



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

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

Stock code: 00338 Hong Kong 600688 Shanghai



Interim Report  
**2025**

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## IMPORTANT MESSAGE

1. The Board, the Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the “Company”) and the Directors, Supervisors and senior management warrant the truthfulness, accuracy and completeness of the information contained in this 2025 interim report, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2025 interim report of the Company, and severally and jointly accept legal responsibility.
2. All directors of the Company attended the 19th meeting of the eleventh session of the Board for considering and approving the 2025 interim report.
3. The interim financial report for the six months ended 30 June 2025 (the “Reporting Period”) is unaudited.
4. Mr. Guo Xiaojun, Chairman and the responsible person of the Company; Mr. Du Jun, Director, Vice President and Chief Financial Officer overseeing the accounting department; and Ms. Fu Hejuan, person in charge of the Accounting Department (Accounting Manager) and Director of Finance Department hereby warrant the truthfulness, accuracy, and completeness of the financial statements contained in the 2025 interim report.
5. The Company did not distribute the half-year profit for 2025 nor was there any capitalization of capital reserves.
6. The statements regarding the Company’s plans for future development and development strategies are forward-looking statements and do not constitute any commitments to investors. Investors should pay attention to the relevant investment risks.
7. There was no incident of appropriation of funds by the controlling shareholder of the Company and its connected persons for non-operational purposes.
8. The Company did not provide external guarantees in violation of the required decision-making procedures.
9. **Reminder of Major Risks**  
  
Potential risks are elaborated in this interim report. Please refer to “Management Discussion and Analysis” in section 2 of the “Report of the Directors” in chapter 3 for details of the potential risks arising from the future development of the Company.
10. The 2025 interim report is published in both Chinese and English. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

## DEFINITIONS

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

“Company” or “Sinopec Shanghai”	refers to	Sinopec Shanghai Petrochemical Company Limited
“Board”	refers to	the Board of Directors of the Company
“Director(s)”	refers to	the Director(s) of the Company
“Supervisory Committee”	refers to	the Supervisory Committee of the Company
“Supervisor(s)”	refers to	the Supervisor(s) of the Company
“PRC” or “China”	refers to	the People’s Republic of China
“Reporting Period”	refers to	the six months ended 30 June 2025
“Hong Kong Stock Exchange”	refers to	The Stock Exchange of Hong Kong Limited
“Shanghai Stock Exchange”	refers to	The Shanghai Stock Exchange
“Group”	refers to	the Company and its subsidiaries
“Sinopec Group”	refers to	China Petrochemical Corporation
“Sinopec Corp.”	refers to	China Petroleum & Chemical Corporation
“Sinopec Finance”	refers to	Sinopec Finance Co., Ltd.
“Hong Kong Listing Rules”	refers to	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Shanghai Listing Rules”	refers to	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
“Model Code for Securities Transactions”	refers to	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
“Securities Law”	refers to	the PRC Securities Law
“Company Law”	refers to	the PRC Company Law
“CSRC”	refers to	China Securities Regulatory Commission
“Articles of Association”	refers to	the articles of association of the Company
“Hong Kong Stock Exchange website”	refers to	<a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
“Shanghai Stock Exchange website”	refers to	<a href="http://www.sse.com.cn">www.sse.com.cn</a>
“website of the Company”	refers to	<a href="http://www.spc.com.cn">www.spc.com.cn</a>
“HSE”	refers to	Health, Safety and Environment
“COD”	refers to	Chemical Oxygen Demand
“VOCs”	refers to	Volatile Organic Compounds
“SFO”	refers to	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
“Corporate Governance Code”	refers to	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
“Share Option Incentive Scheme”	refers to	the A Share Share Option Incentive Scheme of the Company

## CORPORATE INTRODUCTION AND MAJOR FINANCIAL INDICATORS

### (1) Major Accounting Data and Financial Indicators (Prepared under China Accounting Standards for Business Enterprises (“CAS”))

Unit: RMB'000

Major accounting data	The Reporting Period (January to June)	Corresponding period of the previous year	Increase/decrease as compared to the corresponding period of the previous year (%)
Operating income	39,523,226	43,532,806	(9.21)
Total (loss)/profit	(595,616)	37,495	(1,688.52)
Net (loss)/profit attributable to equity shareholders of the Company	(462,128)	27,912	(1,755.66)
Net (loss)/profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	(439,375)	61,305	(816.70)
Net cash flows generated from operating activities	778,943	341,970	127.78
	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	24,305,137	25,040,254	(2.94)
Total assets	41,973,134	41,769,339	0.49

# CORPORATE INTRODUCTION AND MAJOR FINANCIAL INDICATORS

(continued)

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 (losses)/earnings per share (RMB/Share)	(0.044)	0.003	(1,566.67)
Diluted (losses)/earnings per share (RMB/Share)	(0.044)	0.003	(1,566.67)
Basic (losses)/earnings per share excluding extraordinary gains and losses (RMB/ Share)	(0.042)	0.006	(800.00)
(Loss)/return on net assets (weighted average) (%)*	(1.870)	0.113	Decreased by 1.983 percentage points
(Loss)/return on net assets excluding extraordinary gains and losses (weighted average) (%)*	(1.778)	0.247	Decreased by 2.025 percentage points

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

## (2) Differences between Financial Statements Prepared under CAS and IFRS Accounting Standards

Unit: RMB'000

	Net (loss)/profit 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	(462,128)	27,912	24,305,137	25,040,254
Prepared under IFRS Accounting Standards	(449,274)	2,845	24,293,317	25,028,251

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



# CORPORATE INTRODUCTION AND MAJOR FINANCIAL INDICATORS

(continued)

## (3) 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	(23,498)
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	5,260
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	7,230
One-off costs incurred as a result of the discontinuation of relevant operating activities, e.g. termination benefits	(22,066)
Other gain or loss items meeting the definition of extraordinary gains and losses	(890)
Other non-operating income and expenses besides the items above	3,240
Income tax effect amount	8,265
Effect on non-controlling interests after taxation	(294)
Total	(22,753)

# REPORT OF THE DIRECTORS

## Section I Business Overview

### (1) Description of the Principal Business, Operating Model and Industry in which the Company Operated during the Reporting Period

Located at Jinshanwei in the southwest of Shanghai, the Company is a highly integrated petrochemical enterprise which mainly processes crude oil into a broad range of refined oil products and chemical products. During the Reporting Period, the Company did not engage in any new material non-core business activities. The Company sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the fastest growing regions in the PRC.

The Company's high-quality development is supported by the ever-increasing demand in the PRC for high-quality petrochemical products. Relying on the competitive advantage of its high degree of integration, the Company is optimizing its product mix, improving the quality and variety of its existing products, upgrading technology and promoting energy conservation and consumption reduction, and following the path of green and low-carbon development.

In 2025, the global economy growth slows down, while divergence trends continue to deepen. China's economy has demonstrated notable resilience, with overall stability in employment, prices, and household income. Due to persistent pressures from supply-demand mismatches, trade frictions, and geopolitical risks, the overall operation of the global chemical market remains in a cyclical downturn, with highly uneven regional performance. China's medium- and long-term strategic directions, such as "green transition", "domestic substitution", and "industrial upgrading", are gaining momentum, opening a strategic window for structural transformation in the industry. Trends such as anti-internal competition, equipment renewal, green and intelligent transformation, and high-end industrial chain development are becoming increasingly prominent.

### (2) Analysis of Core Competitiveness During the Reporting Period

As one of the major integrated petrochemical enterprises in China with an integrated refinery and petrochemical capacity, the Company possesses competitive business scale and strength, which made it a major manufacturer of refined oil and chemical products 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 and promote 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.



# REPORT OF THE DIRECTORS *(continued)*

## Section II Management Discussion and Analysis

### (1) Management Discussion and Analysis of the 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 the interim report. Unless otherwise specified, financial data involved hereinafter are extracted from the unaudited interim financial report of the Group prepared in accordance with IFRS Accounting Standards.)

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

In the first half of 2025, the external environment remained unstable with uncertainties, while the tariff wars inflicted unprecedented challenges on the global economic order. China's GDP grew by 5.3% year-on-year in the first half of the year, maintaining overall stable operation and continuing its steady upward trend. Influenced by factors such as the tariff wars, geopolitical fluctuations and accelerated production expansion by OPEC+, the market price of the international crude oil widely 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 accelerated the construction of high-quality development projects, actively addressed operational and profitability challenges, and fully committed to the "two-front battle" campaign in production and operation and project construction, with all works advanced basically in an orderly manner in accordance with the predetermined goals. For the six months ended 30 June 2025, the Group generated revenue of RMB39.5 billion, representing a decrease of RMB3.99 billion or 9.17% year-on-year. Loss before taxation amounted to RMB583 million (1H2024: profit before taxation of RMB12 million), representing an increase of loss of RMB595 million year-on-year. Loss after taxation and excluding non-controlling shareholders' interests was RMB449 million (1H2024: profit of RMB3 million), representing an increase of loss of RMB452 million year-on-year.

In the first half of 2025, the total volume of goods within the main commodity categories produced by the Group decreased by 4.35% year-on-year to 5.5768 million tons. The Group processed a total of 6.3249 million tons of crude oil (of which 556.4 thousand tons were processed on order), representing a year-on-year decrease of 4.93%. Refined oil output amounted to 3.9929 million tons (of which 449.9 thousand tons were processed on order), representing a decrease of 6.81% year-on-year. Among them, the gasoline production increased by 0.14% year-on-year to 1.6681 million tons, the diesel production decreased by 13.56% year-on-year to 1.1987 million tons, and the jet fuel production decreased by 8.62% year-on-year to 1.1261 million tons. Ethylene production increased by 24.34% year-on-year to 273.3 thousand tons, and p-xylene production increased by 1.20% year-on-year to 352.9 thousand tons. Production of plastics, resins and copolymers decreased by 3.21% year-on-year to 457.7 thousand tons. Production of synthetic fibres increased by 5.07% year-on-year to 14.5 thousand tons. The production and sales rate of the Group's product for the first half of this year was 99.94% and the payment return rate was 100% (excluding related companies).

## REPORT OF THE DIRECTORS *(continued)*

Safety and environmental risks were generally under control. The Group strengthened the management accountabilities of local grid and professional line, promoted the rectification of special hazards in aging facilities, with a rectification completion rate of 98.8%, aiming to complete all rectifications within the year. The Group carried out safety risk assessments, risk contracting activities, and hazard identification and rectification, strictly controlled risks associated with contractors and direct operation process, and strictly reviewed contractor qualifications. The Group remained committed to strict management. In the first half of the year, the comprehensive compliance rate of industrial wastewater discharged outward, the rate of controlled emissions, and the rate of hazardous waste properly handled and disposed were all 100%, and the average VOCs concentration at the plant boundary was 62.4 $\mu$ g/m<sup>3</sup>, representing a year-on-year decrease of 9.70%.

Refining and chemical integration intensified market expansion and efforts to overcome challenges. The focus of petroleum segment was on increasing aviation fuel, stabilizing gasoline, and reducing diesel fuel. Measures such as optimizing gasoline and diesel components flows and adjusting hydro cracking and catalytic product structure were taken to reduce the increment in gasoline and diesel fuel and enhance the proportion of high-grade gasoline. The chemical segment focused on optimizing raw material structures and increasing aromatics production, resulting in year-on-year yield improvements in light oil for chemical industry, atriene, benzene, and PX. Market opportunities were seized to boost production and sales of petroleum coke and liquefied gas. The thermal power business was optimized by implementing “peak-flat-valley” power generation and electricity consumption scheduling to reduce electricity-related carbon compliance costs.

Industrial transformation and upgrading progressed effectively. Focusing on high-end, intelligent, and green development, the Company initiated the formulation of its “15th Five-Year” Plan. Projects’ constructions were accelerated, with overall design reviews and optimization adjustments for comprehensive technical renovation and quality enhancement and upgrading projects completed. The cleanliness and efficiency improvement project for thermal power units has entered full-scale civil construction. The elastomer and its supporting projects have achieved mechanical completion. The construction project of the large-tow carbon fiber outside of Shanghai and the National Hazardous Chemicals Emergency Rescue (Shanghai) Base project were launched. The Group accelerated its pace of digital and intelligent transformation, conducting the construction of five digital and intelligent management domains: geographic information, planning and operations, production execution, project construction, and personal affairs. The Group continued to enhance its capabilities in lean and efficient production organization and planning execution, agile and high-quality product supply and technical services, and industry-leading product development and application expansion, fostering new quality productive forces.

The driving force of innovation unleashed efficiency at a faster pace. The Company intensified efforts in the R&D and promotion of new chemical products, optimized synthetic materials grades and increased the production of high value-added products. Industrial collaborations were strengthened to accelerate the development of 110KV ultra-high-voltage cable materials; efforts were made in expanding self-marketing businesses for new products such as foam and medical materials. Reinforced efforts were made in enhancing carbon fiber technology and pursuing market development and sales expansion, including continuous industrialization of 48K large tow carbon fiber and breakthroughs in thermoplastic aerospace composite materials. The Company advanced research on industrialized technology and applications of

## REPORT OF THE DIRECTORS *(continued)*

high-strength, medium-modulus carbon fiber. The Company participated in the formulation of four national or group standards for carbon fiber and its composite materials, two of which have already been released. The group standard “Industrial Polyacrylonitrile-based Large Tow Carbon Fiber Yarn” won the First Prize for Standard Innovation from CSTM (Chinese Standards for Testing and Materials Platform).

The effectiveness of management reform has become increasingly prominent. The Group optimized the management mechanism, reduced the “two offices” (the General Manager’s Office and the Party Committee Office) of the Company and secondary units, reduced the Company’s internal departments, and integrated the planning department and sales center to establish the “Planning and Operation Department”. The Group coordinated and improved salary distribution and performance appraisal, and established a dynamic monitoring mechanism for key expenses such as total wages, labor costs, and welfare, to strengthen whole process control over labor costs. The Group improved the interactive mechanism for remuneration and efficacy and the operating mechanism of the “human resource pool” through the dual contract management of “labor contract + induction agreement”. The Group firmly established the concept of “all costs are controllable”, controlled fuel costs, extensively explored energy-saving possibilities, strictly controlled the cost of auxiliary materials such as catalysts, additives and solvents according to consumption quotas, and carried out comparative analysis of special cost on circulating water, sewage treatment, nitrogen, logistics, etc.

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					
	2025			2024		
	Sales volume ('000 tons)	Net sales (RMB million)	%	Sales volume ('000 tons)	Net sales (RMB million)	%
Petroleum products	4,326.17	20,921.99	62.46	4,638.06	24,948.22	66.53
Chemical products	1,252.31	8,477.13	25.31	1,153.59	8,757.87	23.36
Trading of petrochemical products	–	3,855.86	11.51	–	3,144.79	8.39
Others	–	243.33	0.72	–	645.65	1.72
Total	5,578.48	33,498.31	100.00	5,791.65	37,496.53	100.00

In the first half of 2025, the Group achieved a total net sales of RMB33.498 billion, representing a decrease of 10.66% compared to the same period last year, of which the net sales of petroleum products and chemical products decreased by 16.14% and 3.21% respectively, while the net sales of trading of petrochemical products increased by 22.61%. Affected by the decline in market demand, the sales volume of petroleum products decreased by 6.72%. The weighted average sales prices of all sectors decreased over the same period last year due to the decrease in crude oil prices. In the first half of 2025, the Group’s cost of sales was RMB34.139 billion, representing a decrease of 9.11% compared to the same period last year and accounting for 101.91% of net sales.

## REPORT OF THE DIRECTORS *(continued)*

In the first half of 2025, the cost of crude oil processing of the Group amounted to RMB23.085 billion, representing a decrease of RMB2.735 billion compared to the same period last year. Among them, the Group's crude oil unit processing cost was RMB4,001.90/ton for the current period, representing a decrease of RMB379.86/ton or 8.67% compared to the same period last year, and resulting in the cost reduction of RMB2.191 billion. The crude oil processing volume (excluding processing on order) for the current period decreased by 124.2 thousand tons compared to the same period last year, resulting in cost reduction of RMB544 million. Crude oil costs accounted for 67.62% of the Group's cost of sales in the first half of the year.

In the first half of 2025, the Group's expenditure on other excipients was RMB3.796 billion, representing a decrease of 8.44% compared to the same period last year. During the Reporting Period, the Group's depreciation and amortization expenses and maintenance expenses were RMB1,005 million and RMB452 million, respectively. Depreciation and amortization expenses decreased by 2.80% year-on-year mainly due to the decrease of amortization of long-term deferred expenses. Maintenance expenses increased by 38.65% year-on-year mainly due to the increase in overhaul projects for the current period as compared to the same period in 2024.

In the first half of 2025, the Group recorded selling and administrative expenses of RMB102 million, representing a decrease of 21.54% from RMB130 million in the same period last year mainly because the sales commission decreased by RMB25 million during the Reporting Period.

In the first half of 2025, the Group's other operating income was RMB36 million, representing a decrease of RMB22 million compared to the same period last year mainly due to a decrease in rental income of RMB19 million during the Reporting Period.

In the first half of 2025, the Group's other operating expenses were RMB13 million, representing a decrease of RMB6 million compared to the same period last year.

In the first half of 2025, the Group reported a net financial income of RMB74 million, while the net financial income amounted to RMB89 million in the same period last year, which was mainly due to a decrease in interest income of RMB96 million and a decrease in interest expense of RMB81 million during the Reporting Period.

In the first half of 2025, the Group recorded a loss after taxation and excluding non-controlling shareholders' profits or losses of RMB449 million, representing an increase of loss of RMB452 million from the profit of RMB3 million in the same period last year.

### **Liquidity and Capital Resources**

In the first half of 2025, the Group's net cash inflow from operating activities was RMB768 million, representing an increase of RMB517 million compared to the same period in 2024. This was mainly due to the fact that the Group's total cash outflows for purchasing goods and paying various taxes during the Reporting Period decreased by RMB2,639 million as compared to the same period in 2024, while cash received from sales of goods decreased by RMB2,189 million compared to the same period last year.

## REPORT OF THE DIRECTORS *(continued)*

In the first half of 2025, the Group's net cash inflow from investment activities was RMB734 million, while a net cash outflow of RMB586 million occurred in the same period last year. This was mainly due to the recovery of RMB3,600 million of time deposits purchased by the Group in previous years in the first half of 2025, and the purchase of time deposits of RMB2,500 million for the current period, while net cash inflow from time deposits in the same period last year was RMB200 million. During the Reporting Period, the net cash inflow from time deposits increased by RMB900 million compared to the same period last year.

In the first half of 2025, the Group's net cash outflow from financing activities was RMB1,281 million, while a net cash inflow of RMB1,435 million occurred in the same period last year. This was mainly because the net cash used in obtaining and repayment for borrowings for the Reporting Period was RMB1,182 million, while the net cash generated from obtaining and repayment for borrowings was RMB1,500 million in 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 2025, the total loan balance of the Group decreased by RMB1,182 million from the opening balance, which was mainly due to the repayment of RMB1,500 million for short-term borrowings upon maturity during the current period, while the balance of long-term borrowings increased by RMB318 million. The Group had no short-term bonds during the Reporting Period. As of 30 June 2025, the Group's total principal of borrowings at floating interest rates was RMB387 million.

