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Sinopec Shanghai Petrochemical Company Limited

中國石化上海石油化工股份有限公司

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00338)

2024 INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. IMPORTANT MESSAGE

1.1 This interim results announcement of Sinopec Shanghai Petrochemical Company Limited (the “**Company**” or “**Sinopec Shanghai**”, together with its subsidiaries, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) is extracted from the full text of the 2024 interim report. For detailed content, investors are advised to read the full text of the 2024 interim report which is published on the websites of the Shanghai Stock Exchange or other designated websites of China Securities Regulatory Commission, The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and the Company.

1.2 Corporate Information

A Shares:	Stock Exchange Listing	Shanghai Stock Exchange
	Stock Short Name	SHANGHAI PECHEM
	Stock Code	600688
H Shares:	Stock Exchange Listing	Hong Kong Stock Exchange
	Stock Short Name	SHANGHAI PECHEM
	Stock Code	00338

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2. MAJOR ACCOUNTING DATA, MAJOR FINANCIAL DATA AND SHAREHOLDERS STATUS

2.1 Major Accounting Data

Prepared under the People's Republic of China (the "PRC") Accounting Standards for Business Enterprises ("CAS")

2.1.1 Major Accounting Data

	Unit: RMB'000		
	The Reporting		Increase/ decrease as compared to the corresponding period of the previous year (%)
Major accounting data	Period (January to June)	Corresponding period of the previous year	
Revenue	43,532,806	44,937,051	-3.12
Total profit/(loss)	37,495	-1,211,974	N/A
Net profit/(loss) attributable to equity shareholders of the Company	27,912	-988,277	N/A
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	61,305	-972,150	N/A
Net cash flows generated from/(used in) operating activities	341,970	-226,882	N/A

	As at the end of the Reporting Period	As at the end of the previous year	Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)
Net assets attributable to equity shareholders of the Company	24,782,456	24,824,929	-0.17
Total assets	42,941,617	39,658,244	8.28

2.1.2 Major Financial Indicators

Major Financial Indicators	The Reporting Period (January to June)	Corresponding period of the previous year	Increase/decrease as compared to the corresponding period of the previous year (%)
Basic earnings/(losses) per share (RMB/Share)	0.003	-0.092	N/A
Diluted earnings/(losses) per share (RMB/Share)	0.003	-0.092	N/A
Basic earnings/(losses) per share excluding extraordinary gains and losses (RMB/Share)	0.006	-0.090	N/A
Return/(loss) on net assets (weighted average) (%)*	0.113	-3.818	Increased by 3.931 percentage points
Return/(Loss) on net assets excluding extraordinary gains and losses (weighted average) (%)*	0.247	-3.755	Increased by 4.002 percentage points

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

2.1.3 Differences between Financial Statements Prepared under CAS and International Financial Reporting Standards (“IFRS”)

Unit: RMB’000

	Net profit/(loss) attributable to equity shareholders of the Company		Net assets attributable to equity shareholders of the Company	
	The Reporting Period	Corresponding period of the previous year	At the end of the Reporting Period	At the beginning of the Reporting Period
Prepared under CAS	27,912	-988,277	24,782,456	24,824,929
Prepared under IFRS	2,845	-966,688	24,769,448	24,810,916

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

2.1.4 Extraordinary Gains and Losses Items (Prepared under CAS)

Unit: RMB’000

Extraordinary gains and losses items	Amount
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	938
Government grants recognized in profit or loss, except for those which are closely related to the Company’s normal operations, which the Company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the Company	5,274
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and financial liabilities, other than those held for effective hedging related to normal operations of the Company	606
Other non-operating income and expenses besides the items above	-44,837
Income tax effect amount	4,438
Effect on non-controlling interests after taxation	188
Total	<u><u>-33,393</u></u>

2.2 Shareholding of the Top Ten Shareholders and Top Ten Shareholders with Tradable Shares (or Shareholders with Unrestricted Shares) as at the end of the Reporting Period

Unit: Share

Name of shareholders (Full name)	Class of shares	Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)				Pledged/frozen		
		Increase/ decrease of shareholding during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Percentage of Shareholding (%)	Number of shares held with selling restrictions (shares)	Status of shares	Number of shares	Nature of shareholders
China Petroleum & Chemical Corporation	A shares	0	5,459,455,000	51.14%	0	None	0	State-owned legal person
HKSCC (Nominees) Limited	H shares	-148,209,250	3,303,196,780	30.94%	0	Unknown	-	Overseas legal person
HKSCC Limited	A shares	-40,209,350	55,167,595	0.52%	0	None	0	Overseas legal person
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	A shares	0	39,031,700	0.37%	0	None	0	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	A shares	0	38,039,800	0.36%	0	None	0	Others
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	A shares	0	37,251,516	0.35%	0	None	0	Others
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	A shares	0	37,028,669	0.35%	0	None	0	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	A shares	0	28,377,600	0.27%	0	None	0	Others
Wang Lei	A shares	-18,085,100	28,035,200	0.26%	0	None	0	Domestic natural person
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	A shares	0	25,583,100	0.24%	0	None	0	Others

Shareholding of the top ten shareholders with unrestricted shares
(excluding shares lent through securities lending and refinancing and locked shares held by the senior management)

<u>Name of shareholders</u>	<u>Number of unrestricted tradable shares</u>	<u>Type and quantity of shares</u>	<u>Quantity</u>
China Petroleum & Chemical Corporation	5,459,455,000	Ordinary shares denominated in RMB	5,459,455,000
HKSCC (Nominees) Limited	3,303,196,780	Overseas listed foreign shares	3,303,196,780
HKSCC Limited	55,167,595	Ordinary shares denominated in RMB	55,167,595
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	39,031,700	Ordinary shares denominated in RMB	39,031,700
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	38,039,800	Ordinary shares denominated in RMB	38,039,800
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	37,251,516	Ordinary shares denominated in RMB	37,251,516
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	37,028,669	Ordinary shares denominated in RMB	37,028,669
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	28,377,600	Ordinary shares denominated in RMB	28,377,600
Wang Lei	28,035,200	Ordinary shares denominated in RMB	28,035,200
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	25,583,100	Ordinary shares denominated in RMB	25,583,100
The buyback account information of the top ten shareholders	Not involved		
The explanation of above shareholders’ entrustment voting right, entrusted voting right and abandonment of voting right	Not involved		
Note on connected relations or acting in concert of the above shareholders	Among the above-mentioned shareholders, China Petroleum & Chemical Corporation (“ Sinopec Corp. ”), a State-owned legal person, does not have any connected relationship with the other shareholders, and does not constitute an acting-in-concert party under the Administrative Measures on Acquisition of Listed Companies. Among the above-mentioned shareholders, HKSCC (Nominees) Limited is a nominee. HKSCC Limited is the nominal holder for Shanghai-Hong Kong Stock Connect Program of the Company. Apart from the above shareholders, the Company is not aware of any connected relationship among the other shareholders, or whether any other shareholder constitutes an acting-in-concert party under the Administrative Measures on Acquisition of Listed Companies.		
Preferred shareholders with voting rights restored and their shareholding	Not involved		

Note: China Petrochemical Corporation (“**Sinopec Group**”) held 44,660,000 H shares of the Company through its overseas wholly-owned subsidiary Sinopec Century Bright Capital Investment Limited, accounting for 0.4184% of the total shares of the Company. These shares were included in the total shares held by HKSCC (Nominees) Limited.

2.3 Interests and Short Positions of the Substantial Shareholders of the Company in Shares and Underlying Shares of the Company

As at 30 June 2024, so far as was known to the directors or chief executive of the Company, the interests and short positions of the Company's substantial shareholders (being those who are entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company but excluding the directors, chief executive and supervisors) in the shares and underlying shares of the Company who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or as recorded in the register of interests required to be kept under Section 336 of the SFO were as set out below:

Interests in ordinary shares of the Company

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

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

Notes:

- (1) Based on the information obtained by the directors from the Hong Kong Stock Exchange website and as far as to the knowledge of the directors, Sinopec Group directly and indirectly owned 68.98% of the issued share capital of Sinopec Corp. as of 30 June 2024. By virtue of such relationship, Sinopec Group is deemed to have an interest in the 5,459,455,000 A shares of the Company directly owned by Sinopec Corp.
- (2) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.
- (3) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.

Save as disclosed above, as at 30 June 2024, the directors have not been notified by any person (other than the directors, chief executive and supervisors) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

2.4 Interests and Short Positions of the Directors, Chief Executive and Supervisors in the Shares, Underlying Shares and Debentures of the Company or its Associated Corporations

As at 30 June 2024, the interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register of interests required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the “Model Code for Securities Transactions” set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”) were as follows:

Interests in the Shares and Underlying Shares of the Company

<u>Name</u>	<u>Position</u>	<u>Number of shares held (shares)</u>	<u>Percentage of total issued shares of the Company (%)</u>	<u>Percentage of total issued A shares (%)</u>	<u>Capacity</u>
Huang Xiangyu	Executive Director and Vice President	140,000 A shares (L)	0.0013	0.0019	Beneficial owner
Zhang Feng	Supervisor	10,000 A shares (L)	0.0001	0.0001	Beneficial owner
Chen Hongjun	Supervisor	31,400 A shares (L)	0.0003	0.0004	Beneficial owner

(L): Long position

Save as disclosed above, as at 30 June 2024, so far as was known to the directors, chief executive and supervisors of the Company, none of the directors, chief executive or supervisors of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations which were required to be disclosed or recorded pursuant to the SFO and the Hong Kong Listing Rules as mentioned above.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Management Discussion and Analysis of the Overall Operations during the Reporting Period

(The following discussion and analysis should be read in conjunction with the unaudited interim financial report of the Group and the notes in this interim report. Unless otherwise specified, certain financial data involved hereinafter are extracted from the unaudited interim financial report of the Group prepared in accordance with IFRS.)

Review of the Company's operations during the Reporting Period

In the first half of 2024, the complexity, severity, and the uncertainty in the external environment increased significantly, and the recovery of the global economic continued to be under pressure. China's GDP grew by 5.0% year-on-year, with overall stable operation and new progress made in high-quality development. Influenced by geopolitical fluctuations, OPEC+ production reduction, and other impacts, the price range of the international crude oil market oscillated, and the conflict between supply and demand in the market remained prominent, resulting in fierce competition in the petrochemical industry.

In the face of the increasingly severe and complicated domestic and international economic and industry situations, the Group has been concentrating on winning the "Three Battles" of safe production, turning losses into profits and high-quality development, focusing on safety and environmental protection, operation optimization, transformation and development, and deepening reforms, and advanced in an orderly manner in accordance with the predetermined goals in all aspects. As of 30 June 2024, the Group generated revenue of RMB43.490 billion, representing a decrease of RMB1.399 billion or 3.12%. Profit before taxation amounted to RMB0.012 billion (1H2023: loss before taxation of RMB1.190 billion), representing an increase of profit of RMB1.202 billion from the same period of last year. Profit after taxation and excluding non-controlling shareholders' interests was RMB0.003 billion (1H2023: loss of RMB0.967 billion), representing an increase of profit of RMB0.970 billion from the same period of last year.

