  
and
- Customer's acceptance of the goods.

#### **13.2 Construction**

Construction contracts between the Group and its customers usually include performance obligations for infrastructure construction. Since customers can control the goods under construction during the performance of the Group, the Group regards them as performance obligations to be performed within a certain period, and revenue is recognized according to the performance progress, except for those whose performance progress cannot be reasonably determined. The Group determines the performance progress of the services according to the input method. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

#### **13.3 Rendering of services**

Service contracts between the Group and its customers mainly include performance obligations such as petroleum engineering and technical services and engineering design.

For service contracts that meet one of the following conditions:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the Company is performing the obligation;





- Customers are able to control the goods under construction in the Company's performance process; or
- The services provided during the contract performance process have irreplaceable uses, and the Group has the right to receive payments for the portion of the performance that has been completed to date.

The Group regards it as a performance obligation to be performed within a certain period, and recognizes the revenue according to the performance progress, except for the case that the performance progress cannot be reasonably determined. When the performance progress cannot be reasonably determined, if the cost incurred to the Group is expected to be compensated, revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

For service contracts that do not meet one of the above conditions, the Group will regard them as performance obligations to be performed at a certain time-point and recognize the revenue at the time-point when the customer obtains control over the relevant services.

#### 14 Government grants

Government grants are recognized when the Company can meet the conditions for the government grants and can obtain the grants.

Government grants in the form of monetary assets are measured at the amount received or receivable. The government grants offered in the form of non-monetary assets are measured at fair value or at the nominal value of RMB 1 if the fair value cannot be reliably obtained.

The assets-related government grants shall be recognized as deferred income, allocated evenly over the useful lives of the assets, and included in the current profit or loss. The income-related government grants, if used to compensate relevant expenses or losses already incurred, shall be included into the current profit or loss deferred income; the income-related government grants, if used to compensate relevant expenses or losses in the future, shall be included into the deferred income and later included into the current profit or loss during the period of recognition of the relevant expenses. Government grants measured at nominal amount are included in current profit or loss.

Government grants relevant to routine activities of the Company should be included into other income. Government grants irrelevant to these routine activities of the Company should be included in the non-operating revenue and expenditure.

For the interest subsidies for policy-based preferential loan, if the finance department appropriates the interest subsidies to the lending bank, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate. Where the finance department directly appropriates the interest subsidies to the Group, the interest subsidies will be used to offset related borrowing costs.

Where recognized government subsidies become repayable, it shall be handled accordingly as follows: if there is relevant deferred income balance, the government subsidies repayable shall be offset against the book balance of the deferred income, and the remainder shall be recorded in current profit or loss; if there is no relevant deferred income, the government subsidies repayable shall be recorded directly in current profit or loss.

#### 15 Safety fund reserve

According to the relevant regulations of the Circular of the Ministry of Finance and the State Administration of Work Safety on Issuing the Administrative Measures for the Withdrawal and Use of Work Safety Costs of Enterprises (CZ [2022] No.136), the work safety costs for crudi-



oil and natural gas extraction business are withdrawn on a monthly basis according to the crude ore output, specifically as RMB 20 yuan/ton for crude oil and 7.5 yuan/thousand cubic meters for natural gas; and the work safety costs for petrochemical engineering business (refining engineering) are withdrawn at 2% of the construction and installation cost; the work safety costs for refinery and chemical business are withdrawn every month based on the actual operating income of various dangerous goods listed in the List of Dangerous Goods (GB12268) for the last year, in an excess regressive manner and at a rate of 0.2%-4.5%; the work safety costs for machinery manufacturing business are withdrawn every month based on the actual operating income of the last year, in an excess regressive manner and at a rate of 0.05%-2.35%.

Expenses of safety production, upon withdrawal, are included in the cost of related products or the current profit and loss, and recognized in the item of "special reserves" at the same time.

When withdrawn safe production costs are used within the prescribed range and belong to expenses, such costs shall be directly deducted from special reserves; where fixed assets form, incurred expenses are accumulated under the item "construction in progress" and are recognized as fixed assets when the safe project is completed and reaches the working conditions for its intended; meanwhile, special reserves shall be offset according to the costs of fixed assets and the accumulated depreciation of the same amount shall be recognized. Provision for depreciation of fixed assets will be no longer made in subsequent periods.

## 16 Notes to changes in accounting policies and accounting estimates as well as corrections of accounting errors

### 16.1 Changes in accounting policies

In 2024, the Group has adopted the revised accounting requirements and guidance under CAS newly issued by the MOF, mainly include:

A. "The provisions on the Classification of Liabilities as Current and Non-current" in CAS Bulletin No.17 (CK[2023] No.21) ("CAS Bulletin No.17").