### **Capital Expenditures**

In the first half of 2025, the Group's capital expenditure was RMB408 million. It was mainly used for the construction of the cleanliness and efficiency improvement project for thermal power units of Shanghai Petrochemical.

In the second half of the year, the Group will continue to promote the implementation of cleanliness and efficiency improvement project for thermal power units of Shanghai Petrochemical and the construction project of the large-tow carbon fiber outside of Shanghai. The planned capital expenditure of the Group can be financed from operating cash and bank credit.

### **Gearing Ratio**

As of 30 June 2025, the Group's gearing ratio was 41.77% (as of 30 June 2024: 41.96%). The gearing ratio was calculated as: total liabilities/total assets.

# REPORT OF THE DIRECTORS *(continued)*

## **The Group's Employees**

As at 30 June 2025, the number of registered employees of the Group was 6,715, among which 4,089 were production personnel, 1,874 were sales, finance and other personnel, and 752 were administrative personnel. 72.67% 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 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 2025, the income tax rate applicable to the Group was 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 2024 annual report.

## **2. 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, despite of the uncertainty of the external environment and the pressure of internal structural adjustment, China's economy maintains stable growth with support. 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 still in the trough of its cycle.

From the Group's own perspective, 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, pursuing steady progress and sparing no effort to complete the annual objectives and tasks.

1. Enhancing safety and environmental protection with greater efforts to improve risk prevention. The Company will strengthen grid-based management accountability at all levels, intensify inspections and rectification, and emphasize standardized, full-process control to ensure strict and practical safety production. The Company will enhance environmental management with a prevention-first approach, committing to become a Grade-A green enterprise. The State-owned Assets Supervision and Administration Commission of the State Council's "Ten Prohibitions" will be strictly enforced, and the construction of risk and internal control systems will be further promoted to lawfully and compliantly prevent and control operational risks.



## REPORT OF THE DIRECTORS *(continued)*

2. Strengthening operational optimization with greater intensity to drive incremental growth and efficiency. The mix of light and heavy crude oil will be improved for the purpose of optimizing transportation methods of crude oil. Adhering to the principle of “olefin-focused where suitable, aromatics-focused where appropriate”, the Company will maximize material value and optimize flow directions. Energy conservation management and cost control will be strengthened to continuously promote cost reduction and expense control. Through enhanced communication and refined product management, the Company will improve production-sales coordination and expand market share.
3. Implementing innovation-driven development with intensifying efforts to propel transformation and upgrading. Adhering to the development strategy of “transformation of oil refining to chemical industry, chemical industry to materials, materials to high-end products, and parks to ecology”, the Company will accelerate the construction of key projects, expedite comprehensive technological transformation and quality upgrading project, conduct in-depth research on the downstream layout of ethylene and propylene, and optimize raw material and product schemes for ethylene. Faster moves will be taken to the construction project of the large-tow carbon fiber outside of Shanghai, continuously enhance scientific and technological research and production operation optimization of existing carbon fiber facilities, with a focus on scaling up its sales in wind power blades, drones, automobiles, and other fields. Faster progress will be made toward realizing the high-performance carbon fiber sales in aerospace and other high-end fields, and promoting the expansion of application scenarios for CF/PPS sheets and CF/PAEK prepreps. Digital and intelligent management domain will be established to promote the institutionalization of management, the standardization of processes, and the informatization of operations.
4. Advancing reform and development with greater vigor to sustain vitality. The Company will actively and steadily reduce management layers, systematically optimize organizational structures, and refine mechanisms for technology innovation, while improving incentive and restraint systems to strengthen the management of the human resource pool. An integrated production, sales, research and application mechanism will be established to enhance the efficiency of product lifecycle management. The Company will accelerate the revitalization and disposal of low- and non-performing assets and continuously strengthen the “three fundamentals” work (i.e. “strengthening grass-root units”, “fundamental work” and “training on basic skills”).
5. Strengthening team building and talent support with greater efforts. By aligning with the flattening organizational reform, the Company will select and assign outstanding leaders at all levels. The Company will establish and improve the position management system, refine the training and development framework, continuously advance the construction of learning maps initiative, and operate the “human resource pool” to optimize human resources. In line with the new requirements for developing new quality productive forces and digital and intelligent transformation, the Company will continue to cultivate a high-caliber, professional cadre and talent team.

## REPORT OF THE DIRECTORS *(continued)*

### (2) Analysis of the Company's Principal Performance during the Reporting Period (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

#### 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
	2025	2024		
Research and development expenses	<b>130,190</b>	96,904	34.35	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.
Other income	<b>7,909</b>	12,915	(38.76)	Government grants received during the Reporting Period decreased as compared to the same period last year.
Impairment losses	<b>(416,854)</b>	(111,483)	N/A	During the Reporting Period, due to factors such as fluctuations in market prices for certain products, the Company's provision for inventory impairment amounted to RMB417 million under CAS and the Company's relevant accounting policies. During the Reporting Period, the Company's write-off of provision for inventory impairment amounted to RMB392 million.

## REPORT OF THE DIRECTORS *(continued)*

Item	For the six months ended 30 June		Change (%)	Reason for change
	2025	2024		
Income tax (benefits)/ expenses	<b>(134,702)</b>	6,097	(2,309.32)	Deferred income tax assets were recognized for deductible tax losses during the Reporting Period, resulting in an income tax benefit.
Net (loss)/profit attributable to shareholders of the Company	<b>(462,128)</b>	27,912	(1,755.66)	The operating results decreased year-on-year during the Reporting Period.
Net cash flows generated from operating activities	<b>778,943</b>	341,970	127.78	Cash paid for purchases of goods and services during the Reporting Period decreased as compared with the same period last year.
Net cash flows generated from/(used in) investing activities	<b>737,782</b>	(585,464)	N/A	The amount of time deposits recovered during the Reporting Period increased as compared to the same period last year.
Net cash flows (used in)/ generated from financing activities	<b>(1,295,408)</b>	1,342,692	(196.48)	The net cash outflow from obtaining and repayment for borrowings by the Group during the Reporting Period increased compared with the same period last year.

## REPORT OF THE DIRECTORS (continued)

### (3) Analysis of Business Operations by Industry, Product or Geographical Location Segment (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

#### 1. Principal Operations by Industry or Product

Unit: RMB'000

Industry 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
Petroleum products	26,856,886	21,007,197	21.78	(12.96)	(12.68)	Decreased by 0.26 percentage point
Chemical products	8,536,089	7,872,977	7.77	(3.41)	(10.31)	Increased by 7.10 percentage points
Trading of petrochemical products	3,860,183	3,820,628	1.02	22.65	23.31	Decreased by 0.53 percentage point
Others	60,727	56,343	7.22	(77.06)	(78.33)	Increased by 5.42 percentage points

Note: This gross profit margin is calculated according to the price of petroleum products which includes consumption tax. Gross profit margin of petroleum products after deducting consumption tax was 2.45%.

#### 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	37,920,115	(6.13)
Other regions in the PRC	367,563	24.36
Exports	1,026,207	(57.47)

## REPORT OF THE DIRECTORS (continued)

### (4) Analysis of Assets and Liabilities (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

Unit: RMB'000

Item	As at 30 June 2025		As at 31 December 2024		Change of amount on 30 June 2025 compared to 31 December 2024 (%)	Main reason for change
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	8,433,777	20.09	12,096,477	28.96	(30.28)	The 2-year term deposit and 3-year term deposit purchased during the Reporting Period were classified as other non-current assets.
Derivative financial assets	100,162	0.24	49	–	204,312.24	Purchase of crude oil and refined oil product swap contracts in the Reporting Period.
Accounts receivables	1,959,309	4.67	701,587	1.68	179.27	Receivables due from sales of refined oil products increased at the end of the Reporting Period.
Prepayments	42,795	0.10	146,453	0.35	(70.78)	The consumption tax on prepayments for naphtha decreased.
Other current assets	251,323	0.60	57,543	0.14	336.76	Deductible value-added tax increased at the end of the Reporting Period.
Other non-current assets	2,528,474	6.02	–	–	N/A	The 2-year term deposit and 3-year term deposit purchased during the Reporting Period were classified as other non-current assets.
Short-term loans	–	–	1,500,940	3.59	(100.00)	Repayment of short-term borrowings during the Reporting Period.
Derivative financial liabilities	87,191	0.21	–	–	N/A	Purchase of crude oil and refined oil product swap contracts in the Reporting Period.

## REPORT OF THE DIRECTORS (continued)

Item	As at 30 June 2025		As at 31 December 2024		Change of amount on 30 June 2025 compared to 31 December 2024 (%)	Main reason for change
	Amount	% of total assets	Amount	% of total assets		
Accounts payables	4,619,975	11.01	2,730,914	6.54	69.17	The payables for purchase of crude oil increased at the end of the Reporting Period.
Taxes payable	895,443	2.13	1,388,147	3.32	(35.49)	The amount of consumption tax and value-added tax payable decreased at the end of the Reporting Period.
Long-term loans	386,572	0.92	67,685	0.16	471.13	Long-term loans newly increased during the Reporting Period to supplement the funding needs of engineering construction projects.
Treasury shares	–	–	56,159	0.13	(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 RMB12,202 thousand, accounting for 0.03% of the total assets.



## REPORT OF THE DIRECTORS *(continued)*

### (5) Analysis of Investments (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

#### 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 current period.

#### 2. 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. Analysis of Major Subsidiaries and Invested Companies

Situation of the Company's major subsidiaries and invested companies affecting more than 10% of the net profit of the Company as at 30 June 2025

Company	Type of corporation	Principal activities	Registered capital (RMB'000)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Operating profit/(loss) (RMB'000)	Net profit/ (loss) in the first half of 2025 (RMB'000)
Shanghai Petrochemical Investment Development Company Limited ("Shanghai Investment Development")	Subsidiary	Investment management	2,100,000	2,522,038	2,509,996	39,620	13,062	13,429
China Jinshan Associated Trading Corporation ("Jinshan Associated Trading")	Subsidiary	Import and export of petrochemical products and equipment	25,000	691,572	248,660	2,963,650	6,934	5,998
Shanghai Golden Phillips Petrochemical Company Limited ("Shanghai Golden Phillips")	Subsidiary	Production of polyethylene products	415,623	485,764	451,457	505,298	(3,497)	(2,852)

## REPORT OF THE DIRECTORS *(continued)*

Company	Type of corporation	Principal activities	Registered capital (RMB'000)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Operating profit/(loss) (RMB'000)	Net profit/(loss) in the first half of 2025 (RMB'000)
Shanghai Jinshan Trading Corporation ("JMGJ")	Subsidiary	Import and export of petrochemical products and equipment	100,000	654,639	160,136	2,161,750	107	1,219
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian")	Subsidiary	Storage and transportation services	620,000	176,062	71,971	7,150	(4,054)	(4,314)
Shanghai Chemical Industry Park Development Co., Ltd. ("Chemical Industrial Park")	Invested company	Land development and industrial investment	2,372,439	11,750,194	8,475,321	907,431	258,459	238,703

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 Chemical Industrial Park established in the PRC with an amount of RMB2,378 million.

*(1) Explanation of profits of major controlling companies and invested companies affecting more than 10% of the net profit of the Group during the Reporting Period*

In the first half of 2025, Chemical Industrial Park recorded a revenue of RMB907 million, profit after taxation attributable to shareholders of the company amounted to RMB155 million and gain attributable to the Company amounted to RMB59 million.

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

- a) In the first half of 2025, the net profit of Shanghai Investment Development decreased by 32.33% year-on-year, which was mainly due to the decrease in gross margin from hazardous chemicals storage and transportation business of Zhejiang branch of Shanghai Investment Development, resulting in a decrease in operating results for the first half of 2025.
- b) In the first half of 2025, the net profit of Jinshan Associated Trading decreased by 36.12% year-on-year, which was mainly due to the decrease in gross margin from the sale of ethylene and propylene products, resulting in a decrease in operating results for the first half of 2025.

## REPORT OF THE DIRECTORS *(continued)*

- c) In the first half of 2025, the net loss of Shanghai Golden Phillips decreased by 34.39% year-on-year, which was mainly due to the increase in gross margin of polyethylene products, resulting in an increase in operating results for the first half of 2025.
- d) In the first half of 2025, the net loss of Zhejiang Jinlian decreased by 34.47% year-on-year, which was mainly due to the increase in storage income, resulting in an increase in operating results for the first half of 2025.

### (3) *Acquisition and disposal of subsidiaries during the Reporting Period*

Company name	Acquisition and disposal of subsidiaries during the Reporting Period	Impact on the overall production and operation and performance
Inner Mongolia New Jinshan Carbon Fiber Co., Ltd.	Newly established	No significant impact
Shanghai Jinchang Engineering Plastics Company Limited	Equity transfer	No significant impact

### (4) *Structured entities controlled by the Company*

During the Reporting Period, the Company did not have any structured entities under its control.

## 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 2025
The comprehensive technological transformation and quality upgrading project of Sinopec Shanghai	21,307,000	0	The feasibility study has been approved and the project is currently in the overall design stage
The cleanliness and efficiency improvement project for thermal power units of Sinopec Shanghai	3,287,711	199,463	Under construction
Construction project of the large-tow carbon fiber (30,000 tons/year) outside of Shanghai of Sinopec Shanghai	2,242,399	16,697	The basic design has been approved and the project is under construction

## REPORT OF THE DIRECTORS (continued)

### 5. Financial Assets Measured at Fair Value

Unit: RMB'000

Project	Opening amount	Closing amount	Profit or loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Source of funds
Financial assets measured at fair value with changes included in current profit or loss						
– Other non-current financial assets	36,500	36,500	–	–	–	Own capital
Financial assets measured at fair value with changes included in other comprehensive income						
– Receivables financing	388,230	491,858	–	–	–	Own capital
– Investment in other equity instruments	3,872	3,872	–	–	–	Own capital
Derivative financial assets						
– commodity swaps contracts	49	100,162	7,288	21,018	–	Own capital
Total	428,651	632,392	7,288	21,018	–	

## REPORT OF THE DIRECTORS (continued)

### 6. Derivative investments for hedging purposes during the Reporting Period

Type of derivative investment	Initial investment amount	Opening book value	Profit or loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Amount purchased during the Reporting Period	Amount disposed during the Reporting Period	Closing book value	Proportion of closing book value to net assets of the Company at the end of the Reporting Period (%)
Commodity swaps contracts	–	49	–	21,018	3,909,811	3,918,417	12,461	0.05
Total	–	49	–	21,018	3,909,811	3,918,417	12,461	0.05
The accounting policies, specific principles of accounting for hedging operations during the Reporting Period, and a statement of whether there are significant changes compared with the previous reporting period	No significant change.							
Statement of actual profit or loss during the Reporting Period	The unrealized gains of the Company's commodity swap contracts were RMB21,018 thousand.							
Statement of the effect of hedging	<p>The Group engages in petrochemical business, which exposes the Group to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage such commodity price risks.</p> <p>The Group has no recognized hedge ineffectiveness in January to June 2025 in relation to the commodity swap contracts.</p>							
Source of funds for derivative investment	Own capital.							
Risk analysis and control measures (including but not limited to market risks, liquidity risks, credit risks, operational risks and legal risks) in respect of derivative positions during the Reporting Period	<p>The Company's financial derivatives transactions are all for the purpose of locking in costs or profits, responding to market changes and hedging risks, and are in line with actual operational business needs, which help the Company to avoid the impact of risks and stabilize its operating results. From the perspective of financial derivatives business, there are certain risks, and the main risks are as follows:</p> <ol style="list-style-type: none"> <li>1. market risk of loss due to changes in the price of the underlying assets that are contrary to expectations.</li> <li>2. operational risk due to human error or system failure or control failure of trading or management personnel.</li> </ol> <p>Risk control measures in respect of the Company's financial derivative transactions:</p> <ol style="list-style-type: none"> <li>1. selecting trading products with simple structure, high liquidity and controllable risk, and conducting them only within the amount authorized by the Board and strictly controlling the scale of transactions.</li> <li>2. formulating standardized business operation procedures and authorization management system, arranging full-time personnel, clarifying job responsibilities, and strictly engaging in monetary financial derivatives business within the scope of authorization; improving business training, professional ethics and quality of relevant personnel, and establishing a timely reporting system for abnormal situations, so as to maximize the avoidance of operation risks.</li> </ol>							
The changes of market price of derivatives invested or the fair value of products during the Reporting Period. Specific usage and settings of relevant assumptions and parameters of the analysis on the fair value of derivatives shall be disclosed	The Group's analysis for the fair value of commodity swap contracts uses the price of the underlying commodity and the discount rate for counterparty credit risk.							
Date of the announcement disclosing the approval of derivatives investment by the Board	19 March 2025							

## REPORT OF THE DIRECTORS *(continued)*

### 7. Derivative investment for speculative purposes during the Reporting Period

Not applicable

## (6) Other Disclosure Items

### 1. Possible Risks

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

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

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

At present, the Group consumes a significant amount of crude oil for the production of petrochemical products. More than 95% of the crude oil consumption is imported. In recent years, crude oil prices have been subject to significant fluctuations due to a variety of factors, and the Group cannot rule out the possibility of any major unexpected event which may cause a suspension in crude oil supply. The Group has attempted to mitigate the effects of increased costs from rising crude oil prices by passing them on to the customers, but the ability to do so is limited because of market conditions and the pricing mechanism of refined oil products. Since there is a time-lag between increases in crude oil prices and increases in petrochemical product prices, higher costs cannot be totally offset by raising the sales prices.

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

The petrochemical industry is a capital-intensive industry. The Group's ability to maintain and raise income, net income and cash flows is closely connected with ongoing capital expenditures. The Group's capital expenditures in 2025 will be met by internal funding and bank loans. The Group's effective capital expenditures may vary significantly due to the Group's ability to generate sufficient cash flows from operations, investments and other factors that are beyond control. Furthermore, there is no assurance as to the completion, cost or outcome of the Group's fundraising projects.



## REPORT OF THE DIRECTORS *(continued)*

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

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

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

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

The exchange rate of the Renminbi against the US Dollar and other foreign currencies may fluctuate and is subject to alterations due to changes on the Chinese political and economic situations. In July 2005, the PRC government overhauled its policy of pegging the exchange rate of the Renminbi to the US dollar by permitting the Renminbi to fluctuate within a certain band against a basket of foreign currencies. Since the adoption of this new policy, the exchange rate of the Renminbi against the US dollar fluctuates daily. A small portion of our cash and cash equivalents are denominated in foreign currencies, including the US dollar. Any increase in the value of Renminbi against other currencies, including the US dollar, may decrease the Renminbi value of our cash and cash equivalents that are denominated in foreign currencies. On the other hand, most of our revenue is denominated in Renminbi, but a major part of our procurement of crude oil, certain equipment and certain debt repayments are denominated in foreign currencies. Any devaluation of Renminbi in the future will increase our costs and jeopardize profitability.

## REPORT OF THE DIRECTORS *(continued)*

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

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

- (7) *Risks associated with control by the substantial shareholder*

Sinopec Corp., the controlling shareholder of the Company, owns 5,462 million shares of the Company, which represents 51.81% of the total number of shares of the Company and gives it an absolute controlling position. Sinopec Corp. may, by using its controlling position, exercise influence over the Group's production operations, fund allocations, appointment or removal of senior staff and so forth.