In the first half of 2024, the total volume of goods within the main commodity categories produced by the Group decreased by 7.70% year-on-year to 5.8307 million tons. The Group processed a total of 6.6529 million tons of crude oil (of which 760.3 thousand tons were processed on order), representing a year-on-year decrease of 6.22%. Refined oil output amounted to 4.2847 million tons (of which 487.6 thousand tons were processed on order), representing an increase of 0.43% year-on-year. Among them, the gasoline production increased by 3.80% year-on-year to 1.6657 million tons, the diesel production decreased by 24.86% year-on-year to 1.3867 million tons, the jet fuel production increased by 51.00% year-on-year to 1.2323 million tons. Ethylene production decreased by 38.47% year-on-year to 219.8 thousand tons, and p-xylene production decreased by 1.52% year-on-year to 348.7 thousand tons. Production of plastics, resins and copolymers decreased by 6.21% year-on-year to 472.9 thousand tons. Production of synthetic fibres increased by 15.97% year-on-year to 13.8 thousand tons. The Group's product sale rate for the first half of this year was 99.04% and the payment return rate was 100% (excluding connected companies).

Safety and environmental protection were generally under control. The Group continuously improved the risk prevention and control system, deepened the construction of green enterprises, and continuously improved the level of intrinsic safety and environmental protection. The Group deepened the special rectification of hazardous chemical safety and prevented and resolved major risks and hidden dangers. The Group successfully promoted the rectified potential environmental hazards projects, established precise prevention and control mechanisms, and strengthened the whole process of waste gas and sewage control and flood and typhoon prevention and governance. The average value of VOCs concentration at the Company's boundary was $69.1\mu\text{g}/\text{m}^3$, representing a year-on-year decrease of 5.86%; the comprehensive compliance rate of industrial wastewater discharged outward reached 100%, the rate of controlled emissions reached 100%, and the rate of hazardous waste properly handled and disposed of was 100%, and the total amount of COD for major pollutants and ammonia and nitrogen discharged decreased by 0.12% and 0.44% respectively year-on-year.

Production operations were generally stable. The Group strengthened the professional management of process equipment, strove to promote the construction of process stability system, timed affairs, change risk control and anti-corrosion management, and gradually established a standardised and normalised process technology management system. The Group strengthened equipment health monitoring and diagnosis, and vigorously promoted preventive maintenance. The Group implemented the standardization of construction site, quality control and key projects, the overhauling of major plants was successfully completed. In the first half of the year, there were no unplanned shutdowns of second-tier or above, and the operation of major plants was generally stable. Among the 54 major technical and economic indicators under monitoring, 16 items reached the advanced level of the industry and the performance of 28 items was better than last year, with a year-on-year progress rate of 51.85%.

The results of cost reduction and efficiency enhancement were remarkable. The Group comprehensively improved the efficiency of the industrial chain. The Group has strengthened the dynamic calculation of benefits, and deeply optimized the plant load, repair schedule, processing route, and the structure of crude oil, raw materials, products and fuels, so as to strive for the optimal production operation cost and maximum benefits of the whole industrial chain. The Group increased efforts to expand market and sales. New synthetic resin products and high value-added products achieved efficiency gains, and new progress was made in the development of the carbon fibres market. The Group deepened the cost control. The Group adhered to the zero-based budget and implementing the reverse mechanism, thus procurement costs fell. The Group strengthened energy-saving management and technological transformation, and effectively improved the average thermal efficiency of the heating furnace of the whole plant.

Transformation and upgrading progressed at a steady pace. The Group has made every effort to promote comprehensive technological transformation and quality upgrading; the bidding for the Renovation Project for Power Units Cleaning and Efficiency Improving has been completed; the Elastomer Project entered the civil works completion and installation peak phase; the transformation of 220KV System in East Area of Thermoelectric Department has been successfully put into operation and connected to the grid. The Group vigorously promoted carbon fibre technology and its application research, and actively participated in the preparation of national standards for carbon fibers and its composite materials. The trial production of high-permeability polypropylene products was successful and reached the industry benchmark level; and the trial production of speciality materials for anti-impact copolymer cast film was successful. At the same time, the Group actively explored foreign business and strengthened the digital intelligence construction.

Reformation and efficiency improvement accelerated. The Group continuously improving the corporate governance and enhancing the quality of the Company. Focusing on the main responsibilities and business, the Group optimized the management system and mechanism, optimized the mechanism of external equity management and investment structure, strengthened the governance of enterprise running under deficit, and effectively improved the efficiency of state-owned capital allocation. The Group promoted standardised management of rules and regulations, strengthened the construction of execution culture, and implemented grid-based responsibility. The Group improved human resources management, promoted the dual contract management of “labour contract + induction agreement”, built a market-oriented mechanism for employment of “capable of entering and exiting”, and promoted the enhancement of employees’ ability and optimization of employment structure.

The following table sets forth the Group’s sales volume and net sales after business tax and surcharges for the Reporting Period:

	For the six months ended 30 June					
	2024			2023		
	Sales volume ('000 tons)	Net sales (RMB million)	%	Sales volume ('000 tons)	Net sales (RMB million)	%
Refined oil products	4,638.06	24,948.22	66.53	4,763.85	24,470.70	63.29
Chemical products	1,153.59	8,757.87	23.36	1,420.10	9,504.53	24.59
Trading of petrochemical products	–	3,144.79	8.39	–	4,257.24	11.01
Others	–	645.65	1.72	–	430.06	1.11
Total	5,791.65	37,496.53	100.00	6,183.95	38,662.53	100.00

In the first half of 2024, the Group achieved a total net sales of RMB37.497 billion, representing a decrease of 3.02% compared to the same period last year, of which the net sales of chemical products and trading of petrochemical products decreased by 7.86% and 26.13% respectively, while the net sales of refined oil products increased by 1.95%. Affected by the decline in product production, the sales volume of refined oil products and chemical products decreased by 2.64% and 18.77%, respectively. The weighted average selling prices of all sectors increased over the same period of last year due to the increase in crude oil prices. In the first half of 2024, the Group's cost of sales was RMB37.562 billion, representing a decrease of 5.51% compared to the same period last year and accounting for 100.18% of net sales.

In the first half of 2024, the cost of crude oil processing amounted to RMB25.820 billion, a decrease of RMB2.347 billion compared to the same period of last year. Among them, the Group's crude oil unit processing cost was RMB4,381.76/ton in the Reporting Period, representing an increase of RMB171.92/ton or 4.08% compared to the same period last year, and resulted in the cost increase of RMB1.013 billion. The crude oil processing volume (processing on order not included) decreased by 798.2 thousand tons compared to the same period last year, resulting in cost reduction of RMB3.360 billion. Crude oil costs accounted for 68.74% of the Group's cost of sales in the first half of the year.

In the first half of 2024, the Group's expenditure on other excipients was RMB4.146 billion, representing an increase of 11.26% compared to the same period last year. During the Reporting Period, the Group's depreciation and amortization expenses and maintenance expenses were RMB1,034 million and RMB326 million, respectively. Depreciation and amortization expenses increased by 5.19% year-on-year mainly due to the increase of depreciation expense for the Reporting Period as a result of the transfer of construction-in-progress projects into fixed assets, such as the third circuit 220KV power supply line project in the second half of 2023. Maintenance expenses reduced by 32.08% year-on-year mainly due to fewer overhaul projects during the Reporting Period as compared to the same period in 2023.

In the first half of 2024, the Group recorded selling and administrative expenses of RMB130 million, representing a decrease of 13.91% from RMB151 million in the same period last year mainly because the transportation fee decreased by RMB9 million due to optimization of the shipping process and the sales commission decreased by RMB4 million due to the decrease in agency sales during the Reporting Period.

In the first half of 2024, the Group's other operating income was RMB58 million, representing a decrease of RMB4 million compared to the same period last year mainly due to a decrease in rental income of RMB4 million during the Reporting Period.

In the first half of 2024, the Group's other operating expenses were RMB19 million, representing an increase of RMB4 million compared to the same period last year, which was mainly due to the payment of supplemental tax and late payment fee of RMB10 million during the Reporting Period.

In the first half of 2024, the Group reported a net financial income of RMB89 million, while the net financial income amounted to RMB130 million in the same period last year. The decrease was mainly due to an increase in interest expense of RMB36 million during the Reporting Period. In the first half of 2024, the Group achieved a profit after taxation excluding non-controlling interests of RMB3 million, representing a decrease of loss of RMB970 million from the loss of RMB967 million in the same period last year.

Liquidity and Capital Resources

In the first half of 2024, the Group's net cash inflow from operating activities was RMB251 million, compared with a net cash outflow of RMB280 million in the same period last year. This was mainly due to the decrease in payment for purchase of goods by the Group of RMB7,379 million, decrease in proceeds from sale of goods of RMB6,014 million and increase in payment of various taxes of RMB750 million as compared to the same period last year.

In the first half of 2024, the Group's net cash outflow from investment activities was RMB586 million, compared with a net cash inflow of RMB503 million in the same period last year. This was mainly due to the recovery of RMB1,000 million of time deposits purchased by the Group in previous years in the first half of 2023, and the recovery of time deposits of RMB200 million in the Reporting Period, which resulted in a decrease of RMB800 million of net cash inflow from time deposits in the Reporting Period as compared with the same period last year, and cash paid for investment in a joint venture of RMB150 million during the Reporting Period.

In the first half of 2024, the Group generated a net cash inflow of RMB1,435 million from financing activities, compared with a net cash inflow of RMB3,491 million in the same period last year. This was mainly due to an increase of RMB3,480 million in cash paid for repayment of borrowings and short-term bonds by the Group and an increase of RMB1,482 million in net cash inflow generated from borrowings during the Reporting Period compared with the same period last year.

Borrowings and Debts

The Group's long-term borrowings are mainly used for capital expansion projects. The Group generally arranges long-term borrowings in accordance with capital expenditure plans. The short-term debt is used to supplement the working capital required by the normal production and operation of the Group. As at 30 June 2024, the total loan balance of the Group increased by RMB1,500 million from the opening balance, which was mainly because the short-term borrowings increased by RMB1,500 million. The balance of short-term borrowings amounted to RMB4,500 million while the balance of long-term borrowing with maturity within one year amounted to RMB700 million at the end of the Reporting Period. The Group had no short-term bonds during the Reporting Period. As of 30 June 2024, the Group's total principal of borrowings at fixed interest rates are RMB5,200 million.

Capital Expenditures

In the first half of 2024, the Group's capital expenditure was RMB357 million. It was mainly used for the construction of the supporting engineering project of 250,000 tons/year thermoplastic elastomer project and Shanghai Petrochemical's renovation project for power units cleaning and efficiency improving.

In the second half of the year, the Group will continue to promote the implementation of the supporting engineering project of 250,000 tons/year thermoplastic elastomer project and Shanghai Petrochemical's renovation project for power units cleaning and efficiency improving. The planned capital expenditure of the Group can be financed from operating cash and bank credit.

Gearing Ratio

As of 30 June 2024, the Group's gearing ratio was 41.96% (as of 30 June 2023: 38.97%). The gearing ratio was calculated as: total liabilities/total assets.

The Group's Employees

As at 30 June 2024, the number of registered employees of the Group was 7,124, among which 4,338 were production personnel, 1,977 were sales, finance and other personnel, and 809 were administrative personnel. 63.66% of the Group's employees were college graduates or above.