In accordance with CAS Bulletin No.17, when classifying the liquidity of liabilities, the Group only considers whether it has a substantial right to defer the settlement of liabilities to more than one year after the balance sheet date ("Right to Defer the Settlement of Liabilities") at the balance sheet date, without taking into account the subjective likelihood of the Group exercising such rights.

For liabilities arising from the Group's loan arrangements, if the Group's Right to Defer the Settlement of Liabilities depends on whether the Group has complied with the conditions stipulated in the loan arrangements ("Contractual Conditions"), the Group classifies the liquidity of the relevant liabilities by considering only the impact of the Contractual Conditions to be followed by the Group on or before the balance sheet date, without considering the impact of Contractual Conditions that the Group should comply with after the balance sheet date.

For liabilities settled by the Group through the delivery of its own equity instruments at the option of the counterparty, if the Group classifies such options as equity instruments and recognises them separately as equity components of compound financial instruments in accordance with the provisions of CAS No.37 - Presentation of Financial Instruments, the liquidity classification of such liability will not be affected. Conversely, if such options cannot be classified as equity instruments, the liquidity classification of the liability will be affected.

The adoption of this provision does not have a material impact on the Group's financial position and results of operations.





B "The provisions on the Accounting Treatment for Quality Guarantees that do not fall under Individual Performance Obligations" in CAS Bulletin No.18 (CK[2024] No.24) ("CAS Bulletin No.18").

In accordance with CAS Bulletin No.18, when SOC, the subsidiary of the Group, accounts for the estimated liabilities arising from quality guarantees that do not fall under individual performance obligations, the provisions of CAS No.13 - Contingent Matters, the determined amount of estimated liabilities is debited to the "Costs of goods sales" and credited to the "Estimated liabilities", and is presented as "Operating costs" in the Income Statement and "Estimated liabilities" item in the Balance Sheet accordingly. Retroactively adjustment of the quality guarantee that was originally included in "Selling and distribution expenses" has been made.

The effects on comparative financial statements of Year 2023 arising from the adoption of this provision are summarised as follows:

Content of changes in accounting policies	Affected items in the financial statements	Affected amount Year 2023
Adoption of Bulletin No.18	Operating costs	5
	Selling and distribution expenses	(5)

16.2 There were no significant adjustments for accounting estimates or corrections of errors required to be disclosed during the reporting period.

## V NOTES TO THE MAIN ITEMS OF CONSOLIDATED FINANCIAL STATEMENTS

### 1 Cash and bank

Item	As at December 31, 2024	As at January 1, 2024
Cash on hand	5	8
Cash at bank	225,687	222,465
Other monetary fund	3,075	3,391
<b>Total</b>	<b>228,767</b>	<b>225,864</b>

### 2 Accounts receivable

Item	As at December 31, 2024	As at January 1, 2024
Accounts receivable	72,457	71,576
Less: provision for bad debts	9,439	9,740
<b>Total</b>	<b>63,018</b>	<b>61,836</b>

### 3 Inventories

Item	As at December 31, 2024			As at January 1, 2024		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Finished goods	190,199	17,531	172,668	175,583	17,948	157,635
Raw materials	58,912	2,745	56,167	61,435	2,908	58,527
Materials in transit	53,494		53,494	55,191		55,191
Goods in process	23,093	131	22,962	24,565	144	24,421
Contract performance costs	471	87	384	499	107	392
Turnover materials	423	3	420	391	8	383
Goods in transit	81	36	45	83	45	38
Other inventories	15,284		15,284	18,057		18,057
<b>Total</b>	<b>341,957</b>	<b>20,533</b>	<b>321,424</b>	<b>335,804</b>	<b>21,160</b>	<b>314,644</b>



4 Fixed assets

Item	As at December 31, 2024	As at January 1, 2024
Fixed assets	651,676	641,347
Fixed assets pending for disposal	128	184
<b>Total</b>	<b>651,804</b>	<b>641,531</b>

Fixed assets:

Item	As at January 1, 2024	Increase	Decrease	As at December 31, 2024
(1) Cost	1,591,443	103,550	43,583	1,651,410
Including: land assets	7,076	14	145	6,945
Buildings and constructions	219,197	18,113	5,180	232,130
Temporary facilities	1,337	190	254	1,273
General equipment	136,591	13,179	6,982	142,788
Specific equipment for oil and gas exploration	228,095	17,377	6,810	238,662
Specific equipment for petroleum and chemical industry	965,965	51,043	23,063	993,945
Others	33,182	3,634	1,149	35,667
(2) Accumulated depreciation	893,022	74,682	23,590	944,114
Including: land assets				
Buildings and constructions	99,414	8,500	1,871	106,043
Temporary facilities	1,009	334	254	1,089
General equipment	90,233	8,404	4,389	94,248
Specific equipment for oil and gas exploration	141,248	10,835	4,218	147,865
Specific equipment for petroleum and chemical industry	545,248	44,925	12,042	578,131
Others	15,870	1,684	816	16,738
(3) Net book value	698,421	—	—	707,296
Including: land assets	7,076	—	—	6,945
Buildings and constructions	119,783	—	—	126,087
Temporary facilities	328	—	—	184
General equipment	46,358	—	—	48,540
Specific equipment for oil and gas exploration	86,847	—	—	90,797
Specific equipment for petroleum and chemical industry	420,717	—	—	415,814
Others	17,312	—	—	18,929
(4) Provision for impairment	57,074	2,303	3,757	55,620
Including: land assets	27			27
Buildings and constructions	7,813	312	378	7,747
Temporary facilities				
General equipment	3,849	221	265	3,805
Specific equipment for oil and gas exploration	8,218	89	202	8,105
Specific equipment for petroleum and chemical industry	35,520	1,631	2,850	34,301
Others	1,647	50	62	1,635





Item	As at January 1, 2024	Increase	Decrease	As at December 31, 2024
(5) Book value	641,347	—	—	651,676
Including: land assets	7,049	—	—	6,918
Buildings and constructions	111,970	—	—	118,340
Temporary facilities	328	—	—	184
General equipment	42,509	—	—	44,735
Specific equipment for oil and gas exploration	78,629	—	—	82,692
Specific equipment for petroleum and chemical industry	385,197	—	—	381,513
Others	15,665	—	—	17,294

**5 Construction in progress**

Item	As at December 31, 2024			As at January 1, 2024		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Expenditures for capital construction	69,689	1,018	68,671	67,231	890	66,341
Technological improvement project	94,715	820	93,895	82,160	847	81,313
Geological exploration	27,247	1,823	25,424	21,084	1,796	19,288
Oil and gas exploitation	33,063	1,714	31,349	33,129	1,690	31,439
Other projects	9,190	17	9,173	4,446	17	4,429
Project materials	554	23	531	744	20	724
<b>Total</b>	<b>234,458</b>	<b>5,415</b>	<b>229,043</b>	<b>208,794</b>	<b>5,260</b>	<b>203,534</b>



Changes of significant construction in progress in 2024

Project names	Budget	As at January 1, 2024	Increase	Transferred to fixed assets	Other decrease	As at December 31, 2024	Proportion of accumulated project expenditure in budget (%)	Project progress (%)	Accumulated interest capitalized	Including: interest capitalized in 2024	Source of funding
1. Zhenhai Refining and Chemical Refining Highclass Synthetic New Materials Project	41,673	17,512	14,981	1,908		30,585	77.53	77.53	440	380	Loans & self-financing
2. Refining Transformation and Upgrading & Ethylene Quality Improvement Project of Maoming Branch	30,074	1,760	4,200			5,960	16.30	19.82	6	6	Loans & self-financing
3. Zhenhai Expanding 1.5 million tons/year Ethylene and Downstream High-End New Materials Industry Cluster Project	24,939	2,700	1,700			4,400	16.63	16.63			Loans & self-financing
4. Shandong Pipeline Network East Main Line Natural Gas Pipeline Project	8,546	2,497	1,420	152	15	3,750	83.16	83.16	94	4	Loans & self-financing
5. 250,000 tons/year Styrene Thermoplastic Elastomer (Jinshan) Project	2,862	1,676	800			2,476	86.51	86.51	27	18	Loans & self-financing
<b>Total</b>	—	<b>26,145</b>	<b>23,101</b>	<b>2,060</b>	<b>15</b>	<b>47,171</b>	—	—	<b>567</b>	<b>408</b>	—

Year 2024, the capitalization rates used by the Group to determine the interest capitalized of borrowing were from 2.00% to 3.90%.





6 Short-term loans

Item	As at December 31, 2024	As at January 1, 2024
Credit loans	114,019	139,443
<b>Total</b>	<b>114,019</b>	<b>139,443</b>

7 Non-current liabilities due within one year

Item	As at December 31, 2024	As at January 1, 2024
Long-term loans due within one year	58,353	19,659
Bonds payable due within one year	22,897	29,148
Other long-term liabilities due within one year	11,399	10,065
<b>Total</b>	<b>92,649</b>	<b>58,872</b>

As at December 31, 2024, the Group had no significant long-term loans outstanding on schedule.