## MAJOR EVENTS

### (1) Plan for Profit Distribution of Ordinary Shares or Capital Reserves Capitalization

#### 1. Cash Dividend Policy and its Formulation, Implementation or Adjustment

The 2024 Profit Distribution Plan was considered and approved at the 2024 Annual General Meeting held on 11 June 2025: A cash dividend of RMB0.02 (tax inclusive) per share shall be distributed based on the total share capital of 10,542,617,500 shares of the Company as at the record date for dividend distribution, amounting to a total cash dividend of RMB210,852,350. The relevant announcement was published in Securities Times on 17 July 2025 and was uploaded to the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on 16 July 2025.

#### 2. Plan for Profit Distribution or Capital Reserves Capitalization during the Reporting Period

Nil.

### (2) Performance of Undertakings

#### 1. Undertakings Made by De Facto Controller, Shareholders, Connected Parties and Purchasers of the Company and the Company itself during the Reporting Period or Continuing up to the Reporting Period

Background	Type of undertakings	Undertaking party	Contents of undertakings	Date of undertakings	Any deadline for performance	Duration of undertakings	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
Undertaking in relation to the share reform scheme	Other	Sinopec Corp.	Sinopec Corp. shall continue to support the development of Shanghai Petrochemical upon the completion of the share reform scheme, and shall use Shanghai Petrochemical as a platform for the development of related businesses in the future.	20 June 2013	No	No	Yes	-	-

## **MAJOR EVENTS** *(continued)*

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

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

### **2. Appropriation of Funds by the Controlling Shareholder and Other Connected Persons for Non-operational Purposes during the Reporting Period**

There was no appropriation of funds by the controlling shareholder and other connected persons for non-operational purposes during the Reporting Period.

### **3. Illegal Guarantees**

There was no illegal guarantee during the Reporting Period.

### **(3) Appointment and Dismissal of Accounting Firm**

During the Reporting Period, the Company had not changed its auditors.

### **(4) Material Lawsuits or Arbitration**

During the Reporting Period, the Company had no material lawsuits or arbitration.

## **MAJOR EVENTS** *(continued)*

### **(5) Punishment and Reprimand of the Listed Company and its Directors, Supervisors, Senior Management, Controlling Shareholder and De Facto Controller**

During the Reporting Period, none of the Company and its Directors, Supervisors, senior management, controlling shareholder, de facto controller was subject to investigations by relevant authorities, coercive measures by judicial or disciplinary inspection departments, transfer to judicial authorities or prosecution for criminal liabilities, investigation or administrative penalty, restricted access to market, and identification as unqualified by the CSRC, punishments by other administrative authorities, or public reprimand by the stock exchanges.

### **(6) Credit Status of the Company and its Controlling Shareholder and De Facto Controller during the Reporting Period**

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

### **(7) Share Option Incentive Scheme of the Company**

During the Reporting Period, the Company did not grant A-share stock options under the Share Option Incentive Plan, nor did the granted persons exercise A-share stock options, and no A-share stock options were cancelled or lapsed. No H-share stock options were granted, exercised or cancelled.

### **(8) Major Connected Transactions**

#### **1. Connected Transactions in relation to Daily Operations**

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

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

## MAJOR EVENTS *(continued)*

The Board of the Company considered and approved on 27 December 2024, the renewal of the Storage Service Agreement between the Company and Sinopec Petroleum Reserve Company Limited, a wholly-owned subsidiary of Sinopec Group, the de facto controller of the Company, and its Baishawan branch (“Baishawan Branch”). The agreement was signed on 31 December 2024. Accordingly, Baishawan Branch provides storage services to the Company, with the service period from 1 January 2025 to 31 December 2025. Under the aforesaid Storage Service Agreement, the maximum annual storage service fee is RMB114 million (including value added tax). For details, please refer to the announcement of the Company published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 27 December 2024.

The Board of the Company considered and approved on 14 January 2025, the signing of the Technology R&D Framework Agreement between the Company and Sinopec Corp. (its controlling shareholder), as well as the annual caps thereunder for the year ending 31 December 2025. The agreement was signed on 11 February 2025, pursuant to which, the Company and Sinopec Corp. shall collaborate mutually or one party shall provide the other party with technology research and development services, with the term of the agreement expiring on 31 December 2025. Under the aforesaid Technology R&D Framework Agreement, in 2025, the annual cap for provision of technology research and development services by the Company to Sinopec Corp. is RMB180 million and the annual cap for provision of technology research and development services by Sinopec Corp. to the Company is RMB350 million. For details, please refer to the announcement of the Company published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 14 January 2025.

The Board of the Company considered and approved on 22 May 2025, the signing of the Steam Sales Contract between the Company and Shanghai Jinshan Baling New Materials Co., Ltd. (“Baling New Materials”), pursuant to which, the Company supplies steam to Baling New Materials. It shall take effect upon signing and stamping the Steam Sales Contract by the parties and shall expire on 31 December 2025, with the fee cap of RMB106.5 million. For details, please refer to the announcement of the Company published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 22 May 2025.



## MAJOR EVENTS *(continued)*

The table below sets out the amounts of the continuing connected transactions of the Company with Sinopec Corp., Sinopec Group and their associates during the Reporting Period:

Unit: RMB'000

Type of connected transaction	Connected person	Annual cap for 2025	Transaction amount during the Reporting Period	Percentage of the transaction amount of the same type of transaction
<b>Mutual Product Supply and Sales Services Framework Agreement</b>				
Purchases of raw materials	Sinopec Group, Sinopec Corp. and their associates	119,847,000	24,913,702	77.09%
Sales of petroleum products and petrochemical products	Sinopec Corp. and its associates	93,873,000	29,622,870	74.95%
Agency sales of petrochemical products	Sinopec Corp. and its associates	219,000	21,294	100.00%
<b>Comprehensive Services Framework Agreement</b>				
Construction, installation and engineering design services	Sinopec Group and its associates	1,549,000	15,879	2.70%
Petrochemical industry insurance services	Sinopec Group	140,000	60,749	100.00%
Property leasing	Sinopec Corp. and its associates	44,000	1,070	4.29%
Comprehensive services	Sinopec Group and its associates	52,000	9,154	0.03%

## MAJOR EVENTS *(continued)*

Type of connected transaction	Connected person	Annual cap for 2025	Transaction amount during the Reporting Period	Percentage of the transaction amount of the same type of transaction
<b>Financial Services Framework Agreement</b>				
Financial services	Associate of Sinopec Group (Sinopec Finance)	200,000	79	0.09%
<b>Technology R&amp;D Framework Agreement</b>				
Technology research and development services	Technology research and development services provided by the Company to Sinopec Corp.	180,000	7,730	100%
	Technology research and development services provided by Sinopec Corp. to the Company	350,000	312	4.59%
<b>Storage Services Agreement</b>				
Storage services	Associate of Sinopec Group (Baishawan Branch)	114,000	57,000	93.20%
<b>Steam Sales Contract</b>				
Steam services	Baling New Materials	106,500	0	0

The above-mentioned transactions between the Company and Sinopec Group, Sinopec Corp. and their associates as disclosed in Note 19 to the financial statements prepared under IFRS Accounting Standards in the 2025 Interim Report of the Company also constituted connected transactions under Chapter 14A of the Hong Kong Listing Rules. The above-mentioned continuing connected transactions have been carried out and disclosed in accordance with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules.

## **MAJOR EVENTS** *(continued)*

### **2. Connected Transactions Related to Acquisition or Disposal of Assets or Equity Interests**

#### **Connected transaction under Chapter 14A of the Hong Kong Listing Rules**

Reference is made to the announcement of the Company dated 23 March 2022, in relation to the entering into the Forward Equity Transfer Agreement between Shanghai Investment Development, a wholly-owned subsidiary of the Company and Sinopec Capital Company Limited (hereinafter referred to as the “Sinopec Capital”), pursuant to which, Sinopec Capital shall entrust Shanghai Investment Development to exercise its management and operation rights in Langfang Feize Fuhe Cailliao Technology Company Limited (hereinafter referred to as the “Feize Company”) on its behalf. On the basis of this, Shanghai Investment Development proposed to acquire 49.9% equity interests of the Target Company held by Sinopec Capital within 19 months from the next day after the completion of Sinopec Capital’s investment in the Target Company. As considered and approved at the 14th meeting of the eleventh session of the Board, Shanghai Investment Development and Sinopec Capital entered into the Supplemental Agreement to the Forward Equity Transfer Agreement to change the completion deadline of the Forward Equity Transfer of the Target Equity Interests agreed in the Forward Equity Transfer Agreement to before 31 December 2026. Completion of the Forward Equity Transfer shall be deemed to take place on the date when Shanghai Petrochemical Investment or its designated entity has delisted it in Asset and Equity Exchange, or on the date when the commercial and industrial registration of changes for the transfer of the Target Equity Interest is completed in the event that transactions were not required in the Asset and Equity Exchange. As Sinopec Capital is held as to 51% by Sinopec Group, the de facto controller of the Company, being an associate of Sinopec Group, the transaction involved in the foregoing constitutes a connected transaction of the Company. Related announcement was published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 January 2025.

### **3. Material Connected Transactions of Joint External Investment**

During the Reporting Period, the Company had no material connected transactions of joint external investment.

## MAJOR EVENTS *(continued)*

### 4. Credits and Liabilities with Connected Parties

Unit: RMB'000

Connected party	Connected relationship	Funds provided to connected parties			Funds provided by connected parties to the listed company		
		Opening balance	Amount of transaction	Closing balance	Opening balance	Amount of transaction	Closing balance
Sinopec Corp., its subsidiaries, joint ventures and associates & Sinopec Group and its subsidiaries	Controlling shareholder, de facto controller and their connected parties	14,714	(360)	14,354	274,902	(68,854)	206,048

Note 1: The closing balance of the funds provided by the Group to the connected parties was mainly the unsettled receivables arising from services rendered by the Group to Sinopec Corp., its subsidiaries and joint ventures.

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

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

### 5. Financial Business between the Company and the Related Financial Company, the Company's Holding Financial Company and Related Parties

#### (1) Deposit business

Unit: RMB'000

Related party	Relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount incurred in the current period		Closing balance
					Total deposit amount in the current period	Total withdrawn amount in the current period	
Sinopec Finance	Subsidiary of the ultimate holding company	None	0.35%-1.15%	-	4,969,664.86	4,969,664.86	-
Total	/	/	/	-	4,969,664.86	4,969,664.86	-

Note: As of 30 June 2025, the deposit amount between the Company and its subsidiaries and Sinopec Finance were all current deposits.

## MAJOR EVENTS *(continued)*

### (2) Loan business

Unit: RMB0'000

Related party	Relationship	Loan limit	Loan interest rate range	Opening balance	Amount incurred in the current period		Closing balance
					Total loan amount in the current period	Total repayment amount of the current period	
Sinopec Finance	Subsidiary of the ultimate holding company	/	/	-	-	-	-
Total	/	/	/	-	-	-	-

## (9) Material Contracts and Their Performances

### 1. Entrustments, Sub-contracts and Lease Arrangements

During the Reporting Period, the Company had no entrustments, sub-contracts or lease arrangements that generated 10% or more (including 10%) of the gross profit of the Company for the Reporting Period.

### 2. Guarantees

The Company did not provide guarantees during the Reporting Period.

### 3. Other Material Contracts

There were no other material contracts during the Reporting Period.

## (10) Use of Proceeds

Not applicable

## (11) Other Significant Matters

Not applicable

# CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS

## (1) Changes in Share Capital of Ordinary Shares during the Reporting Period

	Before changes		Changes	After changes	
	Number	Percentage (%)	Number <sup>Note</sup>	Number	Percentage (%)
Ordinary shares denominated in RMB	7,328,813,500	68.65%	–	7,328,813,500	69.52%
Domestically listed foreign shares	–	–	–	–	–
Overseas listed foreign shares	3,346,414,000	31.35%	(132,610,000)	3,213,804,000	30.48%
Others	–	–	–	–	–
Total number of shares	10,675,227,500	100%	(132,610,000)	10,542,617,500	100%

Note: The Company cancelled all H shares repurchased up to 3 March 2025 totaling 96,346,000 shares and cancelled all H shares repurchased up to 12 June 2025 totaling 36,264,000 shares, with H shares cancelled as mentioned above totaling 132,610,000 shares. There was no issuance of new shares, stock dividend or capital reserve capitalisation during the Reporting Period.

## (2) Issue of Shares

### 1. Issue of Shares during the Reporting Period

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

### 2. Changes in the Company's Total Number of Ordinary Shares, Shareholding Structure and the Structure of the Company's Assets and Liabilities

During the Reporting Period, save as disclosed above, there was no change in the Company's total number of shares, shareholding structure and the structure of the Company's assets and liabilities due to reasons such as stock dividend and allotment of shares.

### 3. Employees Shares

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

## (3) Shareholders

### 1. Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period	90,340
Total number of preferred shareholders with voting rights restored as at the end of the Reporting Period	0

## CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS (continued)

### 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

Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)

Name of shareholders (Full name)	Class of shares	Increase/ decrease in number of shares held during the Reporting Period (shares)		Number of shares held at the end of the Reporting Period (shares)	Percentage of shareholding (%)	Pledged/frozen			Nature of shareholders
						Number of shares held with selling restrictions (shares)	Status of shares	Number of shares	
China Petroleum & Chemical Corporation	A shares	2,700,000		5,462,155,000	51.81%	0	None	0	State-owned legal person
HKSCC (Nominees) Limited	H shares	-332,556,000		2,970,776,780	28.18%	0	Unknown	–	Overseas legal person
HKSCC Limited	A shares	13,972,049		71,915,641	0.68%	0	None	0	Overseas legal person
Zhang Mucheng (張沐城)	A shares	7,545,800		49,564,000	0.47%	0	None	0	Domestic natural person
Yinhua Fund– Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	A shares	0		36,741,316	0.35%	0	None	0	Others
Southern Fund– Agricultural Bank of China – Southern CSI Financial Asset Management Plan	A shares	0		36,402,500	0.35%	0	None	0	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	A shares	0		34,827,100	0.33%	0	None	0	Others
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	A shares	0		33,837,269	0.32%	0	None	0	Others
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	A shares	1,730,448		32,780,148	0.31%	0	None	0	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	A shares	0		28,131,500	0.27%	0	None	0	Others

## CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS (continued)

Shareholding of the top ten shareholders with unrestricted shares (excluding shares lent through securities lending and refinancing)

Name of shareholders	Number of unrestricted tradable shares	Type and quantity of shares	
		Type	Quantity
China Petroleum & Chemical Corporation	5,462,155,000	Ordinary shares denominated in RMB	5,462,155,000
HKSCC (Nominees) Limited	2,970,776,780	Overseas listed foreign shares	2,970,776,780
HKSCC Limited	71,915,641	Ordinary shares denominated in RMB	71,915,641
Zhang Mucheng (張沐城)	49,564,000	Ordinary shares denominated in RMB	49,564,000
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	36,741,316	Ordinary shares denominated in RMB	36,741,316
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	36,402,500	Ordinary shares denominated in RMB	36,402,500
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	34,827,100	Ordinary shares denominated in RMB	34,827,100
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	33,837,269	Ordinary shares denominated in RMB	33,837,269
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	32,780,148	Ordinary shares denominated in RMB	32,780,148
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	28,131,500	Ordinary shares denominated in RMB	28,131,500
The explanation of buyback account 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, 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.		
The explanation of preferred shareholders with voting rights restored and their shareholding	Not involved		



## **CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS**

*(continued)*

Shareholders holding more than 5% of the shares, the top ten shareholders and the top ten shareholders with unrestricted tradable shares engaging in lending shares through securities lending and refinancing business

Not applicable

Changes in the top ten shareholders and the top ten shareholders with unrestricted tradable shares from the previous period due to lending/returning shares through securities lending and refinancing

Not applicable

Number of shares held by top ten shareholders with restricted shares and trading restrictions

Not applicable

### **(4) Strategic Investors or General Legal Persons becoming Top Ten Shareholders because of the New Share Placing**

Not applicable

### **(5) Change in Controlling Shareholder or De Facto Controller**

During the Reporting Period, there was no change in the controlling shareholder or the de facto controller of the Company.

## CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS (continued)

### (6) Interests and Short Positions of the Substantial Shareholders of the Company in Shares and Underlying Shares of the Company

As at 30 June 2025, to the knowledge of the Directors or chief executive of the Company, the interests or 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 rights at any general meeting of the Company but excluding the Directors, chief executive and Supervisors) in the shares or underlying shares of the Company which are required to be disclosed 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 shareholders	Interests held or deemed as held (shares)	Note	Percentage of total issued shares of the Company (%)	Percentage of total issued shares of the relevant class (%)	Capacity
China Petroleum & Chemical Corporation	5,462,155,000 A shares (L) Shares of legal person	(1)	51.81	74.53	Beneficial owner
Corn Capital Company Limited	200,020,000 H shares (L) 200,020,000 H shares (S)	(2)	1.90 1.90	6.22 6.22	Beneficial owner
Hung Hin Fai	200,020,000 H shares (L) 200,020,000 H shares (S)	(2)	1.90 1.90	6.22 6.22	Interests of controlled corporation
Yardley Finance Limited	200,020,000 H shares (L)	(3)	1.90	6.22	Secured equity holders
Chan Kin Sun	200,020,000 H shares (L)	(3)	1.90	6.22	Interests of controlled corporation

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

Notes:

- (1) Based on the information obtained by the Directors of the Company from the Hong Kong Stock Exchange website and to the knowledge of the Directors, Sinopec Group directly and indirectly owned 69.64% of the issued share capital of Sinopec Corp. as of 30 June 2025. Thus, Sinopec Group was deemed to be interested in the 5,462,155,000 A shares of the Company directly owned by Sinopec Corp.
- (2) The 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) The 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 2025, the Directors of the Company have not been notified by any person (other than the Directors, chief executive and Supervisors) who had interests or short positions in the shares 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.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND OTHERS

### (1) Changes in Shareholdings

#### 1. Changes in Shareholdings of the Current Directors, Supervisors and Senior Management and those Resigned during the Reporting Period

Unit: Shares

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in number of shares during the Reporting Period
Guo Xiaojun	Executive Director and Chairman	Nil	Nil	No change
Du Jun	Executive Director, Vice President and Chief Financial Officer	Nil	Nil	No change
Huang Xiangyu	Executive Director and Vice President	140,000	140,000	No change
Xie Zhenglin	Non-executive Director	Nil	Nil	No change
Qin Zhaohui	Non-executive Director	Nil	Nil	No change
Tang Song	Independent Non-executive Director	Nil	Nil	No change
Chen Haifeng	Independent Non-executive Director	Nil	Nil	No change
Yang Jun	Independent Non-executive Director	Nil	Nil	No change
Zhou Ying	Independent Non-executive Director	Nil	Nil	No change
Huang Jiangdong	Independent Non-executive Director	Nil	Nil	No change
Xie Li	Supervisor and Chairman of the Supervisory Committee	Nil	Nil	No change

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND OTHERS

(continued)

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in number of shares during the Reporting Period
Zhang Feng	Supervisor	10,000	10,000	No change
Chen Hongjun	Supervisor	31,400	31,400	No change
Zhang Xiaofeng	Supervisor	Nil	Nil	No change
Zheng Yunrui	Independent Supervisor	Nil	Nil	No change
Choi Ting Ki	Independent Supervisor	Nil	Nil	No change
Huang Fei	Vice President	Nil	Nil	No change
Li Shantao	Vice President	Nil	Nil	No change
CHAU Kwok Ming	Vice President	Nil	Nil	No change
Liu Gang	Joint Company Secretary, Board Secretary, General Manager Assistant and General Counsel, Chief Compliance Officer	Nil	Nil	No change
Guan Zemin	Resigned Executive Director, Vice Chairman and President	Nil	Nil	No change

### (2) Share Options Held by the Directors, Supervisors and Senior Management during the Reporting Period

During the Reporting Period, the Company's Directors, Supervisors and senior management did not hold the Company's share options.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND OTHERS

(continued)

### (3) Changes in Directors, Supervisors and Senior Management during the Reporting Period

On 26 February 2025, Mr. Guan Zemin, a former Vice Chairman and an executive Director, conveyed to the Board his request to resign from the positions as Vice Chairman, executive Director, Vice Chairman of the Strategy and ESG Committee and President of the Company due to reaching retirement age. Mr. Guan Zemin's resignation shall take effect upon the delivery of the written notice of resignation to the Board of Directors of the Company on 26 February 2025. For details, please refer to the announcement of the Company published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 26 February 2025.