The Group determines the remuneration of its employees and directors on the basis of their position, performance, experience and current market pay trends. Other benefits include equity incentive plans and state-administered pension plans. The Group also provides professional and vocational training for its employees.

Income Tax

The Enterprise Income Tax Law of the PRC took effect from 1 January 2008, subsequent to which the income tax rate for enterprises was uniformly adjusted to 25%. As of the half year ended 30 June 2024, the income tax rate applicable to the Group is 25%.

Disclosure Required by the Hong Kong Listing Rules

Save as disclosed herein, pursuant to paragraph 40 of Appendix D2 to the Hong Kong Listing Rules, the Company confirms that there were no material differences between the existing information of the Company relating to the matters as set out in paragraph 32 of Appendix D2 to the Hong Kong Listing Rules and the relevant information disclosed in the Company's 2023 annual report.

Market Outlook and Work Plans for the Second Half of the Year

Looking ahead to the second half of the year, from the macro-economic perspective, the momentum of global economic growth is under pressure, and the downside risks continue to gather. China's economic uptrend remains unchanged, supply and demand side of the new momentum and new advantages are in the accumulation of growth, and the high-end, intelligent, green transformation trend of manufacturing industry is obvious. From the industry perspective, the situation of strong supply and weak demand in the market is severe, the penetration rate of new energy vehicles is increasing, the demand in the existing market is being squeezed, and the chemical market is reaching the trough of its cycle.

From the Group's own perspective, we are still confronting with a heavy and arduous task in terms of safety production, operation and efficiency, project promotion and deepening reform in the second half of the year. Overall, the production and operation situation faced by the Company remains complex and severe. In the second half of the year, the Group will focus on the following five aspects of work and make every effort to complete the annual objectives and tasks.

1. Reinforcing and consolidating the foundation, and focusing on creating a safe and stable development environment. The Group will strengthen the responsibilities of local grid management and professional management, and implement closed-loop management. The Group will insist on strengthening professional management, optimising the assessment mechanism for contractors, enhancing the control of direct operations, promoting the standardisation of daily operations and the normalization of major operation declarations, and continuing to promote the rectification of problems in old installations. The Group will adhere to pay close attention to source management, promote the construction of waste-free factories, and strive to become a Grade A green enterprise.
2. Tackling efficiency creation and making every effort to complete the goal of turning from losses into profits. Closely focusing on the on-site and the market, the Group will continuously refine our lean and efficient production organisation and plan execution capability, agile and high-quality product supply and technical service capability, as well as peer-leading product development and application expansion capability, and grasp the optimisation of refining and chemical integration to comprehensively enhance the overall efficiency of the industrial chain. The Group will continuously optimise crude oil procurement and feedstock structure, optimise ethylene feedstock structure and naphtha flow direction, increase refined oil production and optimise refined oil export pipeline. The Group will optimise product structure and increase the production of profitable products.

3. Keeping innovative development and comprehensively promoting the transformation and upgrading of quality and efficiency. The Group will focus on high-quality development, cultivate and enhance the new quality of productivity, accelerate the construction of key projects and continue to promote comprehensive technological transformation and quality upgrading: start the civil construction of the renovation project for power units cleaning and efficiency improving; complete the thermoplastic elastomer and its supporting projects; complete and put into use the experimental base of composite materials; and continue to implement the ten major production and operation optimisation and debottlenecking projects. The Group will accelerate the development of carbon fibre and its composite material industry; deepen the long-term strategic cooperation to further enhance the competitiveness and share of carbon fibre products in the market; promote research on key application areas of carbon fibre composites, and strive to form a carbon fibre-intermediate-composite material overall solution. The Group will also accelerate the construction of intelligent factories, and comprehensively improve the digital and intelligent production operation and control capabilities.
4. Deepening reform and promoting the optimisation of management system and mechanism in depth. The Group will continuously improve corporate governance, comprehensively push forward the action of deepening and improving reform, the action of value creation against world-class enterprises, as well as the work of improving the quality of listed companies, so as to push the level of corporate governance to a new level. The Group will optimise the organisational structure and the operation and management mechanism, and enhance the efficiency and level of organisational operation and management. The Group will continuously deepen the reform of market-oriented operation mechanism, improve the performance appraisal system and remuneration allocation mechanism, and mobilise work enthusiasm and creativity. The Group will fully promote the quality and efficiency of investment enterprises.
5. Building up momentum and gathering energy, and strengthening the construction of the talent team through various measures. The Group will optimise the training and talent management mechanism, further open up the vertical and horizontal promotion of talents, enrich the diversity of growth paths, and create a sound atmosphere for all staff to compete for jobs and strive for excellence. The Group will grasp the ability to appraise and consolidate the “Three Basics” work. The Group will promote the construction of practical training base complex, and continuously develop simulation system. The Group will strengthen the basic skills training of the staff, actively organise and participate in all kinds of business competitions to enhance the ability of all staff.

3.2 Analysis of the Company's Principal Performance during the Reporting Period (Certain of the following financial data is extracted from the unaudited interim report of the Group prepared under CAS)

3.2.1 Analysis of Changes in the Related Financial Data

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

Unit: RMB'000

Item	For the six months ended 30 June		Change (%)	Reason for change
	2024	2023		
Research and development expenses	96,904	68,062	42.38	The increase in research and development projects during the Reporting Period, resulting in an increase in research and development expenses as compared to the same period last year.
Financial expenses ("-" for income)	-76,200	-125,281	N/A	The increase in borrowings during the Reporting Period, resulting in an increase in interest expenses compared to the same period last year.
Other income	12,915	7,399	74.55	Government grants received during the Reporting Period increased as compared to the same period last year.
Investment income ("-" for losses)	84,024	-120,360	N/A	The carrying value of the long-term equity investment in Shanghai SECCO Petrochemical Company Limited at the beginning of the Reporting Period was zero, and no further investment loss was recognised in respect of the excess loss, which resulted in an increase in investment income in the Reporting Period as compared with the same period last year.
Impairment losses on assets ("-" for losses)	-111,483	-190,486	N/A	During the Reporting Period, the gross profit of refined oil products and aromatic hydrocarbon products increased as compared with the same period last year, and the amount of provision for decline in value of refinery oil products and aromatic hydrocarbon products decreased year-on-year.
Income tax expenses/(benefits)	6,097	-226,288	N/A	The Group achieved profit for the Reporting Period, resulting in income tax expense.
Net profit attributable to shareholders of the Company ("-" for net losses)	27,912	-988,277	N/A	Gross margin of petrochemical products rose during the Reporting Period, resulting in a year-on-year increase in operating results.
Net cash flows generated from/(used in) operating activities	341,970	-226,882	N/A	Cash paid for purchases of goods and services during the Reporting Period decreased as compared with the same period last year.
Net cash flows (used in)/generated from investing activities	-585,464	513,477	-214.02	The amount of recoveries of prior years' time deposits during the Reporting Period decreased as compared to the same period last year and cash paid for investments in a joint venture during the Reporting Period increased as compared to the same period last year.
Net cash flows generated from financing activities	1,342,692	3,427,414	-60.82	The net cash inflow from obtaining and repaid for borrowings by the Group during the Reporting Period decreased compared with the same period last year.

3.2.2 Analysis of Business Operations by Industry, Product or Geographical Location Segment

(1) Principal Operations by Industry or Product

Unit: RMB'000

Business Segment/ Product Segment	Revenue	Operating cost	Gross profit margin (%)	Increase/ decrease in revenue compared to corresponding period of the previous year (%)	Increase/ decrease in operating cost compared to corresponding period of the previous year (%)	Increase/decrease in gross profit margin compared to corresponding period of the previous year
Refined oil products	30,856,418	24,056,481	22.04	0.59	-2.90	Increased by 2.80 percentage points
Chemical products	8,837,013	8,777,704	0.67	-7.18	-4.40	Decreased by 2.89 percentage points
Trading of petrochemical products	3,147,406	3,098,343	1.56	-26.13	-26.29	Increased by 0.21 percentage point
Others	264,739	259,972	1.80	4.72	4.32	Increased by 0.38 percentage point

Note: This gross profit margin is calculated according to the price of refined oil products which includes consumption tax. Gross profit margin of refined oil products after deducting consumption tax was 5.03%.

(2) Revenue from Principal Operations by Geographical Location

Unit: RMB'000

Geographical location segment	Revenue from principal operations	Increase/decrease in revenue from principal operations as compared to corresponding period of the previous year (%)
Eastern China	40,396,934	-1.57%
Other regions in the PRC	295,567	-34.69%
Exports	2,413,075	-24.94%

3.2.3 Analysis of Assets and Liabilities (Certain financial data presented in this section are derived from the Group's unaudited interim report prepared under CAS)

Unit: RMB'000

Item	As at 30 June 2024		As at 31 December 2023		Change of amount on 30 June 2024 compared to 31 December 2023 (%)	Main reason for change
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	9,339,703	21.75	5,607,013	14.14	66.57	Time deposits maturing within one year at the end of the Reporting Period were reclassified from other non-current assets to cash at bank and on hand.
Derivative financial assets	13,509	0.03	–	–	N/A	Crude oil and refined oil product swap contracts were not settled at the end of the Reporting Period.
Trade receivables	4,135,451	9.63	1,448,947	3.65	185.41	Receivables due from related parties for sales of refined oil products increased.
Receivables under financing	347,417	0.81	236,487	0.60	46.91	The credit period for export sales by the trading segment at the end of the Reporting Period had not yet expired and therefore the sales had not yet been settled.
Prepayments	22,400	0.05	32,536	0.08	-31.15	Prepayments for natural gas purchases decreased.
Other receivables	521,337	1.21	352,064	0.89	48.08	The consumption tax refund receivable on imported naphtha increased.
Other current assets	298,167	0.69	26,098	0.07	1,042.49	Deductible value-added tax at the end of the Reporting Period increased.
Other non-current assets	–	–	2,782,500	7.02	-100.00	Time deposits maturing within one year at the end of the Reporting Period were reclassified from other non-current assets to cash at bank and on hand.
Short-term borrowings	4,500,000	10.48	3,000,000	7.56	50.00	Short-term borrowings increased during the Reporting Period to supplement funding needs.

Item	As at 30 June 2024		As at 31 December 2023		Change of amount on 30 June 2024 compared to 31 December 2023 (%)	Main reason for change
	Amount	% of total assets	Amount	% of total assets		
Derivative financial liabilities	17,047	0.04	–	–	N/A	As at the end of the Reporting Period, the derivative financial liabilities had not been settled.
Bills payable	5,583,518	13.00	1,535,334	3.87	263.67	The number of bills issued during the Reporting Period increased to pay for goods and expenses.
Contract liabilities	187,753	0.44	335,006	0.84	-43.96	Advance payments from customers decreased.
Other payables	787,641	1.83	1,144,683	2.89	-31.19	The settlement of payments for construction cost at the end of the previous year in the Reporting Period, resulting in a decrease in other payables.
Employee benefits payable	619,116	1.44	322,265	0.81	92.11	The year-end bonus accrued during the Reporting Period has not yet been fully paid, resulting in an increase in the balance of employee benefits payable.
Other current liabilities	26,475	0.06	43,819	0.11	-39.58	Output VAT to be transferred decreased.
Treasury stock	–	–	70,579	0.18	-100.00	H ordinary shares repurchased were cancelled during the Reporting Period.