As at December 31, 2024, the Group's bonds payable due within one year are as follows:

Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	Overseas Development	2015/04/22	10	USD 1,500
USD\$ 500,000,000 4.125% Senior Notes Due 2025	Overseas Development	2018/09/05	7	USD 500
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	Overseas Development	2020/05/06	5	USD 1,000
RMB 300,000,000 3.55% Due 2027 (payment by installments)	Sinopec Star	2022/03/18	5	RMB 300
Accrued Interest	—	—	—	—
<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>

(Continued:)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2024
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	9,088	3.250	10,778
USD\$ 500,000,000 4.125% Senior Notes Due 2025	3,389	4.125	3,591
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	7,043	2.150	7,186
RMB 300,000,000 3.55% Due 2027 (payment by installments)	300	3.55	58
Accrued Interest	—	—	1,284
<b>Total</b>	<b>—</b>	<b>—</b>	<b>22,897</b>

\*Sinopec Star Co., Ltd. ("Sinopec Star")  
Sinopec Group Overseas Development Limited ("Overseas Development")



**8 Long-term loans**

Item	As at December 31, 2024	As at January 1, 2024
Credit loans	204,178	174,570
Guarantee loans	574	421
Mortgage loans	9	2
Pledge loans		4
<b>Total</b>	<b>204,761</b>	<b>174,997</b>

**9 Bonds payable**

Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
RMB 5,000,000,000 3.20% Due 2026 (Convertible Bond)	Sinopec Corp.	2021/07/26	5	RMB 5,000
USD 500,000,000 4.25% Due 2043	Sinopec Corp.	2013/04/24	30	USD 500
RMB 2,000,000,000 2.59% Due 2024	Sinopec Corp.	2021/08/05	3	RMB 2,000
RMB 2,550,000,000 2.50% Due 2024	Sinopec Corp.	2021/12/27	3	RMB 2,550
RMB 3,500,000,000 2.24% Due 2024	Sinopec Corp.	2024/07/31	10	RMB 3,500
RMB 3,500,000,000 2.24% Due 2024	Sinopec Corp.	2024/07/31	10	RMB 3,500
RMB 6,000,000,000 1.70% Due 2024	Sinopec Corp.	2024/12/17	2	RMB 6,000
RMB 4,000,000,000 1.75% Due 2024	Sinopec Corp.	2024/12/17	3	RMB 4,000
24 Sinopec MTN001	The Company	2024/08/09	5	RMB 5,500
24 Sinopec MTN002	The Company	2024/08/09	5	RMB 5,500
21 Sinopec 01 green medium term-notes (carbon neutral bond)	The Company	2021/04/06	3	RMB 1,100
21 Sinopec MTN001	The Company	2021/10/25	3	RMB 2,000
16 Sinopec 03	The Company	2016/09/23	10	RMB 800
RMB 900,000,000 2.94% Due 2024	The Company	2021/12/17	3	RMB 900
US\$ 1,000,000,000 4.875% Senior Notes DUE 2042	Overseas Development	2012/05/10	30	USD 1,000
US\$ 500,000,000 5.375% Senior Notes DUE 2043	Overseas Development	2013/10/09	30	USD 500
US\$ 1,000,000,000 4.375% Senior Notes DUE 2024	Overseas Development	2014/04/10	10	USD 1,000
US\$ 400,000,000 4.375% Senior Notes DUE 2024	Overseas Development	2014/06/09	10	USD 400
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	Overseas Development	2015/04/22	10	USD 1,500
US\$ 800,000,000 4.100% Senior Notes Due 2045	Overseas Development	2015/04/22	30	USD 800
US\$ 700,000,000 3.500% Senior Notes Due 2026	Overseas Development	2016/04/25	10	USD 700





China Petrochemical Corporation  
Notes to the Financial Statements  
For the Year Ended December 31, 2024  
(Amounts are expressed in RMB '000,000 unless otherwise stated)