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

As at 30 June 2025, 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 by the Company under Section 352 of the SFO; or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions set out in Appendix C3 to the Hong Kong Listing Rules were as follows:

#### Interests in the Shares and Underlying Shares of the Company

Name	Position	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A shares (%)	Capacity
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 2025, to the knowledge of the Directors, chief executive or 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.

## DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND OTHERS

(continued)

### (5) Changes in Directors' and Supervisors' Information

Pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules, the changes in the information of the Directors since the publication of the Company's 2024 Annual Report are set out below:

Mr. Chen Haifeng, an independent non-executive Director, ceased to serve as a senior director of GCL Energy Technology Co., Ltd. (協鑫能源科技股份有限公司) from April 2025, and has been an investment manager at Jiangsu Shengkun Investment Management Co., Ltd. (江蘇盛堃投資管理有限公司) since May 2025.

Save as disclosed above, during the Reporting Period, there was no change in the information of Directors and Supervisors that is required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules.

### (6) Audit and Compliance Committee

On 19 August 2025, the Audit and Compliance Committee of the Eleventh Session of the Board held its ninth meeting, and reviewed, among which, 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.

### (7) Purchase, Sale and Redemption of the Company's Securities

On 6 June 2024, the Company's 2023 Annual General Meeting, the First A Shareholders Class Meeting for 2024 and the First H Shareholders Class Meeting for 2024 considered and approved the "Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas listed Foreign Shares of the Company", 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 77,240,000 H shares from the Hong Kong Stock Exchange for a consideration of RMB84,117,000. The details of share repurchase are as follows:

Repurchase month	Number of shares repurchased	Purchase Price per Share		Total amount (HK \$)
		Highest price (HK \$/share)	Lowest price (HK \$/share)	
January 2025	23,670,000	1.20	1.11	27,230,208.0
February 2025	17,306,000	1.23	1.18	20,874,535.2
April 2025	12,414,000	1.18	1.14	14,359,041.6
May 2025	23,850,000	1.23	1.16	28,878,311.4

The Company repurchased a total of 96,346,000 H shares during the period from September 2024 to February 2025, which were cancelled on 3 March 2025. A total of 36,264,000 H shares repurchased in April and May 2025 were cancelled on 12 June 2025. Save as disclosed in this report, 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).

## **DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND OTHERS**

*(continued)*

### **(8) Compliance with Corporate Governance Code**

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

### **(9) 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. 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 during the Reporting Period.

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

### **(10) Environmental Information of Listed Companies and Their Major Subsidiaries Included in the List of Enterprises for Legal Disclosure of Environmental Information**

Number of enterprises included in the list of enterprises for legal disclosure of environmental information		1
No.	Name of enterprise	Inquiry index for report on legal disclosure of environmental information
1	Sinopec Shanghai Petrochemical Company Limited	<a href="https://e2.sthj.sh.gov.cn:8081/jsp/view/hjxxgk/index.jsp">https://e2.sthj.sh.gov.cn:8081/jsp/view/hjxxgk/index.jsp</a>

### **(11) Consolidate and expand the achievements in poverty alleviation and rural revitalization**

The Company continued to improve the educational environment at Bangor Middle School in Tibet, collaborating with the school to conduct music activities, blackboard newspaper competitions, “April 23” Reading Day, “one-on-one” online introductory sessions for gifted students, comfort activities for students preparing for high school entrance exams. The Company, in collaboration with the Communist Party Committee of Bangor County, Tibet, organized a cultural and artistic event titled “Vibrant Rural Revitalization & Naqu’s Progress” to showcase developmental achievements and express collective gratitude to the assistance teams from other regions. The Company also launched a series of work programs for Bangor Middle School, including Shanghai Training Invitation for core faculty members, Shanghai Study Tours for outstanding students, field research in Tibet, in-school curriculum support, and the establishment of “Sinopec·Rising Sun” Scholarship & Teaching Award. During the Reporting Period, the Company invested a total of RMB38,000 in educational assistance.



## Review report

**to the board of directors of Sinopec Shanghai Petrochemical Company Limited**

*(Incorporated in the People's Republic of China with limited liability)*

## Introduction

We have reviewed the interim financial report set out on pages 48 to 84, which comprises the consolidated statement of financial position of Sinopec Shanghai Petrochemical Company Limited (the “Company”) as of 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

*Certified Public Accountants*

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

20 August 2025



## A. Condensed Consolidated Interim Financial Information Prepared under International Financial Reporting Standards (unaudited)

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
<b>Revenue</b>	3	<b>39,499,530</b>	43,489,664
Taxes and surcharges		(6,001,225)	(5,993,136)
Net sales		<b>33,498,305</b>	37,496,528
Cost of sales		(34,138,843)	(37,562,456)
<b>Gross loss</b>		<b>(640,538)</b>	(65,928)
Selling and administrative expenses		(101,536)	(130,014)
Other operating income		36,259	57,637
Other operating expenses		(12,927)	(19,467)
Other losses – net	4(b)	(23,261)	(9,594)
<b>Loss from operations</b>	3	<b>(742,003)</b>	(167,366)
Finance income	4(a)	84,986	180,835
Finance expenses	4(a)	(10,719)	(91,904)
<b>Finance income – net</b>		<b>74,267</b>	88,931
Share of net gains of associates and joint ventures accounted for using the equity method		84,974	90,863
<b>(Loss)/profit before taxation</b>	4	<b>(582,762)</b>	12,428
Income tax	5	134,702	(6,097)
<b>(Loss)/profit for the period</b>		<b>(448,060)</b>	6,331
<b>Attributable to:</b>			
– Equity shareholders of the Company		(449,274)	2,845
– Non-controlling interests		1,214	3,486
		<b>(448,060)</b>	6,331
<b>(Losses)/earnings per share</b>			
Basic	6	<b>RMB (0.0425)</b>	RMB0.0003
Diluted	6	<b>RMB (0.0425)</b>	RMB0.0003

The notes on pages 57 to 84 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
(Loss)/profit for the period	(448,060)	6,331
Other comprehensive income for the period (after tax and reclassification adjustments)		
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Cash flow hedges: net movement in hedging reserve	15,416	(3,128)
Other comprehensive income for the period	15,416	(3,128)
Total comprehensive income for the period	(432,644)	3,203
Attributable to:		
– Equity shareholders of the Company	(433,858)	(283)
– Non-controlling interests	1,214	3,486
Total comprehensive income for the period	(432,644)	3,203

The notes on pages 57 to 84 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	12,827,380	13,204,423
Right-of-use assets		325,384	331,067
Investment property		297,637	305,142
Construction in progress	8	1,907,559	2,064,067
Investments accounted for using the equity method		3,478,062	3,489,573
Financial assets measured at fair value through other comprehensive income	9	3,872	3,872
Financial assets measured at fair value through profit or loss	13	36,500	36,500
Deferred tax assets		1,344,543	1,211,961
Time deposits with banks	10	2,512,121	–
Other non-current assets		378,089	407,592
		<b>23,111,147</b>	<b>21,054,197</b>
<b>Current assets</b>			
Derivative financial assets		100,162	49
Inventories	11	6,974,389	6,552,263
Trade receivables	12	6,643	151
Other receivables	12	519,112	675,823
Amounts due from related parties	12,19(c)	1,971,090	717,168
Prepayments		79,675	187,663
Value added tax recoverable		208,466	15,315
Financial assets measured at fair value through other comprehensive income	9	491,858	388,230
Time deposits with banks	10	–	3,883,516
Restricted cash and bank deposits	14	3,849	3,848
Cash and cash equivalents	14	8,429,923	8,209,113
		<b>18,785,167</b>	<b>20,633,139</b>
<b>Total assets</b>		<b>41,896,314</b>	<b>41,687,336</b>

The notes on pages 57 to 84 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AT 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>Current liabilities</b>			
Derivative financial liabilities		87,191	–
Trade and other payables	15	4,332,772	3,308,308
Contract liabilities		232,359	235,224
Amounts due to related parties	15,19(c)	11,030,937	9,590,947
Staff salaries and welfares payable		299,753	232,725
Borrowings	16	285	1,500,987
Lease liabilities		4,273	1,112
Income tax payable		1,273	728
Current tax liabilities		920,684	1,419,016
		<b>16,909,527</b>	<b>16,289,047</b>
<b>Net current assets</b>		<b>1,875,640</b>	<b>4,344,092</b>
<b>Total assets less current liabilities</b>		<b>24,986,787</b>	<b>25,398,289</b>
<b>Non-current liabilities</b>			
Borrowings	16	386,572	67,685
Lease liabilities		248	192
Deferred tax liabilities		25,515	29,241
Deferred income		180,254	168,679
		<b>592,589</b>	<b>265,797</b>
<b>NET ASSETS</b>		<b>24,394,198</b>	<b>25,132,492</b>

The notes on pages 57 to 84 form part of this interim financial report.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AT 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital		10,542,618	10,675,228
Reserves	17	13,750,699	14,353,023
<b>Total equity attributable to equity shareholders of the Company</b>		<b>24,293,317</b>	25,028,251
<b>Non-controlling interests</b>		<b>100,881</b>	104,241
<b>TOTAL EQUITY</b>		<b>24,394,198</b>	25,132,492

Approved and authorized for issue by the Board of Directors on 20 August 2025.

Guo Xiaojun  
*Director*

Du Jun  
*Director*

The notes on pages 57 to 84 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

Attributable to equity shareholders of the Company						
Note	Share	Other	Retained	Total	Non-controlling	Total equity
	capital	reserves	earnings		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2024</b>	10,799,286	7,018,729	6,992,901	24,810,916	117,978	24,928,894
<b>Changes in equity for the six months ended</b>						
<b>30 June 2024:</b>						
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	17	–	12,240	–	12,240	(12,240)
Purchase of own shares	17	–	(53,425)	–	(53,425)	–
Cancellation of shares	17	(124,058)	124,058	–	–	–
Utilisation of safety production fund	17	–	(26,072)	26,072	–	–
<b>Balance at 30 June 2024</b>	10,675,228	7,072,402	7,021,818	24,769,448	101,710	24,871,158
<b>Changes in equity for the six months ended</b>						
<b>31 December 2024:</b>						
Profit for the period	–	–	308,135	308,135	2,531	310,666
Other comprehensive income	–	(53,270)	–	(53,270)	–	(53,270)
Total comprehensive income for the period	–	(53,270)	308,135	254,865	2,531	257,396
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	60,097	–	60,097	–	60,097
Purchase of own shares	17	–	(56,159)	–	(56,159)	–
Appropriation of safety production fund	17	–	18,542	(18,542)	–	–
<b>Balance at 31 December 2024</b>	10,675,228	7,041,612	7,311,411	25,028,251	104,241	25,132,492

The notes on pages 57 to 84 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company					Non-controlling interests	Total equity
		Share capital	Other reserves	Retained earnings	Total			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Balance at 1 January 2025		10,675,228	7,041,612	7,311,411	25,028,251	104,241		25,132,492
Changes in equity for the six months ended 30 June 2025:								
(Loss)/profit for the period		-	-	(449,274)	(449,274)	1,214		(448,060)
Other comprehensive income		-	15,416	-	15,416	-		15,416
Total comprehensive income for the period		-	15,416	(449,274)	(433,858)	1,214		(432,644)
Dividends paid by subsidiaries to non-controlling interests		-	-	-	-	(4,574)		(4,574)
Amounts transferred from hedging reserve to initial carrying amount of hedged items		-	(6,107)	-	(6,107)	-		(6,107)
Dividends proposed and approved	17	-	-	(210,852)	(210,852)	-		(210,852)
Purchase of own shares	17	-	(84,117)	-	(84,117)	-		(84,117)
Cancellation of shares	17	(132,610)	132,610	-	-	-		-
Appropriation of safety production fund	17	-	12,671	(12,671)	-	-		-
Balance at 30 June 2025		10,542,618	7,112,085	6,638,614	24,293,317	100,881		24,394,198

The notes on pages 57 to 84 form part of this interim financial report.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
<b>Operating activities</b>			
Cash generated from operations		782,253	345,653
Interest paid		(11,285)	(91,429)
Income tax paid		(3,310)	(3,683)
<b>Net cash generated from operating activities</b>		<b>767,658</b>	<b>250,541</b>
<b>Investing activities</b>			
Cash received from time deposits with maturity more than three months		3,600,000	200,000
Dividends received from joint ventures and associates		96,485	115,244
Interest received		290,463	13,252
Net proceeds from disposal of property, plant and equipment		17,307	10,800
Net gains/(losses) on foreign exchange forward contracts and commodity swaps contracts not qualifying as hedges		6,720	(27)
Payment for the purchase of property, plant and equipment and other long-term assets		(806,368)	(775,718)
Payment for investment in a joint venture		–	(150,000)
Cash payment for investment in time deposits with maturity more than three months		(2,500,000)	–
Net cash received from disposal of a subsidiary		29,799	–
<b>Net cash generated from/(used in) investing activities</b>		<b>734,406</b>	<b>(586,449)</b>

The notes on pages 57 to 84 form part of this interim financial report.



# CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
<b>Financing activities</b>			
Proceeds from borrowings		318,887	17,500,000
Repayments of borrowings		(1,500,000)	(16,000,000)
Principal elements of lease payments		(3,949)	(4,973)
Dividends paid by subsidiaries to non-controlling interests		(4,574)	(7,514)
Payment for repurchase of shares		(91,111)	(52,162)
Others		–	(245)
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,280,747)</b>	<b>1,435,106</b>
<b>Net increase in cash and cash equivalents</b>		<b>221,317</b>	<b>1,099,198</b>
<b>Cash and cash equivalents at 1 January</b>		<b>8,209,113</b>	<b>4,906,368</b>
<b>Effect of foreign exchange rates changes</b>		<b>(507)</b>	<b>544</b>
<b>Cash and cash equivalents at 30 June</b>	14	<b>8,429,923</b>	<b>6,006,110</b>

The notes on pages 57 to 84 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

## 1 General Information and basis of preparation

Sinopec Shanghai Petrochemical Company Limited (“the Company”), located in Jinshan District of Shanghai, is one of the largest refining-chemical integrated petrochemical companies in China. It is one of the subsidiaries of China Petroleum & Chemical Corporation (“Sinopec Corp.”). The Company and its subsidiaries (“the Group”) are principally engaged in processing the crude oil into synthetic fibres, resins and plastics, intermediate petrochemical and petroleum 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 20 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 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 2024 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 IFRS Accounting Standards.

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. KPMG’s independent review report to the Board of Directors is included on Page 47.

## 2 Changes in accounting policies

The Group has applied the following amendment to IFRS Accounting Standards to this interim financial report for the current accounting period:

- Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*

The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 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 2024.

Six months ended	Petroleum	Chemical	Trading of		
30 June 2025	products	products	petrochemical	Others	Total
	RMB'000	RMB'000	product	RMB'000	RMB'000
			RMB'000		
Total segment revenue	36,146,765	14,532,210	4,904,474	368,568	55,952,017
Inter segment revenue	(9,289,879)	(5,996,122)	(1,044,291)	(122,195)	(16,452,487)
Revenue from external customers	26,856,886	8,536,088	3,860,183	246,373	39,499,530
Timing of revenue recognition					
– At a point in time	26,856,886	8,536,088	3,846,996	246,373	39,486,343
– Over time	–	–	13,187	–	13,187
	26,856,886	8,536,088	3,860,183	246,373	39,499,530
Segment result – (loss)/profit from operations	(211,988)	(557,210)	2,903	24,292	(742,003)
Impairment of plant and machinery	–	–	–	–	–
As at 30 June 2025					
Segment assets	14,926,971	8,142,323	708,309	2,058,518	25,836,121
Segment liabilities	13,027,921	3,139,091	657,335	44,152	16,868,499

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 3 Segment information and revenue *(continued)*

### 3.1 Segment information *(continued)*

Six months ended	Petroleum	Chemical	Trading of		
30 June 2024	products	products	petrochemical	Others	Total
	RMB'000	RMB'000	product	RMB'000	RMB'000
			RMB'000		
Total segment revenue	39,248,963	13,202,713	3,715,652	983,459	57,150,787
Inter segment revenue	(8,392,545)	(4,365,700)	(568,246)	(334,632)	(13,661,123)
Revenue from external customers	30,856,418	8,837,013	3,147,406	648,827	43,489,664
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	–	–	18,024	–	18,024
	30,856,418	8,837,013	3,147,406	648,827	43,489,664
<b>Segment result – profit/(loss) from operations</b>	<b>752,152</b>	<b>(1,040,475)</b>	<b>10,044</b>	<b>110,913</b>	<b>(167,366)</b>
Impairment of plant and machinery	–	–	–	–	–
<b>As at 31 December 2024</b>					
Segment assets	13,672,827	8,354,937	761,330	2,002,267	24,791,361
Segment liabilities	10,089,439	4,128,538	699,079	38,763	14,955,819

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 3 Segment information and revenue *(continued)*

### 3.1 Segment information *(continued)*

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Segment result – (loss)/profit from operations</b>		
Petroleum products	(211,988)	752,152
Chemical products	(557,210)	(1,040,475)
Trading of petrochemical products	2,903	10,044
Others	24,292	110,913
<b>Segment result – loss from operations</b>	<b>(742,003)</b>	<b>(167,366)</b>
Finance income – net	74,267	88,931
Share of net gains of associates and joint ventures accounted for using the equity method	84,974	90,863
<b>(Loss)/profit before taxation</b>	<b>(582,762)</b>	<b>12,428</b>

### 3.2 Revenue

The Group's revenue from external customers are substantially all within Chinese Mainland for the six months ended 30 June 2025 and 2024. As at 30 June 2025 and 31 December 2024, assets are also substantially all within Mainland China.