As of the end of the Reporting Period, there was no case where the Company's main assets were sealed up, seized, frozen, mortgaged or pledged, and there was no case or arrangement where the possession, use, income and disposal rights of main assets were subject to other restrictions.

Overseas assets

During the Reporting Period, the Company's overseas assets were RMB13,387 thousand, accounting for 0.03% of the total assets.

3.2.4 Analysis of Core Competitiveness

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

The Company's major competitive advantages include quality, geographical location and its vertically integrated production. The Company has over 50 years of petrochemical production and management experience, and has accumulated extensive resources in the petrochemical industry. The Company has won several quality product awards from the central and local governments. Located at the core region of Yangtze River Delta, the most economically active region in China with a strong demand for petrochemical products, the Company has built a comprehensive logistics system and supporting facilities with close geographic proximity with most of its clients which enables the Company to enjoy the convenience of coastal and inland shipping. This gave the Company a competitive edge in terms of transportation costs and timely delivery. The Company has leveraged its advantages in integrated refinery and petrochemical capacity to actively readjust product structure, while continuously improving products quality and variety. The Company has also improved production technology and boosted capacity of key upstream units to maximize the use and the efficiency in the utilization of its corporate resources, and is therefore able to achieve strong and sustainable development.

3.3 Analysis of Investments (Certain of the following financial data is extracted from the unaudited interim report of the Group prepared under CAS)

3.3.1 Entrusted Wealth Managements and Entrusted Loans

(1) Entrusted Wealth Managements

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

(2) Entrusted Loans

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

3.3.2 Status of Use of Raised Funds

During the Reporting Period, the Company did not raise any funds, or no balance of funds raised in previous years was brought forward to the reporting period.

3.3.3 Analysis of the Companies in which the Company has Controlling Interests or Investment Interests

As at 30 June 2024, the Company had more than 50% equity interest in the following principal subsidiaries:

<u>Company name</u>	<u>Place of registration</u>	<u>Principal activities</u>	<u>Place for principal activities</u>	<u>Type of legal person</u>	<u>Percentage of equity held by the Company (%)</u>	<u>Percentage of equity held by the Group (%)</u>	<u>Registered capital ('000)</u>	<u>Net (loss)/ profit in the first half of 2024 (RMB'000)</u>
Shanghai Petrochemical Investment Development Company Limited (“Shanghai Investment Development”)	China	Investment management	China	Limited liability company	100.00	100.00	RMB 2,100,000	19,817
China Jinshan Associated Trading Corporation (“Jinshan Associated Trading”)	China	Import and export of petrochemical products and equipment	China	Limited liability company	67.33	67.33	RMB 25,000	9,389
Shanghai Jinchang Engineering Plastics Company Limited (“Shanghai Jinchang”)	China	Production of polypropylene compound products	China	Limited liability company	-	100.00	USD 9,154	(4,991)
Shanghai Golden Phillips Petrochemical Company Limited (“Shanghai Golden Phillips”)	China	Production of polyethylene products	China	Limited liability company	-	100.00	RMB 415,623	(4,347)
Shanghai Jinshan Trading Corporation (“JMGJ”)	China	Import and export of petrochemical products and equipment	China	Limited liability company	-	67.33	RMB 100,000	1,703
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. (“Jinlian”)	China	Storage and transportation	China	Limited liability company	-	100.00	RMB 400,000	(6,583)

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

The Group’s share of interests in associates comprises a 38.26% interest in the Shanghai Chemical Industry Park Development Co., Ltd. (“Chemical Industrial Park”) established in the PRC in the amount of RMB2,297 million.

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

In the first half of 2024, Shanghai Investment Development recorded a revenue of RMB39 million, and net profit after taxation amounted to RMB20 million.

In the first half of 2024, Jinshan Associated Trading recorded a revenue of RMB2,177 million, and net profit after taxation amounted to RMB9 million.

In the first half of 2024, Shanghai Jinchang recorded a revenue of RMB1 million, and net loss after taxation amounted to RMB5 million.

In the first half of 2024, Shanghai Golden Phillips recorded a revenue of RMB520 million, and net loss after taxation amounted to RMB4 million.

In the first half of 2024, Jinlian recorded a revenue of RMB5 million, and net loss after taxation amounted to RMB7 million.

In the first half of 2024, Chemical Industrial Park recorded a revenue of RMB1,000 million, profit after taxation attributable to shareholders of the company amounted to RMB183 million and gain attributable to the Company amounted to RMB70 million.

In the first half of 2024, Linde-SPC Gases Company Limited recorded a revenue of RMB163 million, profit after taxation amounted to RMB11.75 million and gain attributable to the Company amounted to RMB5.88 million.

In the first half of 2024, Shanghai Petrochemical Yangu Gas Development Company Limited recorded a revenue of RMB1.96 million, loss after taxation amounted to RMB8.88 million and loss attributable to the Company amounted to RMB4.44 million.

In the first half of 2024, Shanghai Azbil Automation Company Limited recorded a revenue of RMB189 million, profit after taxation amounted to RMB19.29 million and gain attributable to the Company amounted to RMB7.72 million.

In the first half of 2024, Shanghai Shidian Energy Company Limited recorded a revenue of RMB242 million, profit after taxation amounted to RMB11.41 million and gain attributable to the Company amounted to RMB6.10 million.

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

- a) In the first half of 2024, the net loss of Shanghai Jinchang decreased by 60.77% year on year, which was mainly due to the fact that Jinchang has been in a state of hiatus since October 2023, which resulted in a significant reduction in costs and expenses during the Reporting Period as compared to the first half of 2023, leading to a reduction in operating loss in the first half of 2024.
- b) In the first half of 2024, the net profit of Shanghai Golden Phillips decreased by 213.80% year on year, which was mainly due to the decrease in gross margin of polyethylene products, resulting in a decrease in operating results for the first half of 2024.
- c) In the first half of 2024, the net profit of Jinshan Associated Trading decreased by 58.14% year on year, which was mainly due to the decrease in export sales in the current period, resulting in a decrease in operating results for the first half of 2024.
- d) In the first half of 2024, the net profit of JMGJ decreased by 69.18% year on year, which was mainly due to the decrease in export sales in the current period, resulting in a decrease in operating results for the first half of 2024.

3.3.4 Projects Funded by Non-fundraising Capital

Major Project	Total project investment RMB'000	Amount of project investment in the Reporting Period RMB'000	Status as of 30 June 2024
Sinopec Shanghai precursor fiber (24,000 tons/year) and 48K large tow carbon fiber (12,000 tons/year) project	3,489,638	0	The first phase has been commissioned
Sinopec Shanghai renovation project for power units cleaning and efficiency improving	3,287,711	62,790	Preliminary design phase
Supporting engineering project of 250,000 tons/year thermoplastic elastomer project	211,326	43,850	Under construction
First and second workshops of the storage and transportation department VOCs depth treatment project	55,118	37,290	Interim delivery

3.4 Plan for Profit Distribution or Capital Reserves Capitalization

3.4.1 Cash Dividend Policy and its Formulation, Implementation or Adjustment

The 2023 Profit Distribution Plan was considered and approved at the 2023 Annual General Meeting held on 6 June 2024 that the Company will not distribute dividend or capitalize capital reserves for the year of 2023. The relevant announcement was published in Securities Times on 7 June 2024 and was uploaded to the Hong Kong Stock Exchange website and the Shanghai Stock Exchange on 6 June 2024.

3.4.2 Plan for Profit Distribution or Capital Reserves Capitalization during the Reporting Period

Nil.

4. OTHER MATTERS

4.1 Changes in Directors' and Supervisors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in the information of the directors since the publication of the Company's 2023 Annual Report are set out below:

Mr. Wan Tao, a former executive director of the Company, resigned as an executive director, chairman of the Board, chairman of the Strategy and ESG Committee and member of the Nomination Committee of the Company with effect from 12 April 2024.

Mr. Guo Xiaojun has been appointed as an executive director, the chairman of the Board, the chairman of the Strategy and ESG Committee and a member of the Nomination Committee of the Company with effect from 6 June 2024.

Save as disclosed above, during the Reporting Period, there was no change in the information of directors and supervisors in accordance with Rule 13.51B(1) of the Hong Kong Listing Rules that needs to be disclosed.

4.2 Audit and Compliance Committee

On 20 August 2024, the Audit and Compliance Committee of the Eleventh Session of the Board held its fifth meeting, primarily to review the financial report of the Group for the Reporting Period, and discussed matters relating to the risk management, internal control, compliance management and financial reporting.

4.3 Purchase, Sale and Redemption of the Company's Securities

On 28 June 2023, the Company's 2022 Annual General Meeting, the First A Shareholders Class Meeting for 2023 and the First H Shareholders Class Meeting for 2023 considered and approved the "Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas listed Foreign Shares of the Company", authorizing the Board (or the directors authorized by the Board) to repurchase not more than 10% of the issued H shares of the Company. During the Reporting Period, the Company repurchased a total of 53,866,000 H shares from the Hong Kong Stock Exchange for a consideration of RMB53,425,000. The details of share repurchase are as follows:

<u>Repurchase month</u>	<u>Number of shares repurchased</u>	<u>Purchase Price per Share</u>		<u>Total price (HK \$)</u>
		<u>Highest price (HK \$/share)</u>	<u>Lowest price (HK \$/share)</u>	
January 2024	23,840,000	1.17	1.01	26,224,743.4
February 2024	17,358,000	1.09	1.02	18,359,206.6
April 2024	4,646,000	1.08	1.05	5,005,173.6
May 2024	5,384,000	1.15	1.13	6,188,706.2
June 2024	2,638,000	1.15	1.13	3,023,224.0

The shares repurchased by the Company in November and December 2023 together with the repurchased shares abovementioned, in total of 124,058,000 shares were cancelled on 17 June 2024. Save as disclosed in this announcement, the Group did not purchase, sell or redeem any of the Group's securities (for the definition of "securities", please refer to paragraph 1 of Appendix D2 to the Hong Kong Listing Rules).

4.4 Compliance with Corporate Governance Code

During the Reporting Period, the Company applied and complied with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules.

4.5 Compliance with Model Code for Securities Transactions

The Company has adopted and implemented the Model Code for Securities Transactions to regulate the securities transactions of the directors and supervisors of the Company. After making specific enquiries with all directors and supervisors, the Company has obtained written confirmation from all the directors and supervisors as to their full compliance with the Model Code for Securities Transactions by the directors and supervisors of the Company during the Reporting Period.

The Model Code for Securities Transactions is also applicable to the senior management who may be in possession of unpublished inside information of the Company. The Company is not aware of any incident of non-compliance with the Model Code for Securities Transactions by the senior management of the Company.