Bonds Name	Issuer	Issuing Date	Maturity (year)	Par value (million)
US\$ 400,000,000 4.250% Senior Notes Due 2046	Overseas Development	2016/04/25	30	USD 400
USD\$ 600,000,000 2.750% Senior Notes Due 2026	Overseas Development	2016/09/22	10	USD 600
USD\$ 1,000,000,000 2.375% Senior Notes Due 2027	Overseas Development	2017/04/05	10	USD 1,000
USD\$ 300,000,000 4.25% Senior Notes Due 2047	Overseas Development	2017/04/05	30	USD 300
USD\$ 750,000,000 3.250% Senior Notes Due 2027	Overseas Development	2017/09/06	10	USD 750
USD\$ 400,000,000 4.000% Senior Notes Due 2047	Overseas Development	2017/09/06	30	USD 400
USD\$ 500,000,000 4.125% Senior Notes Due 2025	Overseas Development	2018/09/05	7	USD 500
USD\$ 750,000,000 4.250% Senior Notes Due 2028	Overseas Development	2018/09/05	10	USD 750
USD\$ 400,000,000 4.600% Senior Notes Due 2048	Overseas Development	2018/09/05	30	USD 400
USD\$ 800,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/08/01	5	USD 800
USD\$ 700,000,000 2.950% Senior Notes Due 2029	Overseas Development	2019/08/01	10	USD 700
USD\$ 500,000,000 3.680% Senior Notes Due 2049	Overseas Development	2019/08/01	30	USD 500
USD\$ 700,000,000 2.500% Senior Notes Due 2024	Overseas Development	2019/11/04	5	USD 700
USD\$ 1,000,000,000 2.950% Senior Notes Due 2029	Overseas Development	2019/11/04	10	USD 1,000
USD\$ 300,000,000 3.440% Senior Notes Due 2049	Overseas Development	2019/11/04	30	USD 300
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	Overseas Development	2020/05/06	5	USD 1,000
US\$ 500,000,000 3.350% Senior Notes Due 2050	Overseas Development	2020/05/06	30	USD 500
US\$ 1,500,000,000 2.700% Senior Notes Due 2030	Overseas Development	2020/05/06	10	USD 1,500
US\$ 1,150,000,000 1.450% Senior Notes Due 2026	Overseas Development	2021/01/08	5	USD 1,150
US\$ 1,200,000,000 2.300% Senior Notes Due 2031	Overseas Development	2021/01/08	10	USD 1,200
US\$ 650,000,000 3.100% Senior Notes Due 2051	Overseas Development	2021/01/08	30	USD 650
RMB 1,250,000,000 2.60% Due 2027	Capital Corp.	2024/02/23	3	RMB 1,250
RMB 300,000,000 3.55% Due 2027 (payment by installments)	Sinopec Star	2022/03/18	5	RMB 300
Accrued Interest	—	—	—	—
<b>Subtotal</b>	—	—	—	—
<b>Less: Bonds payable due within one year</b>	—	—	—	—
<b>Total</b>	—	—	—	—



(Continued:)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2024	As at January 1, 2024
RMB 5,000,000,000 3.20% Due 2026 (Convertible Bond)	5,000	3.20	4,996	4,992
USD 500,000,000 4.25% Due 2043	3,110	4.25	3,573	3,520
RMB 2,000,000,000 2.59% Due 2024	2,000	2.59		2,000
RMB 2,550,000,000 2.50% Due 2024	2,550	2.50		2,549
RMB 3,500,000,000 2.24% Due 2024	3,500	2.24	3,497	
RMB 3,500,000,000 2.24% Due 2024	3,500	2.24	3,497	
RMB 6,000,000,000 1.70% Due 2024	6,000	1.70	6,000	
RMB 4,000,000,000 1.75% Due 2024	4,000	1.75	4,000	
24 Sinopec MTN001	5,500	2.00	5,500	
24 Sinopec MTN002	5,500	2.00	5,500	
21 Sinopec 01 green medium term-notes (carbon neutral bond)	1,100	3.35		1,100
21 Sinopec MTN001	2,000	2.94		2,000
16 Sinopec 03	800	3.30	800	800
RMB 900,000,000 2.94% Due 2024	900	2.94		900
US\$ 1,000,000,000 4.875% Senior Notes DUE 2042	6,222	4.875	7,140	7,033
US\$ 500,000,000 5.375% Senior Notes DUE 2043	3,043	5.375	3,565	3,512
US\$ 1,000,000,000 4.375% Senior Notes DUE 2024	6,115	4.375		7,081
US\$ 400,000,000 4.375% Senior Notes DUE 2024	2,581	4.375		2,837
US\$ 1,500,000,000 3.250% Senior Notes Due 2025	9,088	3.250	10,778	10,605
US\$ 800,000,000 4.100% Senior Notes Due 2045	4,895	4.100	5,735	5,650
US\$ 700,000,000 3.500% Senior Notes Due 2026	4,491	3.500	5,027	4,950
US\$ 400,000,000 4.250% Senior Notes Due 2046	2,566	4.250	2,862	2,819
USD\$ 600,000,000 2.750% Senior Notes Due 2026	3,962	2.750	4,303	4,234
USD\$ 1,000,000,000 2.375% Senior Notes Due 2027	6,862	2.375	7,180	7,070
USD\$ 300,000,000 4.250% Senior Notes Due 2047	2,059	4.250	2,148	2,116
USD\$ 750,000,000 3.250% Senior Notes Due 2027	4,951	3.250	5,391	5,312
USD\$ 400,000,000 4.000% Senior Notes Due 2047	2,640	4.000	2,875	2,833