Revenue of approximate RMB28,423,286 thousand (six months ended 30 June 2024: RMB31,275,863 thousand) are derived from a single customer. These revenues are attributable to the petroleum products and other business.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 4 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

### (a) Finance income – net

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest income from time deposits with maturity more than 3 months	19,067	57,726
Interest income from time deposits with maturity less than 3 months	64,560	120,780
Others	1,359	2,329
<b>Finance income</b>	<b>84,986</b>	<b>180,835</b>
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(14,095)	(92,889)
Less: interest expense capitalized into construction in progress	3,376	985
<b>Finance expenses</b>	<b>(10,719)</b>	<b>(91,904)</b>
<b>Finance income – net</b>	<b>74,267</b>	<b>88,931</b>

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 4 (Loss)/profit before taxation *(continued)*

### (b) Other losses – net

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Net (losses)/gains on disposal of property, plant and equipment and other assets	(23,498)	938
Net foreign exchange losses	(13,047)	(9,326)
Net gains on commodity swaps contracts not qualified for hedging accounting	7,288	633
Net losses on foreign exchange forward contracts	(58)	(27)
Net gains on disposal of a subsidiary	6,944	–
Net losses on selling of financial assets measured at fair value through other comprehensive income (“FVOCI”)	(890)	(1,812)
	(23,261)	(9,594)

### (c) Other items

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment	886,132	887,929
Depreciation of right-of-use assets	12,866	15,468
Depreciation of investment properties	7,505	7,562
Amortization of other non-current assets	102,273	123,268
Research and development costs (other than depreciation and amortization)	103,573	88,114
Provision of inventory write-down	416,854	111,483

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 5 Income tax

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
<b>Current tax:</b>		
Provision for PRC current income tax for the period	(1,732)	(3,762)
Tax filing difference	(217)	(5)
	(1,949)	(3,767)
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	136,651	(2,330)
	134,702	(6,097)

The provision for PRC income tax is calculated at the rate of 25% (six months ended 30 June 2024: 25%) on the estimated taxable income of the six months ended 30 June 2025 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 (Losses)/earnings per share

### (a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the interim period.

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
(Loss)/profit attributable to equity shareholders of the Company	(449,274)	2,845
Weighted average number of ordinary shares in issue (thousands of shares)	10,567,609	10,686,232
Basic (losses)/earnings per share (RMB per share)	RMB (0.0425)	RMB0.0003



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 6 (Losses)/earnings per share *(continued)*

#### (b) Diluted (losses)/earnings per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2025 and 2024, therefore diluted (losses)/earnings per share is the same as basic (losses)/earnings 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 2025 (six months ended 30 June 2024: Nil).

#### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of RMB0.02 per ordinary share (six months ended 30 June 2024: Nil)	210,853	–

Pursuant to a resolution passed at the Annual General Meeting held on 11 June 2025, a total dividend of RMB210,853 thousand was declared for the year ended 31 December 2024 and subsequently paid in July 2025.

### 8 Property, plant and equipment and construction in progress

#### (a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB119,686 thousand (six months ended 30 June 2024: RMB124,550 thousand) and RMB288,714 thousand (six months ended 30 June 2024: RMB232,557 thousand), respectively.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

## 9 Financial assets measured at fair value through other comprehensive income

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade and bills receivable (i)	491,858	388,230
Equity investments	3,872	3,872
	495,730	392,102

(i) As at 30 June 2025 and 31 December 2024, certain trade receivables and bills receivable were classified as financial assets measured at FVOCI, as the Group's business model is achieved by both collecting contractual cash flows and selling of these assets.

(ii) As at 30 June 2025, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognized these bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date less than twelve months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit rating and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2025, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amounts payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB178,106 thousand (31 December 2024: RMB178,017 thousand) and nil (31 December 2024: nil) respectively.

## 10 Time deposits with banks

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Time deposits with maturity		
– More than three months and less than one year	–	3,883,516
– More than one year	2,512,121	–
	2,512,121	3,883,516

As at 30 June 2025, there were no time deposits with maturity more than three months and less than one year. As at 31 December 2024, interest rates of time deposits with maturity of more than three months and less than one year ranged from 2.05% to 3.55%, which were presented as current assets. As at 30 June 2025, interest rates of time deposits with maturity of more than one year ranged from 2.00% to 2.35% (31 December 2024: Nil), which were presented as non-current assets in the consolidated statement of financial position.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 11 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Raw materials	5,211,737	4,737,995
Work in progress	744,384	725,521
Finished goods	835,113	929,322
Spare parts and consumables	183,155	159,425
	6,974,389	6,552,263

(b) The analysis of the amount of inventories recognized as expenses and included in profit or loss is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	32,713,883	36,044,751
Provision of inventory write-down	416,854	111,483
Cost of inventories directly recognized as research and development expenses	20,874	16,589
	33,151,611	36,172,823

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 12 Trade and other receivables

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade receivables	8,778	2,265
Less: loss allowance	(2,135)	(2,114)
	6,643	151
Amounts due from related parties excluded prepayments (*)	1,970,153	718,948
Less: loss allowance (*)	(3,133)	(2,798)
	1,973,663	716,301
Other receivables	521,048	677,759
Less: loss allowance	(1,936)	(1,936)
	519,112	675,823
Financial assets measured at amortized cost	2,492,775	1,392,124
Amounts due from related parties – prepayments (*)	4,070	1,018
	2,496,845	1,393,142
Amounts due from related parties (summary of *)	1,971,090	717,168

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 12 Trade and other receivables *(continued)*

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

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within one year	1,973,102	716,301
Over one year within two years	561	–
	1,973,663	716,301

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Balance at 1 January	6,848	6,899
Impairment losses recognized during the period	356	79
Recoveries or reversals during the period	–	(51)
Balance at 30 June	7,204	6,927

As at 30 June 2025 and 31 December 2024, 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 13 Financial assets measured at fair value through profit or loss

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Redeemable preference share investments	36,500	36,500

As at 30 June 2025, financial assets measured at fair value through profit or loss represent redeemable preference share investments, which are presented as non-current assets since the management does not have the intention to dispose the investments within one year.

## 14 Cash and cash equivalents

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Cash at bank and on hand	8,433,772	8,212,961
Less: Restricted cash and bank deposits (i)	(3,849)	(3,848)
Cash and cash equivalents (ii)	8,429,923	8,209,113

i. As at 30 June 2025, cash and cash equivalents did not include housing maintenance funds of RMB3,849 thousand (31 December 2024: RMB3,848 thousand), which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures to be incurred at the sole discretion and approval of the relevant government authorities.

ii. As at 30 June 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB8,429,923 thousand (31 December 2024: RMB8,209,113 thousand). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 15 Trade and other payables

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade payables	1,939,637	1,428,598
Bills payable	1,646,375	1,047,541
Amounts due to related parties exclude advances received (*)	11,022,939	9,577,271
	14,608,951	12,053,410
Dividends payable	242,239	31,386
Construction payable	329,572	597,367
Accrued expenses	87,949	119,409
Other liabilities	87,000	84,007
	746,760	832,169
Financial liabilities measured at amortized cost	15,355,711	12,885,579
Amounts due to related parties – advances received (*)	7,998	13,676
	15,363,709	12,899,255
Less: total amounts due to related parties (summary of *)	11,030,937	9,590,947
Trade and other payables – amounts due to third parties	4,332,772	3,308,308

As at 30 June 2025 and 31 December 2024, 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.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 15 Trade and other payables *(continued)*

As at 30 June 2025 and 31 December 2024, 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 2025 RMB'000	As at 31 December 2024 RMB'000
Within one year	14,608,951	12,049,334
Between one and two years	–	–
Over two years	–	4,076
	14,608,951	12,053,410

## 16 Borrowings

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Credit loans due within one year		
– Short-term bank loan	–	1,500,940
– Long-term bank loan due within one year	285	47
Borrowings – current	285	1,500,987
Credit loans due over one year		
– Long-term borrowing	386,572	67,685
Borrowings – non-current	386,572	67,685
Total borrowings	386,857	1,568,672



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 16 Borrowings *(continued)*

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

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 1 year or on demand	285	1,500,987
After 1 year but within 5 years	213,500	37,382
After 5 years	173,072	30,303
	386,857	1,568,672

As at 30 June 2025, there were no short-term bank loans. As at 31 December 2024, the interest rate of the Group's short-term borrowings was 2.05%. The interest rate of the Group's long-term borrowings was 2.66% as at 30 June 2025 (31 December 2024: 2.66%).

As at 30 June 2025 and 31 December 2024, no borrowings were secured by property, plant and equipment.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

## 17 Reserves

	Legal surplus (note(a)) RMB'000	Capital surplus (note(b)) RMB'000	Surplus reserve (note(c)) RMB'000	Other reserve (note(d)) RMB'000	Hedging reserve RMB'000	Share premium (note(e)) RMB'000	Safety production fund (note(f)) RMB'000	Treasury shares (note(g)) RMB'000	Retained earnings (note(h)) RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	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 shares	-	-	-	-	-	54	-	124,004	-	124,058
Utilisation of safety production fund	-	-	-	-	-	-	(26,072)	-	26,072	-
<b>Balance at 30 June 2024 and 1 July 2024</b>	6,571,279	25,979	101,355	(887)	(3,128)	105,739	272,065	-	7,021,818	14,094,220
Total comprehensive income for the period										
attributable to shareholders of the Company	-	-	-	3,661	(56,931)	-	-	-	308,135	254,865
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	60,097	-	-	-	-	60,097
Purchase of own shares	-	-	-	-	-	-	-	(56,159)	-	(56,159)
Appropriation of safety production fund	-	-	-	-	-	-	18,542	-	(18,542)	-
<b>Balance at 31 December 2024</b>	6,571,279	25,979	101,355	2,774	38	105,739	290,607	(56,159)	7,311,411	14,353,023
<b>Balance at 1 January 2025</b>	6,571,279	25,979	101,355	2,774	38	105,739	290,607	(56,159)	7,311,411	14,353,023
Total comprehensive income for the period										
attributable to shareholders of the Company	-	-	-	-	15,416	-	-	-	(449,274)	(433,858)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	(6,107)	-	-	-	-	(6,107)
Dividends declared and approved in respect of previous year	-	-	-	-	-	-	-	-	(210,852)	(210,852)
Purchase of own shares	-	-	-	-	-	-	-	(84,117)	-	(84,117)
Cancellation of shares	-	-	-	-	-	(7,666)	-	140,276	-	132,610
Appropriation of safety production fund	-	-	-	-	-	-	12,671	-	(12,671)	-
<b>Balance at 30 June 2025</b>	6,571,279	25,979	101,355	2,774	9,347	98,073	303,278	-	6,638,614	13,750,699

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 17 Reserves *(continued)*

Notes:

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

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

- (b) The capital surplus comprises the following:

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

On 29 February 2024, the Group purchased additional 25.75% of the issued shares of Shanghai Jinchang Engineering Plastics Co., Ltd. ("Jinchang") for RMB2, a subsidiary of the Group. Immediately prior to the purchase, the carrying amount of the existing 25.75% non-

controlling interest in Jinchang was RMB12,240 thousand. The Group recognized a decrease in non-controlling interests of RMB12,240 thousand and an increase in capital surplus of RMB12,240 thousand.

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

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

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

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 17 Reserves *(continued)*

Notes: *(continued)*

- (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 first A Shareholders Class Meeting for 2023 on 28 June 2023. According to the authorization, the Company repurchased shares in call auction since 3 November 2023. In 2023, the Company repurchased 70,192,000 H-shares ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB70,579 thousand. In 2024, the Company repurchased 53,866,000 H-shares ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB53,425 thousand.

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

The proposal to authorize the board of directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company was approved at the first A Shareholders Class Meeting for 2024 on 6 June 2024. According to the authorization, the Company repurchased shares in call auction since 9 September 2024. In 2024, the Company repurchased 55,370,000 H-share ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB56,159 thousand. For the six months ended 30 June 2025, the Company repurchased 77,240,000 H-share ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB84,117 thousand.

For the six months ended 30 June 2025, the Company cancelled 132,610,000 H shares repurchased.

After the cancellation, the total amount of issued share capital reduced by RMB132,610 thousand, and the share premium decreased by RMB7,666 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 Accounting Standards. The Board of Directors did not propose any dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

## 18 Fair value measurement of financial instruments

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2025 and 31 December 2024 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 18 Fair value measurement of financial instruments *(continued)*

		As at 30 June 2025			
		Recurring fair value measurements			
	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Financial assets</b>					
Financial assets measured at fair value through profit or loss					
– Redeemable preference share investments	13	–	–	36,500	36,500
– Commodity swaps contracts		–	1,854	–	1,854
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	9	–	491,858	–	491,858
– Equity investments	9	–	–	3,872	3,872
– Commodity swaps contracts		–	98,308	–	98,308
		–	592,020	40,372	632,392
<b>Financial liabilities</b>					
Financial liabilities measured at fair value through profit or loss					
– Commodity swaps contracts		–	1,344	–	1,344
Financial liabilities at fair value through other comprehensive income					
– Commodity swaps contracts		–	85,847	–	85,847
		–	87,191	–	87,191

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 18 Fair value measurement of financial instruments *(continued)*

As at 31 December 2024					
Recurring fair value measurements					
Note	Level 1	Level 2	Level 3	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
<i>Recurring fair value measurements</i>					
<b>Financial assets</b>					
Financial assets measured at fair value through profit or loss					
– Redeemable preference share investments	13	–	–	36,500	36,500
– Commodity swaps contracts		–	49	–	49
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	9	–	388,230	–	388,230
– Equity investments	9	–	–	3,872	3,872
		–	388,279	40,372	428,651

### Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of commodity swaps contract is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of trade and bills receivable is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

### Valuation techniques and inputs used in Level 3 fair value measurements

For redeemable preference share investments, the fair value is determined by reference to the most recent transaction price and the effect of liquidation preferences.

**For equity investment,** the fair value is determined by using a discounted cash flow method based on the inputs of free cash flow, risk-free interest rate and surplus funds.

During the six-month period ended 30 June 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 18 Fair value measurement of financial instruments *(continued)*

### Valuation techniques and inputs used in Level 3 fair value measurements *(continued)*

The following table presents the changes in level 3 items for the period ended 30 June 2025:

	Equity investments RMB'000	Redeemable preference share investments RMB'000	Total RMB'000
As at 1 January 2024	3,869	36,500	40,369
Acquisitions	—	—	—
Disposals	—	—	—
Fair value change	—	—	—
As at 30 June 2024	3,869	36,500	40,369
Acquisitions	—	—	—
Disposals	—	—	—
Fair value change	3	—	3
As at 31 December 2024	3,872	36,500	40,372
Acquisitions	—	—	—
Disposals	—	—	—
Fair value change	—	—	—
<b>As at 30 June 2025</b>	<b>3,872</b>	<b>36,500</b>	<b>40,372</b>

Financial assets and financial liabilities not measured at fair value mainly represent trade receivables, other receivables, amounts due from related parties excluded prepayments, trade payables, amounts due to related parties, other payables (except for the staff salaries and welfare payables and taxes payables) and borrowings. The carrying amounts of these financial assets and liabilities not measured at fair value are a reasonable approximation of their fair value.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 19 Related-party transactions

The following is a list of the Group's major related parties:

Names of related parties	Relationship with the Company
China Petroleum and Chemical Corporation Limited	Ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited	Subsidiary of the ultimate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
Sinopec Marketing Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Sales Company Limited	Subsidiary of the immediate parent company
Lianhua (Ningbo) International Logistics Company Limited	Subsidiary of the immediate parent company
Sinopec Refinery Sales Company Limited	Subsidiary of the immediate parent company
Sinopec International Business Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	Subsidiary of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Company Limited	Joint venture of the immediate parent company
Shanghai Petrochemical Linde Gas Company Limited	Joint venture of the immediate parent company
China Sinopec Pipeline Storage and Transportation Company Limited	Associate of the ultimate parent company
Shanghai Secco Petrochemical Company Limited	Associate of the immediate parent company

The following is a summary of significant balances and transactions between the Group and its related parties except for the dividends payable as disclosed in Note 7 and Note 15.

Most of the transactions undertaken by the Group during the six months ended 30 June 2025 have been affected on such terms as determined by Sinopec Corp. and relevant PRC authorities.

Sinopec Corp. negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in domestic petroleum products market, which is subject to extensive regulation by the PRC government.

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Company with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group provides Sinopec Corp. with petroleum products, petrochemical products and property leasing services.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 19 Related-party transactions *(continued)*

The pricing policy for these services and products provided under the agreement is as follows:

- if there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;
- if there are no State tariffs, but there are applicable State's guidance prices, the pricing shall follow the State's guidance prices; or
- if there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

- (a) Transactions between the Group and Sinopec Corp, its subsidiaries and joint ventures during the six months ended 30 June 2025 and the six months ended 30 June 2024 were as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Sales of petroleum products	24,569,737	25,984,502
Sales other than petroleum products	4,313,692	5,808,310
Purchases of crude oil	20,741,175	23,167,858
Purchases other than crude oil	2,901,445	4,451,407
Sales commissions	21,294	46,185
Rental income	887	17,254

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 19 Related-party transactions *(continued)*

- (b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group during the six months ended 30 June 2025 and the six months ended 30 June 2024 were as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Sales of goods and service fee income		
– Sinopec Group and its subsidiaries	47,249	56,427
– Associates and joint ventures of the Group	699,922	1,668,566
	747,171	1,724,993
Purchases		
– Sinopec Group and its subsidiaries	1,156,860	1,133,933
– Associates and joint ventures of the Group	180,688	189,530
	1,337,548	1,323,463
Insurance premium expenses		
– Sinopec Group and its subsidiaries	60,749	64,248
Addition to right-of-use assets		
– Sinopec Group and its subsidiaries	1,194	2,388
Interest expense of lease liabilities		
– Sinopec Group and its subsidiaries	28	142
– Joint ventures of the Group	–	2
	28	144
Interest expense		
– Sinopec Finance	71	3,822
Interest income		
– Sinopec Finance	8	4

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 19 Related-party transactions *(continued)*

- (b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group during the six months ended 30 June 2025 and the six months ended 30 June 2024 were as follows: *(continued)*

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Construction and installation cost		
– Sinopec Group and its subsidiaries	15,879	63,875
– Sinopec Corp., its subsidiaries and joint ventures	–	1,204
	15,879	65,079
Rental income		
– Associates and joint ventures of the Group	10,199	9,776
– Sinopec Group and its subsidiaries	247	239
	10,446	10,015
Bills discount		
– Sinopec Finance	15,521	–
Issue of acceptance bills		
– Sinopec Finance	2,401,553	2,408,000

The directors of the Company are of the opinion that the transactions with Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group as disclosed in Notes 19(a) and 19(b) were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

## 19 Related-party transactions (continued)

- (c) The relevant amounts due from/to Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group, arising from purchases, sales and other transactions as disclosed in Notes 19(a) and 19(b), are summarized as follows:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Amounts due from related parties		
– Sinopec Corp., its subsidiaries and joint ventures	1,954,144	712,042
– Associates and joint ventures of the Group	16,946	5,126
	1,971,090	717,168
Amounts due to related parties		
– Sinopec Corp., its subsidiaries and joint ventures	10,219,224	9,282,363
– Sinopec Group and its subsidiaries	705,059	267,422
– Associates and joint ventures of the Group	106,654	41,162
	11,030,937	9,590,947
Lease liabilities		
– Sinopec Group and its subsidiaries	702	–

- (d) **Key management personnel compensation, post-employment benefit plans and share options**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key personnel compensations are as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	8,407	6,933
Post-employment benefits	230	262
	8,637	7,195

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT *(continued)*

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 19 Related-party transactions *(continued)*

#### (e) Commitments with related parties

##### (i) Construction and installation cost

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Sinopec Group and its subsidiaries	758,209	835,636

Except for the above, the Group had no other material commitments with related parties as at 30 June 2025 and 31 December 2024, which are contracted, but not included in the interim financial report.