5. INTERIM FINANCIAL STATEMENTS

5.1 Interim financial statements prepared under China Accounting Standard for Business Enterprise

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 30 JUNE 2024

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	30 June 2024 (Unaudited) <u>Consolidated</u>	31 December 2023 <u>Consolidated</u>	30 June 2024 (Unaudited) <u>Company</u>	31 December 2023 <u>Company</u>
ASSETS				
Current Assets				
Cash at bank and on hand	9,339,703	5,607,013	9,183,684	5,235,586
Derivative financial assets	13,509	–	13,509	–
Accounts receivable	4,135,451	1,448,947	3,987,421	1,324,693
Receivables under financing	347,417	236,487	96,707	75,238
Prepayments	22,400	32,536	17,427	31,176
Other receivables	521,337	352,064	508,180	336,033
Inventories	7,450,182	7,751,687	7,299,681	7,514,146
Other current asset	298,167	26,098	284,400	9,350
Total Current Assets	<u>22,128,166</u>	<u>15,454,832</u>	<u>21,391,009</u>	<u>14,526,222</u>
Non-Current Assets				
Long-term equity investments	3,472,560	3,351,941	4,745,193	4,594,033
Investments in other equity instruments	3,869	3,869	–	–
Other non-current financial assets	36,500	36,500	–	–
Investment properties	312,656	321,037	339,338	348,253
Fixed assets	13,714,014	14,190,827	13,323,181	13,782,626
Construction in progress	1,129,493	1,200,602	1,129,282	1,192,629
Right-of-use assets	8,166	8,295	6,902	7,303
Intangible assets	342,688	352,672	243,003	249,146
Long-term deferred expenses	481,389	641,328	478,298	637,572
Deferred tax assets	1,312,116	1,313,841	1,307,119	1,309,022
Other non-current assets	–	2,782,500	–	2,782,500
Total Non-Current Assets	<u>20,813,451</u>	<u>24,203,412</u>	<u>21,572,316</u>	<u>24,903,084</u>
Total Assets	<u>42,941,617</u>	<u>39,658,244</u>	<u>42,963,325</u>	<u>39,429,306</u>

	30 June 2024 (Unaudited)	31 December 2023	30 June 2024 (Unaudited)	31 December 2023
Liabilities and shareholders' equity	<u>Consolidated</u>	<u>Consolidated</u>	<u>Company</u>	<u>Company</u>
Current Liabilities				
Short-term loans	4,500,000	3,000,000	4,500,000	3,000,000
Derivative financial liabilities	17,047	–	17,047	–
Bills payable	5,583,518	1,535,334	5,572,373	1,492,983
Accounts payable	4,496,328	6,296,912	3,931,138	5,731,500
Contract liabilities	187,753	335,006	124,144	223,517
Employee benefits payable	619,116	322,265	604,974	316,661
Taxes payable	994,358	1,187,075	984,922	1,175,345
Other payables	787,641	1,144,683	2,061,487	2,267,858
Non-current liabilities due within one year	705,983	707,515	705,233	706,940
Other current liabilities	26,475	43,819	19,521	34,355
Total Current Liabilities	<u>17,918,219</u>	<u>14,572,609</u>	<u>18,520,839</u>	<u>14,949,159</u>
Non-Current Liabilities				
Lease liabilities	735	942	589	539
Deferred income	107,371	110,222	107,241	110,091
Deferred tax liabilities	31,126	31,564	–	–
Total Non-Current Liabilities	<u>139,232</u>	<u>142,728</u>	<u>107,830</u>	<u>110,630</u>
Total Liabilities	<u>18,057,451</u>	<u>14,715,337</u>	<u>18,628,669</u>	<u>15,059,789</u>

	30 June 2024	31 December 2023	30 June 2024	31 December 2023
	(Unaudited)		(Unaudited)	
Liabilities and shareholders' equity (Continued)	Consolidated	Consolidated	Company	Company
Shareholders' equity				
Share capital	10,675,228	10,799,286	10,675,228	10,799,286
Capital reserve	621,460	609,166	599,661	599,607
Less: Treasury shares	–	70,579	–	70,579
Other comprehensive income	(4,015)	(887)	(3,167)	(39)
Specific reserve	272,065	298,137	272,060	298,132
Surplus reserve	6,672,634	6,672,634	6,672,634	6,672,634
Retained earnings	6,545,084	6,517,172	6,118,240	6,070,476
Total equity attributable to shareholders of the Company	24,782,456	24,824,929	–	–
Non-controlling interests	101,710	117,978	–	–
Total Shareholders' Equity	24,884,166	24,942,907	24,334,656	24,369,517
Total liabilities and Shareholders' Equity	42,941,617	39,658,244	42,963,325	39,429,306

**CONSOLIDATED AND COMPANY INCOME STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>Consolidated</u>	<u>Consolidated</u>	<u>Company</u>	<u>Company</u>
I. Operating income	43,532,806	44,937,051	40,213,880	40,895,068
Less: Operating costs	36,439,910	38,555,927	33,207,016	34,593,186
Taxes and surcharges	5,993,136	6,226,581	5,987,346	6,220,308
Selling and distribution expenses	126,581	148,459	95,061	107,411
General and administrative expenses	887,095	958,227	838,962	911,458
Research and development expenses	96,904	68,062	96,904	65,181
Finance expenses (“-” for income)	(76,200)	(125,281)	(78,224)	(118,283)
Including: interest expense	91,904	55,547	91,778	54,622
Interest income	180,835	185,052	173,430	173,082
Add: Other income	12,915	7,399	11,867	5,481
Investment income (“-” for losses)	84,024	(120,360)	85,236	(145,974)
Including: Income/(losses) from investment in associates and joint ventures	85,863	(118,363)	70,793	(144,851)
Gains from changes in fair value (“-” for losses)	633	-	633	-
Credit losses (“-” for losses)	(28)	167	(26)	(13)
Impairment losses (“-” for losses)	(111,483)	(190,486)	(111,483)	(190,486)
Gains from asset disposals (“-” for losses)	1,729	434	2,533	-
II. Operating profit (“-” for losses)	53,170	(1,197,770)	55,575	(1,215,185)
Add: Non-operating income	16,640	14,505	16,578	8,920
Less: Non-operating expenses	32,315	28,709	21,443	28,688
III. Total profit (“-” to indicate loss)	37,495	(1,211,974)	50,710	(1,234,953)
Less: Income tax expense/(benefits)	6,097	(226,288)	2,946	(234,848)

	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Consolidated	Consolidated	Company	Company
IV. Net profit (“-” for net losses)	31,398	(985,686)	47,764	(1,000,105)
(1) Net profit classified by continuity of operations:				
1. Net profit from continuing operations (“-” for net losses)	31,398	(985,686)	47,764	(1,000,105)
2. Net profit from discontinued operations (“-” for net losses)	-	-	-	-
(2) Net profit classified by ownership:				
1. Shareholders of the Company (“-” for net losses)	27,912	(988,277)	-	-
2. Non-controlling interests (“-” for net losses)	3,486	2,591	-	-
V. Other comprehensive income, net of tax	(3,128)	(21)	(3,128)	(21)
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company	(3,128)	(21)	(3,128)	(21)
Items that may be reclassified to profit or loss	(3,128)	(21)	(3,128)	(21)
(a) Items that may be reclassified to profit or loss using the equity method	-	(21)	-	(21)
(b) Cash flow hedging reserves	(3,128)	-	(3,128)	-
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	-	-	-	-
VI. Total comprehensive income	28,270	(985,707)	44,636	(1,000,126)
(1) Attributable to shareholders of the Company	24,784	(988,298)	-	-
(2) Attributable to non-controlling interests	3,486	2,591	-	-
VII. Earning/(losses) per share				
(1) Basic earning/(losses) per share (RMB/share)	0.003	(0.092)	-	-
(2) Diluted earning/(losses) per share (RMB/share)	0.003	(0.092)	-	-

**CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Consolidated	Consolidated	Company	Company
I. Cash flows from operating activities				
Proceeds from sales of goods and rendering of services	44,431,901	50,445,781	40,957,321	45,897,646
Refund of taxes	42,812	241,174	-	143,615
Proceeds from other operating activities	207,840	131,515	390,445	119,982
Sub-total of cash inflows	44,682,553	50,818,470	41,347,766	46,161,243
Payment for goods and services	(36,162,628)	(43,541,676)	(32,779,982)	(39,086,208)
Payment to and for employees	(1,398,860)	(1,407,170)	(1,332,672)	(1,330,011)
Payment of various taxes	(6,594,868)	(5,844,435)	(6,579,695)	(5,810,905)
Payment for other operating activities	(184,227)	(252,071)	(75,246)	24,177
Sub-total of cash outflows	(44,340,583)	(51,045,352)	(40,767,595)	(46,202,947)
Net cash flows generated from/(used in) operating activities	341,970	(226,882)	580,171	(41,704)
II. Cash flows from investing activities				
Cash received from recovery of investment	-	50,000	-	-
Cash received from returns on investments	115,244	92,000	85,119	46,262
Net cash received from disposal of fixed assets and other long-term assets	10,800	24,589	9,834	23,654
Proceeds from other investing activities	213,252	1,058,167	10,675	1,054,114
Sub-total of cash inflows	339,296	1,224,756	105,628	1,124,030
Payment for acquisition of fixed assets, intangible assets and other long-term assets	(774,733)	(682,782)	(771,677)	(678,135)
Cash paid for investment	(150,000)	(26,500)	(150,000)	-
Payment for other investing activities	(27)	(1,997)	-	(1,123)
Sub-total of cash outflows	(924,760)	(711,279)	(921,677)	(679,258)
Net cash flows (used in)/generated from investing activities	(585,464)	513,477	(816,049)	444,772

	Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Consolidated	Consolidated	Company	Company
III. Cashflows from financing activities				
Proceeds from borrowings	<u>17,500,000</u>	<u>16,018,000</u>	<u>17,500,000</u>	<u>16,000,000</u>
Sub-total of cash inflows	<u>17,500,000</u>	<u>16,018,000</u>	<u>17,500,000</u>	<u>16,000,000</u>
Repayments of borrowings	(16,000,000)	(12,520,000)	(16,000,000)	(12,500,000)
Payment for dividends, profit distributions or interest	(83,405)	(63,761)	(75,891)	(62,864)
Including: Dividends paid by subsidiaries to non-controlling interests	(7,759)	-	-	-
Payment for other financing activities	<u>(73,903)</u>	<u>(6,825)</u>	<u>(73,081)</u>	<u>(5,198)</u>
Sub-total of cash outflows	<u>(16,157,308)</u>	<u>(12,590,586)</u>	<u>(16,148,972)</u>	<u>(12,568,062)</u>
Net cash flows generated from financing activities	<u>1,342,692</u>	<u>3,427,414</u>	<u>1,351,028</u>	<u>3,431,938</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>544</u>	<u>7,336</u>	<u>-</u>	<u>-</u>
V. Net increase in cash and cash equivalents (“-” for decrease)	<u>1,099,742</u>	<u>3,721,345</u>	<u>1,115,150</u>	<u>3,835,006</u>
Add: Cash and cash equivalents at beginning of the period	<u>4,906,368</u>	<u>889,413</u>	<u>4,734,945</u>	<u>671,538</u>
VI. Cash and cash equivalents at end of the period	<u><u>6,006,110</u></u>	<u><u>4,610,758</u></u>	<u><u>5,850,095</u></u>	<u><u>4,506,544</u></u>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Attributable to equity shareholders of the Company							Sub-total	Non-controlling interests	Total
	Share capital	Capital reserve	Treasury shares	Less: Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings			
I. Balance at 1 January 2024	<u>10,799,286</u>	<u>609,166</u>	<u>70,579</u>	<u>(887)</u>	<u>298,137</u>	<u>6,672,634</u>	<u>6,517,172</u>	<u>24,824,929</u>	<u>117,978</u>	<u>24,942,907</u>
II. Changes in equity for the period from 1 January 2024 to 30 June 2024 (Unaudited) ("-" for decreases)										
1. Total comprehensive income										
(1) Net profit ("-" for net loss)	-	-	-	-	-	-	27,912	27,912	3,486	31,398
(2) Other comprehensive income	-	-	-	(3,128)	-	-	-	(3,128)	-	(3,128)
2. Shareholders' contributions and decreases in capital										
(1) Purchase of own shares	-	-	53,425	-	-	-	-	(53,425)	-	(53,425)
(2) Cancellation of repurchased shares	(124,058)	54	(124,004)	-	-	-	-	-	-	-
(3) Purchase of non-controlling interests	-	12,240	-	-	-	-	-	12,240	(12,240)	-
3. Appropriation of profits										
(1) Distributions to shareholders	-	-	-	-	-	-	-	-	(7,514)	(7,514)
4. Specific reserve										
(1) Accrued	-	-	-	-	91,195	-	-	91,195	-	91,195
(2) Utilized	-	-	-	-	(117,267)	-	-	(117,267)	-	(117,267)
III. Balance at 30 June 2024 (Unaudited)	<u>10,675,228</u>	<u>621,460</u>	<u>-</u>	<u>(4,015)</u>	<u>272,065</u>	<u>6,672,634</u>	<u>6,545,084</u>	<u>24,782,456</u>	<u>101,710</u>	<u>24,884,166</u>