China Petrochemical Corporation  
Notes to the Financial Statements  
For the Year Ended December 31, 2024  
(Amounts are expressed in RMB '000,000 unless otherwise stated)

Bonds Name	Issuing value (million)	Coupon rate (%)	As at December 31, 2024	As at January 1, 2024
USD\$ 500,000,000 4.125% Senior Notes Due 2025	3,389	4.125	3,591	3,535
USD\$ 750,000,000 4.250% Senior Notes Due 2028	5,064	4.250	5,367	5,282
USD\$ 400,000,000 4.600% Senior Notes Due 2048	2,723	4.600	2,869	2,827
USD\$ 800,000,000 2.500% Senior Notes Due 2024	5,474	2.500		5,662
USD\$ 700,000,000 2.950% Senior Notes Due 2029	4,781	2.950	5,013	4,935
USD\$ 500,000,000 3.680% Senior Notes Due 2049	3,429	3.680	3,582	3,529
USD\$ 700,000,000 2.500% Senior Notes Due 2024	4,900	2.500		4,954
USD\$ 1,000,000,000 2.950% Senior Notes Due 2029	6,976	2.950	7,159	7,049
USD\$ 300,000,000 3.440% Senior Notes Due 2049	2,103	3.440	2,151	2,119
US\$ 1,000,000,000 2.150% Senior Notes Due 2025	7,043	2.150	7,186	7,075
US\$ 500,000,000 3.350% Senior Notes Due 2050	3,526	3.350	3,586	3,533
US\$ 1,500,000,000 2.700% Senior Notes Due 2030	10,523	2.700	10,736	10,570
US\$ 1,150,000,000 1.450% Senior Notes Due 2026	7,777	1.450	8,260	8,132
US\$ 1,200,000,000 2.300% Senior Notes Due 2031	8,084	2.300	8,584	8,451
US\$ 650,000,000 3.100% Senior Notes Due 2051	4,402	3.100	4,661	4,592
RMB 1,250,000,000 2.60% Due 2027	1,250	2.60	1,249	
RMB 300,000,000 3.55% Due 2027 (payment by installments)	300	3.55	189	256
Accrued Interest	—	—	1,284	
<b>Subtotal</b>	—	—	<b>169,834</b>	<b>166,414</b>
<b>Less: Bonds payable due within one year</b>	—	—	<b>22,897</b>	<b>29,148</b>
<b>Total</b>	—	—	<b>146,937</b>	<b>137,266</b>

\*Sinopec Capital Co., Ltd. ("Capital Corp.")

As at December 31, 2024, bonds payable due within one year have been reclassified to "non-current liabilities due within one year", see note V 7.

**10 Lease liabilities**

Item	As at December 31, 2024	As at January 1, 2024
Lease payments	32,268	34,324
Less: financing charges unrecognized	1,407	1,582
lease liabilities due within one year	8,703	8,197
<b>Total</b>	<b>22,158</b>	<b>24,545</b>





**11 Financial expenses**

Item	Year 2024	Year 2023
Net interest expenses	5,819	4,019
Incl.: interest expenses	9,359	8,753
interest income	3,540	4,734
Net losses from foreign exchange	(565)	(1,588)
Other expenses	1,444	1,302
Incl.: poundage spending	1,300	1,178
<b>Total</b>	<b>6,698</b>	<b>3,733</b>

**12 Investment income**

Item	Year 2024	Year 2023
Income from long-term equity investments accounted for under equity method	12,399	9,599
Investment income from disposal of long-term equity investments	99	564
Investment income from holding financial assets held for trading	529	448
Investment income from disposal of financial assets held for trading	73	(13)
Interest income from holding of creditor's right investments		5
Interest income from holding of other creditor's right investments	364	356
Investment income from disposal of other creditor's right investments	74	68
Dividend income from holding of other equity instruments	1,553	1,472
Income from derivative instruments	4,108	(4,575)
Hedging gains and losses	910	1,455
Others	586	543
<b>Total</b>	<b>20,695</b>	<b>9,922</b>

**13 Assets impairment loss**

Item	Year 2024	Year 2023
Loss from diminution in the value of inventories	4,503	215
Loss from impairment of long-term equity investments	306	2
Loss from impairment of fixed assets	2,155	2,183
Loss from impairment of oil and gas assets	137	775
Loss from impairment of intangible assets	72	27
Loss from impairment of construction in progress	138	119
Loss from impairment of contract assets	(228)	8
Others	(122)	90
<b>Total</b>	<b>6,961</b>	<b>3,419</b>