### 20 Commitments

Capital commitments outstanding at 30 June 2025 not provided for in the interim financial report

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Contracted for acquisition of property, plant and equipment	2,700,165	3,386,739
Contracted for acquisition of land use right	4,089	—
	2,704,254	3,386,739



## REVIEW REPORT

畢馬威華振專字第2504374號

The Shareholders of Sinopec Shanghai Petrochemical Company Limited:

We have reviewed the accompanying financial statements of Sinopec Shanghai Petrochemical Company Limited (“Sinopec Shanghai”), which comprise the consolidated and company balance sheets as of 30 June 2025, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders’ equity for the period from 1 January 2025 to 30 June 2025, and the notes to the financial statements. The Management of Sinopec Shanghai is responsible for the preparation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises. Our responsibility is to issue a review report based on our review.

We conducted the review business in accordance with Chinese Certified Public Accountants Review Standards No. 2101-Review of financial statements. The standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of Sinopec Shanghai personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People’s Republic of China, and cannot present fairly, in all material respects, the consolidated and the company’s financial position of Sinopec Shanghai as at 30 June 2025, and their financial performance and cash flows for the period from 1 January 2025 to 30 June 2025.

KPMG Huazhen LLP

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

Wang Wenli  
(Engagement Partner)

Beijing, China

Zhang Lin  
20 August 2025

## B. Interim Financial Statements Prepared under China Accounting Standards for Business Enterprises (unaudited)

### CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 30 JUNE 2025

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

		30 June 2025 (unaudited) Consolidated	31 December 2024 Consolidated	30 June 2025 (unaudited) Company	31 December 2024 Company
Assets	Note				
<b>Current Assets</b>					
Cash at bank and on hand	V.1	8,433,777	12,096,477	8,268,103	11,929,852
Derivative financial assets	V.2	100,162	49	100,162	49
Accounts receivable	V.3, XIV.1	1,959,309	701,587	1,931,654	675,871
Receivables under financing	V.4, XIV.2	491,858	388,230	172,304	133,082
Prepayments	V.5	42,795	146,453	39,744	138,538
Other receivables	V.6, XIV.3	531,559	690,537	526,184	677,980
Inventories	V.7	6,974,389	6,552,263	6,821,979	6,301,091
Other current assets	V.8	251,323	57,543	227,276	42,318
<b>Total Current Assets</b>		<b>18,785,172</b>	<b>20,633,139</b>	<b>18,087,406</b>	<b>19,898,781</b>
<b>Non-Current Assets</b>					
Long-term equity investments	V.9, XIV.4	3,543,062	3,559,573	4,866,202	4,817,393
Investments in other equity instruments		3,872	3,872	–	–
Other non-current financial assets	V.10	36,500	36,500	–	–
Investment properties	V.11	297,637	305,142	323,156	331,245
Fixed assets	V.12, XIV.5	12,839,200	13,216,426	12,509,802	12,846,019
Construction in progress	V.13	1,907,559	2,064,067	1,907,144	2,064,030
Right-of-use assets	V.14	4,558	1,435	3,677	603
Intangible assets	V.15	322,407	332,704	230,716	236,859
Long-term deferred expenses	V.16	360,150	404,520	360,049	404,317
Deferred tax assets	V.17	1,344,543	1,211,961	1,341,262	1,209,070
Other non-current assets	V.18	2,528,474	–	2,512,116	–
<b>Total Non-current Assets</b>		<b>23,187,962</b>	<b>21,136,200</b>	<b>24,054,124</b>	<b>21,909,536</b>
<b>Total Assets</b>		<b>41,973,134</b>	<b>41,769,339</b>	<b>42,141,530</b>	<b>41,808,317</b>
<b>Liabilities and shareholders' equity</b>					
<b>Current Liabilities</b>					
Short-term loans	V.20	–	1,500,940	–	1,500,940
Derivative financial liabilities	V.2	87,191	–	87,191	–
Bills payable	V.21	9,782,928	9,047,594	9,782,928	8,997,172
Accounts payable	V.22	4,619,975	2,730,914	4,036,172	2,128,040
Contract liabilities	V.23	240,357	248,900	149,680	196,123
Employee benefits payable	V.24	299,753	232,725	289,510	227,084
Taxes payable	V.25	895,443	1,388,147	888,251	1,378,187
Other payables	V.26	952,808	1,107,071	2,397,955	2,450,003
Non-current liabilities due within one year	V.27	4,558	1,159	4,274	518
Other current liabilities	V.28	26,514	31,597	19,459	25,493
<b>Total Current Liabilities</b>		<b>16,909,527</b>	<b>16,289,047</b>	<b>17,655,420</b>	<b>16,903,560</b>

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED AND COMPANY BALANCE SHEETS *(continued)*

AS AT 30 JUNE 2025

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

Liabilities and shareholders' equity	Note	30 June 2025 (unaudited) Consolidated	31 December 2024 Consolidated	30 June 2025 (unaudited) Company	31 December 2024 Company
<b>Non-Current Liabilities</b>					
Long-term loans	V.29	386,572	67,685	386,572	67,685
Lease liabilities	V.30	248	192	–	54
Deferred income	V.31	245,254	238,679	245,254	238,679
Deferred tax liabilities	V.17	25,515	29,241	–	–
<b>Total Non-Current Liabilities</b>		<b>657,589</b>	335,797	<b>631,826</b>	306,418
<b>Total Liabilities</b>		<b>17,567,116</b>	16,624,844	<b>18,287,246</b>	17,209,978
<b>Shareholders' equity</b>					
Share capital	I, V.32	10,542,618	10,675,228	10,542,618	10,675,228
Capital reserve	V.33	613,794	621,460	591,995	599,661
Less: Treasury shares	V.34	–	56,159	–	56,159
Other comprehensive income	V.35	12,121	2,812	12,967	3,658
Specific reserve	V.36	303,278	290,607	302,925	290,602
Surplus reserve	V.37	6,672,634	6,672,634	6,672,634	6,672,634
Retained earnings	V.38	6,160,692	6,833,672	5,731,145	6,412,715
<b>Total equity attributable to shareholders of the Company</b>		<b>24,305,137</b>	25,040,254	<b>23,854,284</b>	24,598,339
<b>Non-controlling interests</b>	V.39	<b>100,881</b>	104,241	–	–
<b>Total Shareholders' Equity</b>		<b>24,406,018</b>	25,144,495	<b>23,854,284</b>	24,598,339
<b>Total Liabilities and Shareholders' Equity</b>		<b>41,973,134</b>	41,769,339	<b>42,141,530</b>	41,808,317

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.



# CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

		Six months ended 30 June		Six months ended 30 June	
		2025	2024	2025	2024
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
	Note	Consolidated	Consolidated	Company	Company
<b>I. Operating income</b>	V.40, XIV.6	<b>39,523,226</b>	43,532,806	<b>35,533,477</b>	40,213,880
Less: Operating costs	V.40, XIV.6	<b>32,894,649</b>	36,439,910	<b>28,980,172</b>	33,207,016
Taxes and surcharges	V.41	<b>6,001,225</b>	5,993,136	<b>5,993,853</b>	5,987,346
Selling and distribution expenses	V.42	<b>95,572</b>	126,581	<b>71,505</b>	95,061
General and administrative expenses	V.43	<b>714,573</b>	887,095	<b>667,161</b>	838,962
Research and development expenses	V.44	<b>130,190</b>	96,904	<b>130,190</b>	96,904
Financial expenses ("-" for income)	V.45	<b>(55,612)</b>	(76,200)	<b>(60,844)</b>	(78,224)
Including: Interest expense		<b>10,719</b>	91,904	<b>10,704</b>	91,778
Interest income		<b>84,986</b>	180,835	<b>75,972</b>	173,430
Add: Other income	V.46	<b>7,909</b>	12,915	<b>7,608</b>	11,867
Investment income ("-" for losses)	V.47, XIV.7	<b>92,748</b>	84,024	<b>74,914</b>	85,236
Including: Gains from investment in associates and joint ventures		<b>79,974</b>	85,863	<b>59,312</b>	70,793
Gains from changes in fair value ("-" for losses)	V.48	<b>510</b>	633	<b>510</b>	633
Credit losses ("-" for losses)	V.49	<b>(356)</b>	(28)	<b>(235)</b>	(26)
Impairment losses ("-" for losses)	V.50	<b>(416,854)</b>	(111,483)	<b>(416,302)</b>	(111,483)
Gains from asset disposals ("-" for losses)	V.51	<b>(28)</b>	1,729	<b>-</b>	2,533
<b>II. Operating profit ("-" for loss)</b>		<b>(573,442)</b>	53,170	<b>(582,065)</b>	55,575
Add: Non-operating income	V.52	<b>13,005</b>	16,640	<b>11,169</b>	16,578
Less: Non-operating expenses	V.53	<b>35,179</b>	32,315	<b>35,117</b>	21,443
<b>III. Profit before income tax ("-" for loss)</b>		<b>(595,616)</b>	37,495	<b>(606,013)</b>	50,710
Less: Income tax (benefits)/expenses	V.54	<b>(134,702)</b>	6,097	<b>(135,295)</b>	2,946
<b>IV. Net profit ("-" for net loss)</b>		<b>(460,914)</b>	31,398	<b>(470,718)</b>	47,764
(1) Net profit classified by continuity of operations:					
1. Net profit from continuing operations					
("-" for net losses)		<b>(460,914)</b>	31,398	<b>(470,718)</b>	47,764
2. Net profit from discontinued operations					
("-" for net losses)		<b>-</b>	-	<b>-</b>	-
(2) Net profit classified by ownership:					
1. Shareholders of the Company					
("-" for net losses)	V.38	<b>(462,128)</b>	27,912	<b>-</b>	-
2. Non-controlling interests ("-" for net losses)		<b>1,214</b>	3,486	<b>-</b>	-

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED AND COMPANY INCOME STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	Note	Six months ended 30 June		Six months ended 30 June	
		2025	2024	2025	2024
		(unaudited) Consolidated	(unaudited) Consolidated	(unaudited) Company	(unaudited) Company
<b>V. Other comprehensive income, net of tax</b>		<b>15,416</b>	<b>(3,128)</b>	<b>15,416</b>	<b>(3,128)</b>
(1) Other comprehensive income (net of tax)					
attributable to shareholders of the Company		<b>15,416</b>	<b>(3,128)</b>	<b>15,416</b>	<b>(3,128)</b>
Items that will not be reclassified to profit or loss		–	–	–	–
(1) Changes in fair value of the investment of other equity instruments		–	–	–	–
Items that may be reclassified to profit or loss		<b>15,416</b>	<b>(3,128)</b>	<b>15,416</b>	<b>(3,128)</b>
(1) Other comprehensive income recognized under equity method		–	–	–	–
(2) Cash flow hedge reserve	V.35	<b>15,416</b>	<b>(3,128)</b>	<b>15,416</b>	<b>(3,128)</b>
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		–	–	–	–
<b>VI. Total comprehensive income</b>		<b>(445,498)</b>	<b>28,270</b>	<b>(455,302)</b>	<b>44,636</b>
(1) Attributable to shareholders of the Company		<b>(446,712)</b>	<b>24,784</b>	<b>–</b>	<b>–</b>
(2) Attributable to non-controlling interests		<b>1,214</b>	<b>3,486</b>	<b>–</b>	<b>–</b>
<b>VII. Gains per share</b>					
(1) Basic (losses)/gains per share (RMB Yuan)	V.55	<b>(0.044)</b>	<b>0.003</b>	<b>–</b>	<b>–</b>
(2) Diluted (losses)/gains per share (RMB Yuan)	V.55	<b>(0.044)</b>	<b>0.003</b>	<b>–</b>	<b>–</b>

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	Note	Six months ended 30 June		Six months ended 30 June	
		2025 (unaudited) Consolidated	2024 (unaudited) Consolidated	2025 (unaudited) Company	2024 (unaudited) Company
<b>I. Cash flows generated from operating activities</b>					
Proceeds from sale of goods and rendering of services		42,242,690	44,431,901	38,211,029	40,957,321
Refund of taxes		41,747	42,812	2,909	–
Proceeds from other operating activities	V.57	143,004	207,840	180,385	390,445
<b>Sub-total of cash inflows</b>		<b>42,427,441</b>	<b>44,682,553</b>	<b>38,394,323</b>	<b>41,347,766</b>
Payment for goods and services		(32,347,227)	(36,162,628)	(28,361,123)	(32,779,982)
Payment to and for employees		(1,324,733)	(1,398,860)	(1,259,218)	(1,332,672)
Payment of various taxes		(7,770,973)	(6,594,868)	(7,748,017)	(6,579,695)
Payment for other operating activities	V.57	(205,565)	(184,227)	(166,514)	(75,246)
<b>Sub-total of cash outflows</b>		<b>(41,648,498)</b>	<b>(44,340,583)</b>	<b>(37,534,872)</b>	<b>(40,767,595)</b>
<b>Net cash flows generated from operating activities</b>	V.58, XIV.8	<b>778,943</b>	<b>341,970</b>	<b>859,451</b>	<b>580,171</b>
<b>II. Cash flows generated/(used in) from investing activities</b>					
Cash received from recovery of investment	V.57	96,485	115,244	59,929	85,119
Net cash received from the disposal of subsidiaries and other business units	V.58	29,799	–	–	–
Net cash received from disposal of fixed assets and other long-term assets		17,307	10,800	17,307	9,834
Proceeds from other investing activities	V.57	3,897,241	213,252	3,897,241	10,675
<b>Sub-total of cash inflows</b>		<b>4,040,832</b>	<b>339,296</b>	<b>3,974,477</b>	<b>105,628</b>
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(802,992)	(774,733)	(781,907)	(771,677)
Cash paid to acquire investments	V.57	–	(150,000)	(40,000)	(150,000)
Payment for other investing activities	V.57	(2,500,058)	(27)	(2,500,000)	–
<b>Sub-total of cash outflows</b>		<b>(3,303,050)</b>	<b>(924,760)</b>	<b>(3,321,907)</b>	<b>(921,677)</b>
<b>Net cash flows generated/(used in) from investing activities</b>		<b>737,782</b>	<b>(585,464)</b>	<b>652,570</b>	<b>(816,049)</b>

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	Note	Six months ended 30 June		Six months ended 30 June	
		2025 (unaudited) Consolidated	2024 (unaudited) Consolidated	2025 (unaudited) Company	2024 (unaudited) Company
<b>III. Cash flows (used in)/generated from financing activities</b>					
Proceeds from borrowings		318,887	17,500,000	318,887	17,500,000
<b>Sub-total of cash inflows</b>		<b>318,887</b>	<b>17,500,000</b>	<b>318,887</b>	<b>17,500,000</b>
Repayments of borrowings		(1,500,000)	(16,000,000)	(1,500,000)	(16,000,000)
Payment for dividends, profit distributions or interest		(11,009)	(83,405)	(6,436)	(75,891)
Including: Dividends paid by subsidiaries to non-controlling interests		(4,574)	(7,759)	-	-
Payment for other financing activities	V.57	(103,286)	(73,903)	(102,706)	(73,081)
<b>Sub-total of cash outflows</b>		<b>(1,614,295)</b>	<b>(16,157,308)</b>	<b>(1,609,142)</b>	<b>(16,148,972)</b>
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(1,295,408)</b>	<b>1,342,692</b>	<b>(1,290,255)</b>	<b>1,351,028</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>(507)</b>	<b>544</b>	<b>-</b>	<b>-</b>
<b>V. Net increase in cash and cash equivalents ("-" for decrease)</b>		<b>220,810</b>	<b>1,099,742</b>	<b>221,766</b>	<b>1,115,150</b>
Add: Cash and cash equivalents at the beginning of the period	V.58, XIV.8	8,209,113	4,906,368	8,042,489	4,734,945
<b>VI. Cash and cash equivalents at the end of the period</b>	V.58, XIV.8	<b>8,429,923</b>	<b>6,006,110</b>	<b>8,264,255</b>	<b>5,850,095</b>

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

Note	Attributable to equity shareholders of the Company								Non-controlling interests	Total
	Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total		
I. Balance at 1 January 2025	10,675,228	621,460	56,159	2,812	290,607	6,672,634	6,833,672	25,040,254	104,241	25,144,495
II. Changes in equity from 1 January 2025 to 30 June 2025 (unaudited) ("-" for decreases)										
(1) Total comprehensive income										
1. Net profit ("-" for net loss)	-	-	-	-	-	-	(462,128)	(462,128)	1,214	(460,914)
2. Other comprehensive income V.35	-	-	-	15,416	-	-	-	15,416	-	15,416
(2) The capital of shareholders' reduction										
1. Treasury shares repurchase	-	-	84,117	-	-	-	-	(84,117)	-	(84,117)
2. Cancellation of treasury shares repurchase V.34	(132,610)	(7,666)	(140,276)	-	-	-	-	-	-	-
3. Purchase of equity interests from non-controlling interests V.39	-	-	-	-	-	-	-	-	-	-
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items V.35	-	-	-	(6,107)	-	-	-	(6,107)	-	(6,107)
(4) Appropriation of profits										
1. Distributions to shareholders	-	-	-	-	-	-	(210,852)	(210,852)	(4,574)	(215,426)
(5) Specific reserve										
1. Accrued V.36	-	-	-	-	86,673	-	-	86,673	-	86,673
2. Utilized V.36	-	-	-	-	(74,002)	-	-	(74,002)	-	(74,002)
III. Balance at 30 June 2025 (unaudited)	10,542,618	613,794	-	12,121	303,278	6,672,634	6,160,692	24,305,137	100,881	24,406,018

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total	
		Share capital	Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings			Sub-total
I. Balance at 1 January 2024		10,799,286	609,166	70,579	(887)	298,137	6,672,634	6,517,172	24,824,929	117,978	24,942,907
II. Changes in equity from 1 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	V.35	-	-	-	(3,128)	-	-	-	(3,128)	-	(3,128)
(2) The capital of shareholders' reduction											
1. Treasury shares repurchase	V.34	-	-	53,425	-	-	-	-	(53,425)	-	(53,425)
2. Cancellation of treasury shares repurchase	V.34	(124,058)	54	(124,004)	-	-	-	-	-	-	-
3. Purchase of minority shareholder equity	V.39	-	12,240	-	-	-	-	-	12,240	(12,240)	-
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	V.35	-	-	-	-	-	-	-	-	-	-
(4) Appropriation of profits											
1. Distributions to shareholders	V.38	-	-	-	-	-	-	-	-	(7,514)	(7,514)
(5) Specific reserve											
1. Accrued	V.36	-	-	-	-	91,195	-	-	91,195	-	91,195
2. Utilized	V.36	-	-	-	-	(117,267)	-	-	(117,267)	-	(117,267)
III. Balance at 30 June 2024 (unaudited)		10,675,228	621,460	-	(4,015)	272,065	6,672,634	6,545,084	24,782,456	101,710	24,884,166

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(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 the beginning of 1 January 2025	10,675,228	599,661	56,159	3,658	290,602	6,672,634	6,412,715	24,598,339
II. Changes in equity from 1 January 2025 to 30 June 2025 (unaudited) ("–" for decreases)								
(1) Total comprehensive income								
1. Net profit ("–" for net loss)	-	-	-	-	-	-	(470,718)	(470,718)
2. Other comprehensive income	-	-	-	15,416	-	-	-	15,416
(2) Shareholders' contributions and decreases in capital								
1. Treasury shares repurchase	-	-	84,117	-	-	-	-	(84,117)
2. Cancellation of treasury shares repurchase	(132,610)	(7,666)	(140,276)	-	-	-	-	-
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	(6,107)	-	-	-	(6,107)
(4) Profit distribution								
1. Distribution to shareholders	-	-	-	-	-	-	(210,852)	(210,852)
(5) Specific reserve								
1. Accrued	-	-	-	-	82,621	-	-	82,621
2. Utilized	-	-	-	-	(70,298)	-	-	(70,298)
III. Balance at 30 June 2025 (unaudited)	10,542,618	591,995	-	12,967	302,925	6,672,634	5,731,145	23,854,284

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY *(continued)*

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
<b>I Balance at the beginning of 1 January 2024</b>	10,799,286	599,607	70,579	(39)	298,132	6,672,634	6,070,476	24,369,517
<b>II. Changes in from 1 January 2024 to 30 June 2024 (unaudited)</b> (“-” 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' decreases in capital								
1. Treasury shares repurchase	-	-	53,425	-	-	-	-	(53,425)
2. Cancellation of treasury shares repurchase	(124,058)	54	(124,004)	-	-	-	-	-
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	-	-	-	-
(4) Specific reserve								
1. Accrued	-	-	-	-	87,000	-	-	87,000
2. Utilized	-	-	-	-	(113,072)	-	-	(113,072)
<b>III. Balance at 30 June 2024 (unaudited)</b>	10,675,228	599,661	-	(3,167)	272,060	6,672,634	6,118,240	24,334,656

These financial statements were approved by the Board of Directors of the Company on 20 August 2025.