	Attributable to equity shareholders of the Company									Total
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	
I. Balance at 1 January 2023	<u>10,823,814</u>	<u>610,327</u>	<u>25,689</u>	<u>(806)</u>	<u>240,418</u>	<u>6,672,639</u>	<u>7,923,002</u>	<u>26,243,705</u>	<u>127,681</u>	<u>26,371,386</u>
Add: Changes in accounting policies	-	-	-	-	-	(5)	46	41	(2)	39
Adjusted balance at the beginning of the period	<u>10,823,814</u>	<u>610,327</u>	<u>25,689</u>	<u>(806)</u>	<u>240,418</u>	<u>6,672,634</u>	<u>7,923,048</u>	<u>26,243,746</u>	<u>127,679</u>	<u>26,371,425</u>
II. Changes in equity for the period from 1 January 2023 to 30 June 2023 (Unaudited) ("-" for decreases)										
1. Total comprehensive income										
(1) Net profit ("-" for net loss)	-	-	-	-	-	-	(988,277)	(988,277)	2,591	(985,686)
(2) Other comprehensive income	-	-	-	(21)	-	-	-	(21)	-	(21)
2. Shareholders' decreases in capital										
(1) Cancellation of repurchased shares	(24,528)	(1,161)	(25,689)	-	-	-	-	-	-	-
3. Appropriation of profits										
(1) Distributions to shareholders	-	-	-	-	-	-	-	-	-	-
4. Specific reserve										
(1) Accrued	-	-	-	-	76,290	-	-	76,290	-	76,290
(2) Utilized	-	-	-	-	(55,706)	-	-	(55,706)	-	(55,706)
III. Balance at 30 June 2023 (Unaudited)	<u>10,799,286</u>	<u>609,166</u>	<u>-</u>	<u>(827)</u>	<u>261,002</u>	<u>6,672,634</u>	<u>6,934,771</u>	<u>25,276,032</u>	<u>130,270</u>	<u>25,406,302</u>

**COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 1 January 2024	<u>10,799,286</u>	<u>599,607</u>	<u>70,579</u>	<u>(39)</u>	<u>298,132</u>	<u>6,672,634</u>	<u>6,070,476</u>	<u>24,369,517</u>
II. Changes in equity for the period from 1 January 2024 to 30 June 2024 (Unaudited) ("-" for decreases)								
1. Total comprehensive income								
(1) Net profit ("-" for net loss)	-	-	-	-	-	-	47,764	47,764
(2) Other comprehensive income	-	-	-	(3,128)	-	-	-	(3,128)
2. Shareholders' contributions and decreases in capital								
(1) Purchase of own shares	-	-	53,425	-	-	-	-	(53,425)
(2) Cancellation of repurchased shares	(124,058)	54	(124,004)	-	-	-	-	-
3. Specific reserve								
(1) Accrued	-	-	-	-	87,000	-	-	87,000
(2) Utilized	-	-	-	-	(113,072)	-	-	(113,072)
III. Balance at 30 June 2024 (Unaudited)	<u>10,675,228</u>	<u>599,661</u>	<u>-</u>	<u>(3,167)</u>	<u>272,060</u>	<u>6,672,634</u>	<u>6,118,240</u>	<u>24,334,656</u>

	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 1 January 2023	<u>10,823,814</u>	<u>600,768</u>	<u>25,689</u>	<u>(806)</u>	<u>239,689</u>	<u>6,672,639</u>	<u>7,339,125</u>	<u>25,649,540</u>
Add: Changes in accounting policies	-	-	-	-	-	(5)	45	40
Adjusted balance at the beginning of the period	<u>10,823,814</u>	<u>600,768</u>	<u>25,689</u>	<u>(806)</u>	<u>239,689</u>	<u>6,672,634</u>	<u>7,339,170</u>	<u>25,649,580</u>
II. Changes in equity for the period from 1 January 2023 to 30 June 2023 (Unaudited) ("-" for decreases)								
1. Total comprehensive income								
(1) Net profit ("-" for net loss)	-	-	-	-	-	-	(1,000,105)	(1,000,105)
(2) Other comprehensive income	-	-	-	(21)	-	-	-	(21)
2. Shareholders' decreases in capital								
(1) Cancellation of repurchased shares	(24,528)	(1,161)	(25,689)	-	-	-	-	-
3. Specific reserve								
(1) Accrued	-	-	-	-	73,200	-	-	73,200
(2) Utilized	-	-	-	-	(51,893)	-	-	(51,893)
III. Balance at 30 June 2023 (Unaudited)	<u><u>10,799,286</u></u>	<u><u>599,607</u></u>	<u><u>-</u></u>	<u><u>(827)</u></u>	<u><u>260,996</u></u>	<u><u>6,672,634</u></u>	<u><u>6,339,065</u></u>	<u><u>24,670,761</u></u>

5.2 Interim financial information prepared under International Financial Reporting Standard (Unaudited)

Consolidated statement of profit or loss

For the six months ended 30 June 2024 – Unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue	43,489,664	44,889,109
Taxes and surcharge	(5,993,136)	(6,226,581)
Net sales	37,496,528	38,662,528
Cost of sales	(37,562,456)	(39,752,809)
Gross loss	(65,928)	(1,090,281)
Selling and administrative expenses	(130,014)	(150,736)
Other operating income	57,637	62,021
Other operating expenses	(19,467)	(14,878)
Other losses – net	(9,594)	(12,653)
Loss from operations	(167,366)	(1,206,527)
Finance income	180,835	185,052
Finance expenses	(91,904)	(55,547)
Finance income – net	88,931	129,505
Share of net gains/(losses) of investments accounted for using the equity method	90,863	(113,363)
Profit/(loss) before taxation	12,428	(1,190,385)
Income tax	(6,097)	226,288
Profit/(loss) for the period	6,331	(964,097)
Attributable to:		
– Equity shareholders of the Company	2,845	(966,688)
– Non-controlling interests	3,486	2,591
	6,331	(964,097)
Earning/(losses) per share		
Basic	RMB0.0003	RMB(0.0895)
Diluted	RMB0.0003	RMB(0.0895)

Consolidated statement of profit or loss and other comprehensive income*For the six months ended 30 June 2024 – Unaudited**(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) for the period	6,331	(964,097)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that are or may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associates accounted for using the equity method	–	(21)
Losses on cash flow hedges	(4,171)	–
Income tax relating to these items	1,043	–
Other comprehensive income for the period	(3,128)	(21)
Total comprehensive income for the period	3,203	(964,118)
Attributable to:		
– Equity shareholders of the Company	(283)	(966,709)
– Non-controlling interests	3,486	2,591
Total comprehensive income for the period	3,203	(964,118)

Consolidated statement of financial position

At 30 June 2024 – Unaudited

(Expressed in Renminbi Yuan)

	30 June 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Property, plant and equipment	13,701,006	14,176,814
Right-of-use assets	346,320	354,971
Investment property	312,656	321,037
Construction in progress	1,129,493	1,200,602
Investments accounted for using the equity method	3,397,560	3,271,941
Financial assets at fair value through other comprehensive income	3,869	3,869
Financial assets at fair value through profit or loss	36,500	36,500
Deferred tax assets	1,312,116	1,313,841
Time deposits with banks	–	2,782,500
Other non-current assets	485,923	647,324
	<u>20,725,443</u>	<u>24,109,399</u>
Current assets		
Derivative financial assets	13,509	–
Inventories	7,450,182	7,751,687
Trade receivables	4,579	115
Other receivables	517,905	350,891
Amounts due from related parties	4,145,593	1,453,864
Prepayments	39,481	39,553
Value added tax recoverable	269,797	15,222
Financial assets at fair value through other comprehensive income	347,417	236,487
Time deposits with banks	3,329,749	700,645
Restricted cash and bank deposits	3,844	–
Cash and cash equivalents	6,006,110	4,906,368
	<u>22,128,166</u>	<u>15,454,832</u>

	30 June 2024 RMB'000	31 December 2023 RMB'000
Current liabilities		
Derivative financial liabilities	17,047	–
Trade and other payables	3,662,738	3,832,858
Contract liabilities	184,172	323,279
Amounts due to related parties	7,208,330	5,155,798
Staff salaries and welfares payable	619,116	322,265
Borrowings	5,200,000	3,700,000
Lease liabilities	5,983	7,515
Income tax payable	2,453	2,369
Current tax liabilities	1,018,380	1,228,525
	<u>17,918,219</u>	<u>14,572,609</u>
Net current assets	<u>4,209,947</u>	<u>882,223</u>
Total assets less current liabilities	<u>24,935,390</u>	<u>24,991,622</u>
Non-current liabilities		
Lease liabilities	735	942
Deferred tax liabilities	31,126	31,564
Deferred income	32,371	30,222
	<u>64,232</u>	<u>62,728</u>
NET ASSETS	<u>24,871,158</u>	<u>24,928,894</u>
CAPITAL AND RESERVES		
Share capital	10,675,228	10,799,286
Reserves	14,094,220	14,011,630
Total equity attributable to equity shareholders of the Company	<u>24,769,448</u>	<u>24,810,916</u>
Non-controlling interests	<u>101,710</u>	<u>117,978</u>
TOTAL EQUITY	<u>24,871,158</u>	<u>24,928,894</u>