**14 Segment information**

Item	Oil & Gas Exploitation		Refining Production		Chemical Production	
	Year 2024	Year 2023	Year 2024	Year 2023	Year 2024	Year 2023
Operating revenue	317,812	321,164	1,481,502	1,529,786	542,063	534,697
Operating costs and expenses	264,061	279,303	1,476,076	1,512,045	555,907	547,685
Operating profit (loss)	65,358	54,501	3,848	18,342	(11,793)	(12,443)

(Continued 1:)

Item	Sales of refined oil		Oil & Petrochemical Engineering		Others	
	Year 2024	Year 2023	Year 2024	Year 2023	Year 2024	Year 2023
Operating revenue	1,714,358	1,818,429	153,649	145,194	1,578,534	1,679,263
Operating costs and expenses	1,697,088	1,794,257	151,023	142,818	1,573,057	1,673,441
Operating profit (loss)	22,204	28,422	4,003	3,871	53,468	56,573

(Continued 2:)

Item	Elimination of inter-segment		Total	
	Year 2024	Year 2023	Year 2024	Year 2023
Operating revenue	2,649,150	2,783,145	3,138,768	3,245,388
Operating costs and expenses	2,652,815	2,797,034	3,064,397	3,152,515
Operating profit (loss)	33,889	30,359	103,199	118,907



15 Notes to matters concerning the consolidated statement of cash flows

15.1 Reconciliation of net profit to cash flows from operating activities

Item	Year 2024	Year 2023
(1) Reconciliation of net profit to cash flows from operating activities:		
Net profit	82,531	96,629
Plus: Assets impairment loss	6,961	3,419
Expected credit loss	(626)	(325)
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation and amortization of investment properties	110,170	103,890
Depreciation of right-of-use assets	11,040	9,859
Amortization of intangible assets	7,367	7,751
Amortization of long-term deferred expenses	7,660	6,603
Loss from disposal of fixed assets, intangible assets and other long-term assets ("-" for gain)	(4,663)	(5,333)
Loss from retirement of fixed assets, oil and gas assets and investment properties ("-" for gain)	633	838
Loss from changes in fair value ("-" for gain)	3,108	(1,923)
Financial expenses ("-" for gain)	8,448	7,032
Dry hole costs written off	5,040	6,999
Investment loss ("-" for gain)	(20,695)	(9,922)
Decrease in deferred tax assets ("-" for increase)	(97)	(632)
Increase deferred tax liabilities ("-" for decrease)	1,293	3,117
Decrease in inventories ("-" for increase)	(11,281)	(5,892)
Decrease in operating receivables ("-" for increase)	(26,825)	(10,376)
Increase in operating payables ("-" for decrease)	(21,096)	(19,801)
Increase in work safety costs ("-" for decrease)	(133)	(138)
Others	92	(2,833)
Net cash flows from operating activities	158,927	188,962
(2) Net changes in cash:		
Ending balance of cash	223,442	223,037
Less: beginning balance of cash	223,037	230,386
Net increase in cash	405	(7,349)

15.2 Breakdowns of cash

Item	As at December 31, 2024	As at January 1, 2024
Cash on hand	5	8
Unrestricted bank deposit	220,362	219,638
Unrestricted Other monetary fund	3,075	3,391
<b>Total</b>	<b>223,442</b>	<b>223,037</b>





## 16 Contingencies

### 16.1 Contingent liabilities arising from guarantees provided

As at December 31, 2024, the external guarantee provided by the Group amounted to RMB 43,554 million, with the details as follows:

- a. The Company provided the guarantee to its associate Sinopec International Petroleum Exploration and Production Limited of RMB 33,085 million, including the loan guarantee of RMB 28,797 million, performance guarantee of RMB 3,968 million and other guarantee of RMB 320 million.
- b. Sinopec Corp., a subsidiary of the Group, provided guarantees to external enterprises of the Group, amounted to RMB 8,193 million, which were not overdue.
- c. SSC, a subsidiary of the Group, provided one performance guarantee to its joint venture DS Servicios Petroleros, S.A.de C.V., which amounted to RMB 1,976 million.
- d. Sinopec Finance Co., Ltd., a subsidiary of the Group, provided one performance guarantee to its joint venture Fujian Gulei Petrochemical Company Limited, which amounted to RMB 300 million.

### 16.2 Contingent liabilities arising from pending litigation or arbitration

The Group is the accused in some legal actions, and also the designated party in other lawsuits lodged in the routine business operation. The management has made the assessment on the possibility of bad outcomes brought about by these contingencies, legal actions or other lawsuits, and believes that no liability therefrom will have significant adverse impact on the Group's financial condition or operating performance.