**Guo Xiaojun**  
Chairman

**Du Jun**  
Director and Chief Financial Officer

**Fu Hejuan**  
Accounting Chief

The notes on pages 96 to 247 form part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## I. General information

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

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

Sinopec Group completed its reorganisation on 25 February 2000. After the reorganisation, China Petroleum & Chemical Corporation (“Sinopec Corp.”) was established. As part of the reorganisation, Sinopec Group transferred its 4,000,000,000 of the Company’s state-owned legal shares, which represented 55.56 percent of the issued share capital of the Company, to Sinopec Corp. Sinopec Corp. became the largest shareholder of the Company. The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000.

Additional A shares of RMB14,176,600 and RMB9,636,900 were registered on 27 September 2017 and 12 January 2018.

On 12 August 2022, the Company announced its voluntary delisting of American Depositary Receipts from the New York Stock Exchange. On 26 August 2022, the Company submitted Form 25 to the U.S. Securities and Exchange Commission to delist and deregister the Company’s American Depositary Receipts. On 6 September 2022, the Company’s American Depositary Receipts were delisted from the New York Stock Exchange. On 15 March 2024, the Company submitted Form 15F to the U.S. Securities and Exchange Commission to deregister the Company’s American Depositary Receipts and terminate reporting obligations. The form became effective 90 days after submission.

On 22 June 2022, the 2021 General Meeting of shareholders, the 2022 Second General Meeting of A-share Shareholders, and the 2022 Second General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, at 17 February 2023 the Company cancelled 24,528,000 H-shares that had been repurchased, accounting for 0.23% of the total issued shares of the Company.

On 28 June 2023, the 2022 General Meeting of shareholders, the 2023 First General Meeting of A-share Shareholders, and the 2023 First General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, on 17 June 2024 the Company cancelled all 124,058,000 H-shares that had been repurchased, accounting for 1.15% of the total issued shares of the Company.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## I. General information *(continued)*

On 6 June 2024, the 2023 General Meeting of shareholders, the 2024 First General Meeting of A-share Shareholders, and the 2024 First General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, on 3 March 2025 the Company cancelled all 96,346,000 H-shares that had been repurchased, accounting for 0.90% of the total issued shares of the Company; on 12 June 2025 the Company cancelled all 36,264,000 H-shares that had been repurchased, accounting for 0.34% of the total issued shares of the Company.

As of 30 June 2025, total share capital of the Company was RMB10,542,617,500, with RMB1 Yuan per share. Detailed changes to share capital refers to Note V.32.

The Company and its subsidiaries ("the Group") is a highly integrated entity which processes crude oil into synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products.

Details of the Company's principal subsidiaries are set out in Note VII.

## II. Basis of preparation

The financial statements have been prepared on the going concern basis.

## III. Summary of significant accounting policies and accounting estimates

Accounting policies for the provision for the recognition and measurement of bad debt provisions for receivables, the measurement of inventory issuance and the depreciation of fixed assets of the Group are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes on accounting policies.

### 1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business. These financial statements present truly and completely the consolidated financial position and financial position of the Company as of 30 June 2025, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six months from 1 January 2025 to 30 June 2025.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

#### 3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realization of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

#### 4. Functional currency

The functional currency of the Company and its subsidiaries is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the primary economic environment in which they operate.

#### 5. Method for determining materiality standards and basis for selection

Items	Materiality standards
Significant construction in progress	Amount at the end of the period or change during the year of construction projects in progress $\geq$ RMB30 million
Significant joint arrangements or associates	Carrying amount of long-term equity investment or the impact of the current year's income statement $\geq$ RMB30 million
Significant non-wholly-owned subsidiaries	Amount at the end of the period or change during the period of minority shareholder equity $\geq$ RMB30 million

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## III. Summary of significant accounting policies and accounting estimates *(continued)*

### 6. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

#### (1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 6. Accounting treatments for business combinations involving entities under common control and not under common control *(continued)*

##### (2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill after taking into account deferred tax impact. If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

#### 7. Criteria for control and methods for preparing consolidated financial statements

##### (1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements. Unrealized profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealized profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 7. Criteria for control and methods for preparing consolidated financial statements *(continued)*

##### (2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

##### (3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.

##### (4) Changes in non-controlling interests

The difference between the cost of long-term equity investments newly acquired due to the purchase of minority equity and the share of the subsidiary's net assets calculated according to the newly held shareholding ratio, as well as the difference between the disposal proceeds obtained from partial disposal of equity investments in the subsidiary without losing control and the corresponding share of the subsidiary's net assets in the disposed long-term equity investment, shall be adjusted in the capital reserve (share premium) in the consolidated balance sheet. If the capital reserve (share premium) is insufficient to offset, it shall be sequentially offset against retained earnings and undistributed profits.

#### 8. Cash and cash equivalents

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

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 9. Foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition of qualifying assets (see Note III.16). Non monetary foreign currency items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The resulting exchange difference is the difference of equity instrument investment measured at fair value with changes included in other comprehensive income and included in other comprehensive income; Other differences are included in current profits and losses. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Effect of foreign exchange rate changes on cash is presented separately in the cash flow statement.

#### 10. Financial instruments

Financial instruments include cash at bank and on hand, account receivables, accounts receivable financing, other equity instrument investments, other non-current financial assets, account payables, borrowings, and share capital, etc.

##### (1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.22.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (2) Classification and subsequent measurement of financial assets

###### *(a) Classification of financial assets*

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (2) Classification and subsequent measurement of financial assets *(continued)*

###### *(a) Classification of financial assets (continued)*

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income, and listed them as other equity instrument investments. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer. The relevant dividend income of such financial assets is included in the current profit and loss.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (2) Classification and subsequent measurement of financial assets *(continued)*

###### *(b) Subsequent measurement of financial assets*

###### – Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship. Those maturing more than one year from the balance sheet date and expected to be held for more than one year shall be listed as other non-current financial assets, while the rest shall be listed as trading financial assets.

###### – Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize impairment gains or losses. Such financial assets mainly include cash at bank and on hand, accounts receivable, other receivables and investments in debt securities, etc.

###### – Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Such financial assets mainly include receivables under financing, other debt investments, etc.

###### – Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL, or financial liabilities measured at amortized cost.

##### – *Financial liabilities at FVTPL*

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

##### – *Financial liabilities measured at amortized cost*

These financial liabilities are subsequently measured at amortized cost using the effective interest method.

The financial liabilities of the Group are mainly financial liabilities measured by amortized cost, including bills payable and accounts payable, other payables, borrowings, etc. Such financial liabilities are initially measured according to their fair value after deducting transaction costs and are subsequently measured by the effective interest rate method. Where the term is less than one year (including one year), it shall be listed as current liabilities; If the term is more than one year, but the term is due within one year (including one year) from the balance sheet date, it shall be listed as non-current liabilities that are due within one year; The rest are shown as non-current liabilities.

##### (4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognized amounts;
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (5) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished. The difference between the carrying amount of the part to be recognized and the consideration paid shall be recorded into the profit and loss of the current period.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (6) Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI.

##### *Measurement of ECLs*

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

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and receivables under financing formed from daily operations such as sales of goods and rendering of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and receivables under financing, the Group measures loss allowance at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (6) Impairment *(continued)*

###### *Provision for bad debts for trade receivables*

- (a) Categories of portfolio for provision for bad debts based on credit risk characteristics and the basis for determination

Bills receivable	Based on the differences in credit risk characteristics of the acceptors, the Group classifies notes receivable into two portfolios, bankers' acceptances and commercial acceptances.
Trade receivable	Based on the Group's historical experience, there is no significant difference in the incidence of losses incurred by different segments of customer groups, therefore, the Group treats the entire trade receivable as a portfolio and does not further differentiate between different groups of customers in calculating the bad debt provision for accounts receivable.
Receivables under financing	The Group's receivables under financing is bank acceptance bills receivable and accounts receivable related to Forfaiting business without recourse with dual holding purpose. The Group divides the receivables under financing into bills receivables and accounts receivables.
Other receivable	The Group's other receivables mainly include receivables from consumption tax refunds and export tax refunds, receivables from related parties. Based on the nature of the receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three portfolios, specifically: tax refund receivable portfolio, related party current receivable portfolio and others.

- (b) Individual provisioning judgment criteria according to individual provision for bad debts

The Group generally measures its provision for losses on bills receivable, trade receivable, receivables under financing and other receivables on the basis of a combination of credit risk characteristics. If the credit risk characteristics of a counterparty are significantly different from those of other counterparties in the portfolio, or if there is a significant change in the credit risk characteristics of that counterparty, provision for bad debts is made on an individual basis for receivables from that counterparty. For example, when a counterparty is in severe financial difficulty and the expected rate of credit loss on receivables from that counterparty is significantly higher than the expected rate of credit loss for the ageing range in which the counterparty is organized, a separate provision for bad debts is made.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (6) Impairment *(continued)*

###### *Financial instruments that have low credit risk*

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

###### *Significant increases in credit risk*

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (6) Impairment *(continued)*

###### *Credit-impaired financial assets*

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

###### *Presentation of allowance for ECL*

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



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 10. Financial instruments *(continued)*

##### (6) Impairment *(continued)*

###### *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

##### (7) Equity instrument

The issuance of equity instruments is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognized in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 11. Inventories

##### (1) Categories

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

In addition to the purchase cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads based on normal capacity.

##### (2) Measurement method of cost

Cost of inventories recognized is calculated using the weighted average method.

##### (3) Inventory count system

The Group's inventories system is the perpetual inventory system.

##### (4) Amortization methods of low value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortization charge is included in the cost of the related assets or recognized in profit or loss for the current period.

##### (5) Criteria for determining and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value. For the difference between the cost calculated by a single inventories item and its net realizable value, the provision for inventories depreciation shall be withdrawn and included in the current profits and losses.

The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 12. Long-term equity investments

##### (1) Investment cost of long-term equity investments

###### *(a) Long-term equity investments acquired through a business combination*

- The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserve and retained earnings in turn.
- For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

###### *(b) Long-term equity investments acquired other than through a business combination*

- A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

##### (2) Subsequent measurement of long-term equity investment

###### *(a) Investments in subsidiaries*

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. The portion of cash dividends or profits declared to be distributed to the invested entity and enjoyed by the company shall be recognized as current investment income.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 12. Long-term equity investments *(continued)*

##### (2) Subsequent measurement of long-term equity investment *(continued)*

###### *(b) Investment in joint ventures and associates*

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.12(3)).

A long-term investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement unless the investment meets the conditions for holding for sale.

- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognised in full in the financial statements.
- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits has fully covered the share of losses not recognized.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates (continued)

#### 12. Long-term equity investments (continued)

##### (3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

#### 13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortized using the straight-line method over its estimated useful life.

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plant and buildings	30-40 years	3%	2.4%-3.2%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates (continued)

#### 14. Fixed assets

##### (1) Recognition of fixed assets

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note III.15. The fixed assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

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

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

##### (2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Houses and buildings	12-40 years	0%-5%	2.4%-8.3%
Plant and machinery	5-20 years	0%-5%	4.8%-20.0%
Vehicles and other equipment	4-20 years	0%-5%	4.8%-25.0%

The Group shall review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of each year.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalized borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use, and depreciation begins from the following month. No depreciation is provided against construction in progress.

The criteria and point in time for carrying forward each type of construction in progress to fixed assets are as follows:

Class	Criteria	Time
Machinery and others	(1) A single set of devices can be put into operation alone, and independent of other devices or processes to produce qualified products, the relevant departments to issue a test report; (2) The joint device can be successful joint commissioning, normal production of qualified products, the relevant departments to issue a commissioning report; (3) Ancillary facilities are completed at the point when the combined plant is completed as a whole and reaches its intended useable state.	Ready for the intended use
Plant and buildings	The relevant departments have completed on-site acceptance and are in a position to use the site.	Ready for the intended use

The Group sells the products or by-products produced before the fixed assets are ready for their intended use. In accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards, the relevant income and cost are accounted for separately and recognized in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, and construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition, and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences arising from the principal and interest of foreign currency loans, other than those specifically borrowed in foreign currency, shall be treated as financial expenses and included in the current profit and loss.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 17. Intangible assets

##### (1) Useful life and amortization methods

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The intangible assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

The respective useful life and its determination basis and amortization methods for intangible assets are as follows:

Item	Estimated useful life (years)	Determination basis	Amortization methods
Land-use right	20-50 years	Duration stated on the land certificate	straight-line method
Other intangible assets	2-28 years	Actual useful life of past intangible assets of similar nature and function	straight-line method

Useful lives and amortization methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

##### (2) Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Other development expenditure is recognized as an expense in the period in which it is incurred.

For the external sales of products or by-products produced in the research and development process, the relevant income and cost are accounted for separately and recognized in profit or loss in accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates (continued)

#### 18. Long-term deferred expenses

Long-term prepaid expenses mainly include the catalyst expenditures, leasehold improvements and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

Long-term deferred expenses are amortized using a straight-line method within the benefit period. The respective amortization periods for such expenses are as follows:

Item	Amortization period
Catalysts	1.5-10 years
Leasehold improvements	15-27 years

#### 19. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually at each year-end, irrespective of whether there is any indication of impairment.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 19. Impairment of assets other than inventories and financial assets *(continued)*

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.20) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

#### 20. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 21. Provisions

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate. The estimated liabilities expected to be paid within one year from the balance sheet date are listed as current liabilities.

#### 22. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 22. Revenue recognition *(continued)*

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognizes for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services, etc.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 22. Revenue recognition *(continued)*

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognizes revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognizes revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

Circumstances in which the Group is able to control a commodity before transferring it to a customer include:

- The Group obtains control of goods or other assets from third parties and then transfers them to customers;
- The Group is able to lead third parties to provide services to clients on the Group's behalf;
- After the Group obtains control of a commodity from a third party, it transfers the commodity to the customer by providing major services that integrate the commodity with other commodities into a certain combination of outputs.

In making specific judgments about whether the Group has control over a commodity before transferring it to a customer, the Group considers all relevant facts and circumstances together, including:

- The Group's primary responsibility for the transfer of goods to customers;
- The Group assumes the inventory risk of the commodity before or after the transfer of the commodity;
- The Group has the right to independently determine the prices of the commodities traded, etc.

Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 22. Revenue recognition *(continued)*

The following is the description of accounting policies regarding revenue from the Group's principal activities:

##### (1) Sale of goods

Sales revenue is recognized when the control of the product has been transferred to the buyer, and the company no longer continues to manage and control the product, provided that the related costs can be reliably measured. The Group recognizes revenue when goods are sent to designated place or customer take delivery of the goods from Group's designated warehouse, and confirmed receipt by customers according to the terms of contract. Revenue from sale excludes VAT and has been deducted from estimated sales discounts.

The Group provides discounts based on the sales amount, and recognizes revenue based on the contract value exclude expected discounts.

##### (2) Rendering of overseas shipping services

Revenue from the rendering of overseas shipping services is recognized using the percentage of completion method, with the stage of completion being determined based on proportion of shipping time incurred to date to the estimated total shipping time.

#### 23. Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g., sales commission, etc.). The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labor, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;
- the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;
- the costs are expected to be recovered.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 23. Contract costs *(continued)*

Assets recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfill a contract (the “assets related to contract costs”) are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognized in profit or loss for the current period. The Group chooses to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Group makes provisions for impairment for the excess and recognizes it as an impairment loss on the asset when the carrying amount of an asset related to contract costs exceeds the difference of the following two items:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;
- the costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

#### 24. Employee benefits

##### (1) Short term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Employee benefits which are non-monetary benefits are measured at fair value.

##### (2) Post employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People’s Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 24. Employee benefits *(continued)*

##### (3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

#### 25. Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset or recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non operating income offset against related expense in the periods in which the expenses or losses are recognized. Or included in other income or non-operating income offset against the related expenses directly. The Group uses the same reporting method for similar government subsidies.

Government subsidies related to daily activities are included in operating profit, while government subsidies unrelated to daily activities are included in non-operating income and expenditure.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 26. Specific reserve

The Group recognizes a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses, and accrues in the specific reserve.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

#### 27. Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and the initial recognition of the assets and liabilities does not result in taxable temporary differences and deductible temporary differences in equal amounts. Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 27. Income tax *(continued)*

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered, or the liability is settled.

The Group reviews the carrying amount of deferred tax assets at the balance sheet date. If it is likely that sufficient taxable income will not be available in future periods to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets is reduced. When it becomes likely to obtain sufficient taxable income, the reduced amount is reversed.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 28. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and account for the lease and non-lease components as a single lease component.

##### (1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 28. Leases *(continued)*

##### (1) As a lessee *(continued)*

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which the value of brand-new individual asset is low. The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

##### (2) As a lessor

All lease contracts where the Group is a lessor are operating leases.

Lease receipts from operating leases is recognized as income using the straight-line method over the lease term. Variable lease payments not included in lease receipts are recognized as income as they are earned.