Consolidated statement of changes in equity
For the six months ended 30 June 2024 – Unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2023	<u>10,823,814</u>	<u>7,007,142</u>	<u>8,396,767</u>	<u>26,227,723</u>	<u>127,679</u>	<u>26,355,402</u>
Changes in equity for the six months ended 30 June 2023:						
(Loss)/profit for the period	-	-	(966,688)	(966,688)	2,591	(964,097)
Other comprehensive income	-	(21)	-	(21)	-	(21)
Total comprehensive income for the period	-	(21)	(966,688)	(966,709)	2,591	(964,118)
Appropriation of safety production fund	-	20,584	(20,584)	-	-	-
Cancellation of repurchased own shares	(24,528)	24,528	-	-	-	-
Balance at 30 June 2023	<u>10,799,286</u>	<u>7,052,233</u>	<u>7,409,495</u>	<u>25,261,014</u>	<u>130,270</u>	<u>25,391,284</u>
Changes in equity for the six months ended 31 December 2023:						
Loss for the period	-	-	(379,459)	(379,459)	(5,758)	(385,217)
Other comprehensive income	-	45,770	-	45,770	-	45,770
Total comprehensive income for the period	-	45,770	(379,459)	(333,689)	(5,758)	(339,447)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	(45,830)	-	(45,830)	-	(45,830)
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	(6,534)	(6,534)
Purchase of own shares	-	(70,579)	-	(70,579)	-	(70,579)
Appropriation of safety production fund	-	37,135	(37,135)	-	-	-
Balance at 31 December 2023	<u>10,799,286</u>	<u>7,018,729</u>	<u>6,992,901</u>	<u>24,810,916</u>	<u>117,978</u>	<u>24,928,894</u>

	<u>Attributable to equity shareholders of the Company</u>					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 1 January 2024	10,799,286	7,018,729	6,992,901	24,810,916	117,978	24,928,894
Changes in equity for the six months ended 30 June 2024:						
Profit for the period	-	-	2,845	2,845	3,486	6,331
Other comprehensive income	-	(3,128)	-	(3,128)	-	(3,128)
Total comprehensive income for the period	-	(3,128)	2,845	(283)	3,486	3,203
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	(7,514)	(7,514)
Purchase of equity interests from non-controlling interests	-	12,240	-	12,240	(12,240)	-
Purchase of own shares	-	(53,425)	-	(53,425)	-	(53,425)
Cancellation of repurchased own shares	(124,058)	124,058	-	-	-	-
Utilisation of safety production fund	-	(26,072)	26,072	-	-	-
Balance at 30 June 2024	<u>10,675,228</u>	<u>7,072,402</u>	<u>7,021,818</u>	<u>24,769,448</u>	<u>101,710</u>	<u>24,871,158</u>

Condensed consolidated cash flow statement*For the six months ended 30 June 2024 – Unaudited**(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Operating activities		
Cash generated from/(used in) operations	345,653	(167,151)
Interest paid	(91,429)	(53,368)
Income tax paid	(3,683)	(59,732)
	<hr/>	<hr/>
Net cash generated from/(used in) operating activities	250,541	(280,251)
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Investing activities		
Cash received from time deposits with maturity less than one year	200,000	1,000,000
Dividends received from joint ventures and associates	115,244	92,000
Interest received	13,252	58,168
Net proceeds from disposal of property, plant and equipment	10,800	24,589
Payment for the purchase of property, plant and equipment and other long-term assets	(775,718)	(693,175)
Payment for investment in a joint venture	(150,000)	–
Net losses from settlement of derivative financial instruments	(27)	–
Cash payment for redeemable preference share investments	–	(26,500)
Cash received from refund of investment deposits	–	50,000
Other cash flows arising from investing activities	–	(1,997)
	<hr/>	<hr/>
Net cash (used in)/generated from investing activities	(586,449)	503,085
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

Six months ended 30 June

	2024	2023
	RMB'000	RMB'000
Financing activities		
Proceeds from borrowings	17,500,000	16,018,000
Repayments of borrowings	(16,000,000)	(12,520,000)
Principal elements of lease payments	(4,973)	(6,825)
Dividends paid by subsidiaries to non-controlling interests	(7,514)	–
Dividends paid to ordinary shares	(245)	–
Payment for repurchase of shares	(52,162)	–
	<hr/>	<hr/>
Net cash generated from financing activities	<u>1,435,106</u>	<u>3,491,175</u>
Net increase in cash and cash equivalents	1,099,198	3,714,009
Cash and cash equivalents at 1 January	4,906,368	889,413
Effect of foreign exchange rates changes	544	7,336
	<hr/>	<hr/>
Cash and cash equivalents at 30 June	<u><u>6,006,110</u></u>	<u><u>4,610,758</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION AND BASIS OF PREPARATION

Sinopec Shanghai Petrochemical Co., Ltd. (hereinafter referred to as “**the Company**”), located in Jinshan District of Shanghai, is one of the largest refining-chemical integrated petrochemical companies in China. It is a controlling subsidiary of China Petroleum & Chemical Corporation (hereinafter referred to as “**Sinopec Corp.**”). The principal activity of the Company and its subsidiaries (hereinafter referred to as “**the Group**”) is processing the crude oil into synthetic fibres, resins and plastics, intermediate petrochemical and refined oil products.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board (“**IASB**”). It was authorized for issue on 21 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IAS 1, Presentation of financial statements: Classification of liabilities as current or non-current (“**2020 amendments**”)
- Amendments to Amendments to IAS 1, Presentation of financial statements: Non-current liabilities with covenants (“**2022 amendments**”)
- Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS7, Financial instruments: Disclosures-Supplier finance arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 1, Presentation of financial statements (“**2020 and 2022 amendments**”, or collectively the “**IAS 1 amendments**”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

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

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

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

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. Since those disclosures are not required for any interim period presented within the annual reporting period in which the amendments are initially applied, the Group has not made additional disclosures in this interim financial report.

3 SEGMENT INFORMATION AND REVENUE

3.1 Segment information

The Group manages its business by divisions, which are organized by business lines. In view of the fact that the Company and its subsidiaries operate mainly in the PRC, no geographical segment information is presented.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker, Board of Directors, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

The basis of segmentation and the basis of measurement of segment profits or losses, and assets and liabilities are consistent with those of the annual financial statements for the year ended 31 December 2023.

Six months ended 30 June 2024	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical product RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	39,248,963	13,202,713	3,715,652	983,459	57,150,787
Inter segment revenue	<u>(8,392,545)</u>	<u>(4,365,700)</u>	<u>(568,246)</u>	<u>(334,632)</u>	<u>(13,661,123)</u>
Revenue from external customers	<u>30,856,418</u>	<u>8,837,013</u>	<u>3,147,406</u>	<u>648,827</u>	<u>43,489,664</u>
Timing of revenue recognition					
– At a point in time	30,856,418	8,837,013	3,129,382	648,827	43,471,640
– Over time	<u>–</u>	<u>–</u>	<u>18,024</u>	<u>–</u>	<u>18,024</u>
	<u>30,856,418</u>	<u>8,837,013</u>	<u>3,147,406</u>	<u>648,827</u>	<u>43,489,664</u>
Segment result – profit/(loss) from operations	<u>752,152</u>	<u>(1,040,475)</u>	<u>10,044</u>	<u>110,913</u>	<u>(167,366)</u>
Impairment of plant and machinery	–	–	–	–	–
As at 30 June 2024					
Segment assets	17,172,460	7,756,668	771,786	2,751,271	28,452,185
Segment liabilities	9,264,924	2,772,027	646,167	51,160	12,734,278

Six months ended 30 June 2023	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical product RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	41,283,131	14,585,439	4,492,096	857,330	61,217,996
Inter segment revenue	<u>(10,607,395)</u>	<u>(5,064,757)</u>	<u>(231,132)</u>	<u>(425,603)</u>	<u>(16,328,887)</u>
Revenue from external customers	<u>30,675,736</u>	<u>9,520,682</u>	<u>4,260,964</u>	<u>431,727</u>	<u>44,889,109</u>
Timing of revenue recognition					
– At a point in time	30,675,736	9,520,682	4,230,925	431,727	44,859,070
– Over time	<u>–</u>	<u>–</u>	<u>30,039</u>	<u>–</u>	<u>30,039</u>
	<u>30,675,736</u>	<u>9,520,682</u>	<u>4,260,964</u>	<u>431,727</u>	<u>44,889,109</u>
Segment result – (loss)/profit from operations	<u>(475,365)</u>	<u>(685,398)</u>	<u>5,808</u>	<u>(51,572)</u>	<u>(1,206,527)</u>
Impairment of plant and machinery	–	–	–	–	–

As at 30 June 2023

Segment assets	15,060,217	7,751,389	1,036,357	2,687,982	26,535,945
Segment liabilities	7,036,540	2,207,916	1,073,207	35,702	10,353,365

Six months ended 30 June

	2024 RMB'000	2023 RMB'000
Segment result – profit/(loss) from operations		
Petroleum products	752,152	(475,365)
Chemical products	(1,040,475)	(685,398)
Trading of petrochemical products	10,044	5,808
Others	<u>110,913</u>	<u>(51,572)</u>
Segment result – loss from operations	(167,366)	(1,206,527)
Finance income – net	88,931	129,505
Share of net gains/(losses) of associates and joint ventures accounted for using the equity method	<u>90,863</u>	<u>(113,363)</u>
Profit/(loss) before taxation	<u>12,428</u>	<u>(1,190,385)</u>

3.2 Revenue

The Group's revenue from external customers are substantially all within Chinese Mainland for the six months ended 30 June 2024 and 2023. As at 30 June 2024 and 31 December 2023, assets are also substantially all within Mainland China.

Revenue of approximate RMB31,275,863 thousand (six months ended 30 June 2023: RMB31,462,732 thousand) are derived from a single customer. These revenues are attributable to the petroleum products and other business.

4 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance income – net

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income from time deposits with maturity more than 3 months	57,726	116,491
Interest income from time deposits with maturity less than 3 months	120,780	66,336
Others	2,329	2,225
Finance income	180,835	185,052
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(92,889)	(65,940)
Less: interest expense capitalized into construction in progress	985	10,393
Finance expenses	(91,904)	(55,547)
Finance income – net	88,931	129,505

(b) Other losses – net

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Net gains/(losses) on disposal of property, plant and equipment	938	(8,876)
Net foreign exchange losses	(9,326)	(1,780)
Net gains on commodity swaps contracts not qualified for hedging accounting	633	–
Net losses on foreign exchange forward contracts	(27)	–
Net losses on selling of financial assets at fair value through other comprehensive income (“FVOCI”)	<u>(1,812)</u>	<u>(1,997)</u>
	<u>(9,594)</u>	<u>(12,653)</u>

(c) Other items

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of property, plant and equipment	887,929	811,678
Depreciation of right-of-use assets	15,468	15,710
Depreciation of investment properties	7,562	7,650
Amortization of other non-current assets	123,268	146,944
Research and development costs (other than depreciation and amortization)	88,114	66,689
Provision of inventory write-down	111,483	190,486

5 INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax:		
Provision for PRC current income tax for the period	(3,762)	(7,429)
Tax filing difference	(5)	227
	<u>(3,767)</u>	<u>(7,202)</u>
Deferred tax:		
Origination and reversal of temporary differences	(2,330)	233,490
	<u>(6,097)</u>	<u>226,288</u>

The provision for PRC income tax is calculated at the rate of 25% (six months ended 30 June 2023: 25%) on the estimated taxable income of the six months ended 30 June 2024 determined in accordance with relevant income tax rules and regulations. The Company did not carry out business overseas and therefore does not incur overseas income taxes.