**VI THERE WERE NO SIGNIFICANT SUBSEQUENT EVENTS REQUIRED TO BE DISCLOSED DURING THE REPORTING PERIOD.**

**VII THERE WERE NO OTHER SIGNIFICANT EVENTS REQUIRED TO BE DISCLOSED DURING THE REPORTING PERIOD.**

**VIII FINANCIAL STATEMENTS APPROVAL**

The financial statements for the Year ended December 31, 2024 had been approved by the board of the Company.

**China Petrochemical Corporation**

**April 18, 2025**





# 营业执照

统一社会信用代码

91310101568093764U

证照编号: 01000000202501090044

扫描经营者主体身份码了解更多登记、备案信息，体验更多应用服务。



(副本)



名称 立信会计师事务所(特殊普通合伙)

类型 特殊普通合伙企业

执行事务合伙人 朱建弟，杨志国

出资额 人民币16200.0000万元整

成立日期 2011年01月24日

主要经营场所 上海市黄浦区南京东路61号四楼

经营范围

审查企业会计报表，出具审计报告；验证企业资本，出具验资报告；办理企业合并、分立、清算事宜中的审计业务，出具审计报告；基本建设年度财务决算审计；代理记账；会计咨询、税务咨询、管理咨询、会计培训；信息系统领域内的技术服务；法律、法规规定的其他业务。  
【依法须经批准的项目，经相关部门批准后方可开展经营活动】

登记机关



2025 年 01 月 09 日



证书序号:0001247



# 会计师事务所 执业证书

名称:立信会计师事务所(特殊普通合伙)  
首席合伙人:朱建弟  
主任会计师:  
经营场所:上海市黄浦区南京东路61号四楼



组织形式:特殊普通合伙制

执业证书编号:310000006

批准执业文号:沪财会[2000]26号(转制批文 沪财会[2010]82号)

批准执业日期:2000年6月13日(转制日期 2010年12月31日)

## 说明

- 1、《会计师事务所执业证书》是证明持有人经财政部门依法审批,准予执行注册会计师法定业务的凭证。
  - 2、《会计师事务所执业证书》记载事项发生变动的,应当向财政部门申请换发。
  - 3、《会计师事务所执业证书》不得伪造、涂改、出租、出借、转让。
- 会计师事务所终止或执业许可注销的,应当向财政部门交回《会计师事务所执业证书》。



发证机关:

二〇一八年六月一日

中华人民共和国财政部制



姓 名 高飞  
Full name  
性 别 男  
Sex  
出生日期 1974-11-15  
Date of birth  
工作单位 立信会计师事务所(特殊普通合  
Working unit  
身份证号码 310227197411150616  
Identity card No.

证书编号: 310000062165  
No. of Certificate  
批准注册协会: 上海市注册会计师协会  
Authorized Institution of CPAA  
发证日期: 2003 年 04 月 24 日  
Date of issuance

### 年度检验登记 Annual Renewal Registration

本证书检验合格, 继续有效一年。  
This certificate is valid for another year after  
this renewal.



### 年度检验登记 Annual Renewal Registration

本证书检验合格, 继续有效一年。  
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this renewal.



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本证书检验合格, 继续有效一年。  
This certificate is valid for another year after  
this renewal.

年度检验登记  
Annual Renewal Registration



有效期一年  
Valid for another year after



证书编号: 110002400124  
No. of Certificate

批准注册协会: 中国注册会计师协会  
Authorized Institute of CPAs

发证日期: 2007 年 1 月 1 日  
Date of Issuance

姓名: 周毅  
证书编号: 110002400124

2008 年 3 月 20 日



姓名: 周毅  
Sex: 男  
Date of birth: 1975-4-26  
Working unit: 天津国际会计师事务所有限公司  
身份证号码: 13010719750426001X  
Identity card No.



**ISSUER**

**Deep Development 2025 Limited**

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Johnson's Ghut, Tortola  
British Virgin Islands

**GUARANTOR**

**China Petrochemical Corporation**

(中国石油化工集团有限公司)  
22 Chaoyangmen North Street, Chaoyang District,  
Beijing, China

**TRUSTEE**

**PRINCIPAL PAYING AND EXCHANGE  
AGENT AND TRANSFER AGENT**

**REGISTRAR**

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Three Garden Road  
Central, Hong Kong

**Citibank N.A., London Branch**

c/o 1 North Wall Quay  
Dublin 1  
Ireland

**Citicorp International Limited**

40/F Champion Tower  
Three Garden Road  
Central, Hong Kong

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