6 EARNING/(LOSSES) PER SHARE

(a) Basic earning/(losses) per share

The calculation of basic earning/(losses) per share is based on the profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 of RMB2,845 thousand (six months ended 30 June 2023: Loss of RMB966,688 thousand) and 10,686,232 thousand shares (six months ended 30 June 2023: 10,799,286 thousand shares) in issue during the Reporting Period.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Profit/(loss) attributable to equity shareholders of the Company	<u>2,845</u>	<u>(966,688)</u>
Weighted average number of ordinary shares in issue (thousands of shares)	<u>10,686,232</u>	<u>10,799,286</u>
Basic earning/(losses) per share (RMB per share)	<u>RMB0.0003</u>	<u>RMB(0.0895)</u>

(b) Diluted earning/(losses) per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2024 and 2023, therefore diluted earning/(losses) per share is the same as basic earning/(losses) per share.

7 DIVIDENDS

(a) **Dividends payable to equity shareholders of the Company attributable to the interim period.**

The Board of Directors did not propose any dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

(b) **Dividends payable to equity shareholders of the Group attributable to the previous financial year, approved during the interim period.**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
No final dividend in respect of the previous financial year approved during the six months ended 30 June 2024 (six months ended 30 June 2023:Nil)	<u>—</u>	<u>—</u>

8 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Trade receivables	6,693	2,229
Less: loss allowance	<u>(2,114)</u>	<u>(2,114)</u>
	----- 4,579	----- 115
Amounts due from related parties excluded prepayments and bills receivable (*)	4,138,658	1,454,410
Less: loss allowance (*)	<u>(2,798)</u>	<u>(2,849)</u>
	----- 4,140,439	----- 1,451,676
Other receivables	519,920	352,827
Less: loss allowance	<u>(2,015)</u>	<u>(1,936)</u>
	----- 517,905	----- 350,891
Financial assets measured at amortized cost	----- 4,658,344	----- 1,802,567
Amounts due from related parties – prepayments (*)	----- 9,733	----- 2,303
	<u>4,668,077</u>	<u>1,804,870</u>
Amounts due from related parties (summary of *)	<u>4,145,593</u>	<u>1,453,864</u>

Amounts due from related parties mainly represent trade-related balances, unsecured in nature and bear no interest.

The analysis based on invoice date of trade receivables and amounts due from related parties excluded prepayments and bills receivable (net of allowance for doubtful debts) is as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Within one year	4,140,439	1,451,676
Over one year within two years	<u>—</u>	<u>—</u>
	<u>4,140,439</u>	<u>1,451,676</u>

Movements in the loss allowance account in respect of trade and other receivables during the Reporting Period is as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Balance at 1 January	6,899	7,494
Impairment losses recognized during the period	79	19
Recovery or reversal during the period	<u>(51)</u>	<u>(186)</u>
Balance at 30 June	<u>6,927</u>	<u>7,327</u>

As at 30 June 2024 and 31 December 2023, no trade receivable was pledged as collateral.

Sales to third parties are generally on cash basis or on letter of credit. Subject to negotiation, credit is generally only available for major customers with well-established trading records.

9 TRADE AND OTHER PAYABLES

	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Trade payables	2,015,692	1,569,521
Bills payable	1,047,321	1,401,288
Amounts due to related parties exclude advances received (*)	<u>7,204,749</u>	<u>5,144,071</u>
	<u>10,267,762</u>	<u>8,114,880</u>
Dividends payable	31,386	31,631
Construction payable	345,309	655,224
Accrued expenses	147,022	128,671
Other liabilities	<u>76,008</u>	<u>46,523</u>
	<u>599,725</u>	<u>862,049</u>
Financial liabilities measured at amortized cost	10,867,487	8,976,929
Amounts due to related parties – advances received (*)	<u>3,581</u>	<u>11,727</u>
	<u>10,871,068</u>	<u>8,988,656</u>
Less: total amount due to related parties (summary of *)	<u>7,208,330</u>	<u>5,155,798</u>
Trade and other payables- amounts due to third parties	<u>3,662,738</u>	<u>3,832,858</u>

As at 30 June 2024 and 31 December 2023, all trade and other payables of the Group were non-interest bearing, and their fair value, approximated their carrying amounts due to their short maturities.

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) and bills payable based on invoice date were as follows:

	As at 30 June 2024 <i>RMB'000</i>	As at 31 December 2023 <i>RMB'000</i>
Within 1 year	10,248,578	8,100,809
1-2 years	5,113	4,506
Over 2 years	<u>14,071</u>	<u>9,565</u>
	<u>10,267,762</u>	<u>8,114,880</u>

10 BORROWINGS

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Credit loans due within one year		
– Short-term bank loan	4,500,000	3,000,000
– Long-term bank loan due within one year	700,000	700,000
	<u>5,200,000</u>	<u>3,700,000</u>

(a) The analysis of the repayment schedule of borrowings are as follows:

	As at 30 June 2024 RMB'000	As at 31 December 2023 RMB'000
Within 1 year or on demand	<u>5,200,000</u>	<u>3,700,000</u>

The weighted average interest rate for the Group's short-term bank loan was 2.05% as at 30 June 2024 (31 December 2023: 1.98%). The interest rate of the Group's long-term borrowings was 1.08% as at 30 June 2024 (31 December 2023: 1.08%).

As at 30 June 2024 and 31 December 2023, no borrowings were secured by property, plant and equipment.

11 RESERVES

	Legal surplus <i>(note (a))</i> RMB'000	Capital surplus <i>(note (b))</i> RMB'000	Surplus reserve <i>(note (c))</i> RMB'000	Other reserve <i>(note (d))</i> RMB'000	Hedging reserve RMB'000	Share premium <i>(note (e))</i> RMB'000	Safety production fund <i>(note (f))</i> RMB'000	Treasury shares <i>(note (g))</i> RMB'000	Retained earnings <i>(note (h))</i> RMB'000	Total RMB'000
Balance at 1 January 2023	6,571,279	13,739	101,355	(806)	-	106,846	240,418	(25,689)	8,396,767	15,403,909
Total comprehensive income for the period attributable to shareholders of the Company	-	-	-	(21)	-	-	-	-	(966,688)	(966,709)
Cancellation of repurchased own shares	-	-	-	-	-	(1,161)	-	25,689	-	24,528
Appropriation of safety production fund	-	-	-	-	-	-	20,584	-	(20,584)	-
Balance at 30 June 2023 and 1 July 2023	6,571,279	13,739	101,355	(827)	-	105,685	261,002	-	7,409,495	14,461,728
Total comprehensive income for the period attributable to shareholders of the Company	-	-	-	(60)	45,830	-	-	-	(379,459)	(333,689)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	(45,830)	-	-	-	-	(45,830)
Purchase of own shares	-	-	-	-	-	-	-	(70,579)	-	(70,579)
Appropriation of safety production fund	-	-	-	-	-	-	37,135	-	(37,135)	-
Balance at 31 December 2023	6,571,279	13,739	101,355	(887)	-	105,685	298,137	(70,579)	6,992,901	14,011,630
Balance at 1 January 2024	6,571,279	13,739	101,355	(887)	-	105,685	298,137	(70,579)	6,992,901	14,011,630
Total comprehensive income for the period attributable to shareholders of the Company	-	-	-	-	(3,128)	-	-	-	2,845	(283)
Purchase of equity interests from non-controlling interests	-	12,240	-	-	-	-	-	-	-	12,240
Purchase of own shares	-	-	-	-	-	-	-	(53,425)	-	(53,425)
Cancellation of repurchased own shares	-	-	-	-	-	54	-	124,004	-	124,058
Utilisation of safety production fund	-	-	-	-	-	-	(26,072)	-	26,072	-
Balance at 30 June 2024	6,571,279	25,979	101,355	(887)	(3,128)	105,739	272,065	-	7,021,818	14,094,220

Notes:

- (a) Under PRC rules and regulations, the Company and its PRC subsidiaries are required to set aside 10% of the net income determined in accordance with the PRC accounting rules and regulations to a legal surplus reserve. The transfer to this reserve must be made before distribution of any dividend to shareholders.

The legal surplus reserve is non-distributable other than in liquidation and can be used to make good of previous years' losses, if any, and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders, provided that the balance after such issuance is not less than 25% of the registered capital.

In accordance with PRC rules and regulations, the Company has set aside RMB6,571,279 thousand of legal surplus as of 30 June 2024.

- (b) The capital surplus comprises the following:
- i. the gifts or grants received from China Petrochemical Corporation, the ultimate parent company and which are required to be included in this reserve fund by PRC regulations;
 - ii. the differences between the cost of purchase of equity interests from non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired.

On 29 February 2024, the Group purchased additional 25.75% of the issued shares of Shanghai Jinchang Engineering Plastics Co., Ltd. ("Jinchang") for RMB2, a subsidiary of the Group. Immediately prior to the purchase, the carrying amount of the existing 25.75% non-controlling interest in Jinchang was RMB12,240 thousand. The Group recognized a decrease in non-controlling interests of RMB12,240 thousand and an increase in capital surplus of RMB12,240 thousand.

- (c) The transfer to this reserve from the retained profits is subject to the approval by shareholders at general meetings. Its usage is similar to that of legal surplus reserve.
- (d) Other reserve comprises share of post-acquisition movements in other comprehensive income from associates and joint ventures using the equity methods of accounting with a corresponding adjustment to the carrying amount of the investment.
- (e) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

According to Section 213 of the PRC Company Law, the Company's share premium arised from the issuance of stocks at a price above the par value of the stocks.

- (f) According to the relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the turnover of certain refining and chemicals products. This reserve represents unutilized safety production fund.

- (g) The proposal to authorize the board of directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company was approved at the 2022 Annual General Meeting, the First A Shareholders Class Meeting for 2023 and the First H Shareholders Class Meeting for 2023 on 28 June 2023. According to the authorization, the Company repurchased shares in call auction since 3 November 2023. As of 5 June 2024, the Company has repurchased 124,058,000 H-share ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB124,004 thousand.

On 17 June 2024, the Company cancelled 124,058,000 H shares repurchased. After the cancellation, the total number of issued share capital reduced by RMB124,004 thousand, and the share premium increased by RMB54 thousand.

- (h) According to the Company's Articles of Association, the reserve available for distribution is the lower of the amount determined under China Accounting Standards for Business Enterprises and the amount determined under IFRS. The Board of Directors did not propose any dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

By Order of the Board
Sinopec Shanghai Petrochemical Company Limited
Liu Gang
Joint Company Secretary

Shanghai, the PRC, 21 August 2024

As at the date of this announcement, the executive Directors of the Company are Guo Xiaojun, Guan Zemin, Du Jun and Huang Xiangyu; the non-executive Directors of the Company are Xie Zhenglin and Qin Zhaohui; and the independent non-executive Directors of the Company are Tang Song, Chen Haifeng, Yang Jun, Zhou Ying and Huang Jiangdong.