#### 29. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

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

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 29. Hedge accounting *(continued)*

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

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from the economic relationship;
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

The Group discontinues applying hedge accounting in any of the following circumstances:

- The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;
- The hedging instrument expires or is sold, terminated or exercised;
- There is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship;
- The hedging relationship no longer meets other criteria for applying hedge accounting.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 29. Hedge accounting *(continued)*

##### (1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

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

The change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

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

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

- If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve and be accounted for in accordance with the above policy;
- If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 30. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

#### 31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

#### 32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking the materiality principle into account. An operating segment is a component of the Group that satisfies all of the following conditions:

- the component is able to earn revenues and incur expenses from its ordinary activities;
- whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance;
- for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. The Group determines the reporting segments based on the operating segments and the principle of materiality.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 33. Significant accounting estimates and judgements

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

##### (1) Significant accounting estimates

###### *(a) Accounting estimate of Inventory provision*

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for diminution in the value of inventories. Net realizable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion, the estimated costs necessary to make the sale, and related taxes. Management bases the estimates on all available information, including the current market prices of the finished goods and raw materials, and the costs, sales expenses and related taxes incurred from the past to the completion. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than estimated.

###### *(b) Impairment of assets other than inventories and financial assets*

As described in Note III.19, the Group conducts impairment assessments on other assets (or CGUs) excluding inventories and financial assets on the balance sheet date, to determine whether the recoverable amount of the assets (or CGUs), including assets related to specific production facilities, has fallen below their carrying value. If circumstances indicate that the carrying amount of the asset or CGU may not be recoverable, the asset or CGU may be considered “impaired”, and an impairment loss may be recognized.

The recoverable amount of assets or CGUs is the higher of the fair value less costs of disposal and present value of future cash flows. As the fair value of certain assets or CGUs may not be publicly available, the Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions for projections of product sales and operating costs and discount rate. In particular, in determining the value in use of the Group’s specific CGUs, significant judgements are required on the accounting estimates which are based on the assumptions relating to product sales growth rates, related costs growth rates and discount rate applied.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. Summary of significant accounting policies and accounting estimates *(continued)*

#### 33. Significant accounting estimates and judgements *(continued)*

##### (1) Significant accounting estimates *(continued)*

###### *(c) Estimated useful life and residual value of fixed assets*

The Group assessed the reasonableness of estimated useful life of fixed assets in line with the historical experience on the basis of similar function or characteristic for the assets. If there are significant changes in estimated useful lives and residual value from previous years, the depreciation expenses for future periods are adjusted.

The Group reviews and adjusts the useful lives and estimated residual value of the assets regularly at the end of each year end.

###### *(d) Recognition of deferred tax assets*

For the deductible losses that can be carried forward to the next year, the Group recognizes the corresponding deferred tax assets to the extent of the taxable income that is likely to be obtained in the future to offset the deductible losses. The taxable income obtained in the future period includes the taxable income that can be realized by the Group through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to use estimates and judgments when determining the time and amount of taxable income in the future. If there is a difference between the actual situation and the estimate, the book value of deferred tax assets may be adjusted.

##### (2) Significant accounting judgements

###### *(a) Classification of financial assets*

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group determines the business model of managing financial assets at the level of financial asset portfolio, taking into account such factors as the way of evaluating and reporting the performance of financial assets to key managers, the risk and management methods that affect the performance of financial assets, and the ways in which relevant business managers are paid, etc.

When the Group evaluates whether the contract cash flow of financial assets is consistent with the basic lending arrangement, there are the following main judgments: whether the time distribution or amount of principal may change within the duration due to prepayment or other reasons; Does interest include only the time value of money, credit risk, other basic lending risks, and consideration of costs and profits? For example, does the prepayment amount reflect only the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation paid for the early termination of the contract.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IV. Taxation

Main types of taxes and corresponding tax rates are listed as follows:

Tax type	Tax basis	Tax rate
Corporate income tax	Based on taxable profits	25%
Value-added tax	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	5%、6%、9% and 13%
Consumption tax	Based on taxable sales	Gasoline: RMB2,109.76 per ton; Diesel oil: RMB1,411.20 per ton; Naphtha: RMB2,105.20 per ton; Fuel oil: RMB1,218.00 per ton
Urban maintenance and construction tax	Based on VAT and Consumption tax paid	5% and 7%
Education surcharges	Based on VAT and Consumption tax paid	3%
Local education surcharges	Based on VAT and Consumption tax paid	2%
Property tax	Based on the 70% of the original value of the property or the rental income	1.2% of the residual tax value of the house property or 12% of the house rent
Resource tax	Based on the actual water usage	0.1 yuan per cubic meter

The applicable income tax rate of the Company and its subsidiaries this year is 25% (2024: 25%).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements

### 1. Cash at bank and on hand

Item	30 June 2025 (unaudited)	31 December 2024
Deposits with banks	8,429,923	12,092,626
Other monetary funds	3,854	3,851
Total	8,433,777	12,096,477

Cash and cash equivalents shown in the cash flow statement:

Item	30 June 2025 (unaudited)	31 December 2024
Deposits with banks	8,429,923	12,092,626
Less: Time deposits (a)	–	3,883,513
Cash and cash equivalents balance	8,429,923	8,209,113

(a) As of 30 June 2025, there are no fixed deposits of more than three months in the bank account.

As of 31 December 2024, time deposits of six months to three years will mature in one year, with annual interest rate of 2.05%-3.55%.

(b) As of 30 June, 2025, the Group had no deposits with finance companies (December 31, 2024: none).

### 2. Derivative financial assets and derivative financial liabilities

Category	30 June 2025 (unaudited)	31 December 2024
Derivative financial assets		
– Commodity swaps contracts	100,162	49
Derivative financial liabilities		
– Commodity swaps contracts	87,191	–

At 30 June 2025, the derivative financial assets of the Group are mainly commodity swap contracts.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 3. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Category	30 June 2025 (unaudited)	31 December 2024
Amounts due from related parties (Note IX.6)	1,952,772	701,439
Amounts due from third parties	8,778	2,265
Sub-total	1,961,550	703,704
Less: Provision for bad and doubtful debts	(2,241)	(2,117)
Total	1,959,309	701,587

(2) The ageing analysis of accounts receivable is as follows:

Aging	30 June 2025 (unaudited)	31 December 2024
Within 1 year (inclusive)	1,959,337	701,590
Over 1 year but within 2 years (inclusive)	99	–
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	2,114	2,114
Total	1,961,550	703,704

The ageing is counted starting from the date when accounts receivables are recognized.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 3. Accounts receivable *(continued)*

#### (3) Accounts receivable by provisioning method

	30 June 2025 (unaudited)					31 December 2024				
Category	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Percentage		Percentage		Carrying amount	Percentage		Percentage		Carrying amount
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Individual assessment	-	-	-	-	-	-	-	-	-	-
Collective assessment	1,961,550	100.00	2,241	0.11	1,959,309	703,704	100.00	2,117	0.30	701,587
Total	1,961,550	100.00	2,241	0.11	1,959,309	703,704	100.00	2,117	0.30	701,587

(i) As of 30 June 2025 and 31 December 2024, the Group has no provision for bad debts on a single basis.

(ii) The recognition standard and instruction of provision for bad debts on combination for the six months ended at 30 June 2025:

According to the historical experience of the Group, there is no significant difference in the occurrence of losses among different customer segments, so different customer groups are not further differentiated in the calculation of bad debt reserve.

(iii) Assessment of ECLs on accounts receivable:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 3. Accounts receivable *(continued)*

#### (4) Movements of provisions for bad and doubtful debts:

	For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
<b>Provisions for bad and doubtful debts</b>		
Balance at the beginning	2,117	2,168
Additions during the period	124	–
Recoveries or reversals during the period	–	(51)
Balance at the end	2,241	2,117

#### (5) As of 30 June 2025, Five largest accounts receivable by debtor at the end of the period:

	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Group	1,960,100	2,157	99.93%

#### (6) Derecognition of accounts receivable due to transfer of financial assets

- (i) For the six months ended 30 June 2025, the Group has no accounts receivable derecognized due to transfer of financial assets.
- (ii) For the six months ended 30 June 2025, the Group has not recovered accounts receivable that have been fully provisioned for bad debts in previous. (For the six months ended 30 June 2024: Nil).
- (iii) For the six months ended 30 June 2025, the Group has not written off significant accounts receivable. (2024: Nil)
- (iv) At 30 June 2025, the Group has no pledged accounts receivable. (31 December 2024: Nil)

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 4. Receivables under financing

Item	Notes	30 June 2025 (unaudited)	31 December 2024
Bills receivable	(1)	190,700	133,082
Accounts receivable	(2)	301,158	255,148
Total		491,858	388,230

(1) Bills receivable

(i) The Group will discount and endorse a portion of bank acceptances based on its daily fund management needs, and since it meets the conditions for derecognition, it classifies the receivables as financial assets measured at fair value with changes recognized in other comprehensive income. Therefore, as of 30 June 2025, the amount of notes receivable classified as financial assets measured at fair value with changes recognized in other comprehensive income is RMB190,700 thousand (31 December 2024: RMB133,082 thousand).

(ii) The Group has no individually impaired bank acceptance notes, with all provision was accrued by their expected credit loss. As of 30 June 2025 and 31 December 2024, the Group considers no significant credit risk of the bank acceptance notes and the Group has limited exposure to losses arising from banks' breach of contract.

(iii) As of 30 June 2025, the Group had no pledged bank acceptance notes (31 December 2024: Nil).

(iv) As of 30 June 2025, unmatured bills receivable that have been endorsed or discounted by the Group is as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	178,106	–

As of 30 June 2025, the Group endorsed and discounted the undue bills receivable of RMB178,106 thousand (31 December 2024: RMB178,017 thousand). The Group derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Group's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Group's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB178,106 thousand (31 December 2024: RMB178,017 thousand). The term of the outstanding bills receivable is within one year.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 4. Receivables under financing (continued)

(2) Accounts receivable

(i) The Group's subsidiaries China Jinshan Associated Trading Corporation Limited("JMGJ") and Shanghai Jinmao International Trading Corporation Limited ("Jinmao International") derecognized part of the accounts receivable for the non-recourse forfaiting business based on the requirement of daily cash management. The business model of accounts receivable management is for the purpose of collecting cash flow of contracts and sales, therefore the third-party accounts receivable of these two subsidiaries are classified as financial assets measured at fair value with changes recorded in other comprehensive income. Therefore, as of 30 June 2025, the balance of receivables classified as financial assets measured at fair value with changes recognized in other comprehensive income is RMB301,158 thousand. (31 December 2024: RMB255,148 thousand).

(ii) The analysis of accounts receivable derecognized due to the transfer of financial assets is as follows:

At 30 June 2025, the Group's subsidiaries JMGJ and Jinmao International derecognized RMB39,424 thousand accounts receivable that haven't reached the expiration date of credit period due to the non-recourse forfaiting. (2024: RMB189,663 thousand).

(iii) The Group has no individually impaired receivables, and all bad debt provisions are measured based on the expected credit losses over the entire duration. On 30 June 2025 and 31 December 2024, the Group believed that the accounts receivable related to Forfaiting business without recourse held by it did not have significant credit risk, so it did not accrue bad debt reserves for accounts receivable reported as receivables under financing.

#### 5. Prepayments

(1) Prepayments by category are listed as follows:

Item	30 June 2025 (unaudited)	31 December 2024
Amounts advance to related parties (Note IX.6)	4,070	1,018
Amounts advance to third parties	38,725	145,435
Total	42,795	146,453

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 5. Prepayments *(continued)*

(2) The ageing analysis of prepayments is as follows:

Aging	30 June 2025 (unaudited)		31 December 2024	
	Amount	Percentage	Amount	Percentage
Within 1 year	42,795	100.00%	146,453	100.00%

The ageing is counted starting from the date when prepayments are recognized.

(3) As of 30 June 2025, the total amount of the top five prepayments to suppliers are summarised as follows:

	Amount	Percentage of total advances
Total amount of the top five prepayments	41,291	96.49%

### 6. Other receivables

	Note	30 June 2025 (unaudited)	31 December 2024
Amounts due from related parties	IX.6	17,381	17,509
Amounts due from third parties		519,141	677,759
Sub-total		536,522	695,268
Less: Provision for bad and doubtful debts		(4,963)	(4,731)
Total		531,559	690,537

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 6. Other receivables (continued)

(a) The aging analysis is as follows:

	30 June 2025 (unaudited)	31 December 2024
<b>Aging</b>		
Within 1 year (inclusive)	244,240	396,180
Over 1 year but within 2 years (inclusive)	287,551	294,358
Over 2 years but within 3 years (inclusive)	–	2,795
Over 3 years	4,731	1,935
<b>Total</b>	<b>536,522</b>	<b>695,268</b>

The ageing is counted starting from the date when other receivables are recognized.

(b) Classified disclosure based on bad debt provision method

	30 June 2025 (unaudited)					31 December 2024				
Category	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Percentage		Percentage		Carrying amount	Percentage		Percentage		Carrying amount
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Individual assessment	4,725	0.88	(4,725)	100.00	–	4,725	0.68	(4,725)	100.00	–
Collective assessment	531,797	99.12	(238)	0.04	531,559	690,543	99.32	(6)	0.00	690,537
Total	536,522	100.00	(4,963)	0.93	531,559	695,268	100.00	(4,731)	0.68	690,537

As of 30 June 2025, the basis of provision for bad debts on a single basis is as follows:

Name	Final				Basis of provision
	Final book balance	Provision for impairment	Percentage (%)		
Sinopec Materials & Equipment Co., Ltd.	2,795	2,795	100.00		Expected to be uncollectible
Beijing Zhongli Machinery Engineering Technology Co., Ltd.	1,930	1,930	100.00		Expected to be uncollectible
<b>Total</b>	<b>4,725</b>	<b>4,725</b>	<b>100.00</b>		

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 6. Other receivables *(continued)*

#### (c) Provision for and movements of provisions for bad debts

	Stage 1		Stage 3		Total
	12-month ECL (collective)	Provision for bad and doubtful debts	Lifetime ECL – Credit impaired (Credit impairment has occurred)	Provision for bad and doubtful debts	Provision for bad and doubtful debts
Bad debt provision	Book value		Book value		
Balance at 31 December 2024	690,543	(6)	4,725	(4,725)	(4,731)
Additions during the period	770	(232)	–	–	(232)
Reversals during the period	–	–	–	–	–
Balance at 30 June 2025 (unaudited)	531,797	(238)	4,725	(4,725)	(4,963)

As of 30 June 2025 and 31 December 2024, the Group has no other receivables under Stage 2.

- (i) For the six months ended 30 June 2025, the Group has no other receivables that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period. (For the six months ended 30 June 2024: Nil)
- (ii) For the six months ended 30 June 2025, the Group has not written off significant other receivables (For the six months ended 30 June 2024: Nil).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 6. Other receivables (continued)

#### (d) Others categorised by nature

	30 June 2025 (unaudited)	31 December 2024
Nature of other receivables		
Refund of consumption tax receivable	493,196	648,757
Amounts due from related parties	17,380	17,509
Export tax rebate	4,877	10,057
Prepayment for share repurchase	14,342	8,304
Advance payment for compensation	–	3,918
Others	6,727	6,723
Sub-total	536,522	695,268
Less: Provision for bad debts	(4,963)	(4,731)
Total	531,559	690,537

#### (e) Five largest other receivables-by debtors as of 30 June 2025:

Name	Nature of the receivable	Balance at the end of the period	Aging	Percentage of ending balance of other receivables	Provision for bad debts
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	493,196	Within 1 year and 1-2 years (including 2 years)	91.92%	–
China National Petroleum Corporation (CNPC)	Export tax rebate	7,026	Within 1 year (including 1 year)	1.31%	–
Shanghai Jinshan District Taxation Bureau of the State Administration of Taxation	Prepayment of share repurchase	4,877	Within 1 year (including 1 year)	0.91%	–
Shanghai Jinsen Petroleum Resin Co., Ltd.	Transactions	2,804	Within 1 year and 1-2 years (including 2 years)	0.52%	(231)
China Petrochemical Corporation Material Equipment Department	Transactions	2,795	Over 3 years	0.52%	(2,795)
Total		510,698		95.18%	(3,026)

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 7. Inventories

(1) Inventories by categories are as follows:

Inventories by categories	30 June 2025 (unaudited)			31 December 2024		
	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	5,237,967	(26,230)	5,211,737	4,763,432	(25,437)	4,737,995
Work in progress	875,692	(131,308)	744,384	942,908	(217,387)	725,521
Finished goods	1,097,922	(262,809)	835,113	1,081,514	(152,192)	929,322
Spare parts and consumables	256,678	(73,523)	183,155	234,398	(74,973)	159,425
Total	7,468,259	(493,870)	6,974,389	7,022,252	(469,989)	6,552,263

The balance of inventories of the Group does not include the capitalized interest at 30 June 2025 (31 December 2024: Nil).

The Group has no inventory for guarantee as of 30 June 2025 (31 December 2024: Nil).

(2) Provision for impairment of inventories is analysed as follows:

Inventories by categories	31 December 2024	Increases during the period	Decreases during the period	30 June 2025 (unaudited)
Raw materials	25,437	25,110	(24,317)	26,230
Work in progress	217,387	131,308	(217,387)	131,308
Finished goods	152,192	260,436	(149,819)	262,809
Spare parts and consumables	74,973	–	(1,450)	73,523
Total	469,989	416,854	(392,973)	493,870

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 7. Inventories (continued)

(3) Provision for impairment of inventories is as follows:

Inventories by categories	Basis for determining net realizable value	Main reasons for reversal/write-off
Raw materials	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Export sales
Work in progress	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Export sales
Finished goods	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Export sales
Spare parts and consumables	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Used for repair and export sales

#### 8. Other current assets

Item	30 June 2025 (unaudited)	31 December 2024
VAT deductible	208,466	15,315
Assets of carbon emission rights	40,950	42,228
Corporate income tax prepaid	1,907	–
Total	251,323	57,543

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 9. Long-term equity investments

Item	Notes	30 June 2025 (unaudited)	31 December 2024
Joint ventures	(1)	607,564	606,503
Associates	(2)	2,963,890	2,981,462
Sub-total		3,571,454	3,587,965
Less: Provision for impairment			
– Joint ventures		–	–
– Associates		(28,392)	(28,392)
Total		3,543,062	3,559,573

(1) Joint ventures

Investee	31 December 2024	Current period movement				30 June 2025 (unaudited)	Ending balance of impairment provision 30 June 2025 (unaudited)
		Increase or decrease investment	Investment (loss)/income recognized under equity method	Cash dividends declared in current period	Impairment provision		
Joint venture of the Company							
Shanghai Jinshan Baling New Material Co., Ltd. ("Baling Materials")	400,000	–	–	–	–	400,000	–
Joint ventures of subsidiaries							
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	31,507	–	(271)	–	–	31,236	–
Shanghai Petrochemical Linde-SPC Gases Company Limited ("Linde"), formerly known as "Shanghai Petrochemical BOC-SPC Gases Company Limited")	165,463	–	7,940	(5,821)	–	167,582	–
Others	9,533	–	(610)	(177)	–	8,746	–
Total	606,503	–	7,059	(5,998)	–	607,564	–

Interests in joint ventures, refer to Note VII.2.



# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 9. Long-term equity investments (continued)

(2) Associates

Investee	31 December 2024	Current period movement						30 June 2025 (unaudited)	Ending balance of impairment provision 30 June 2025 (unaudited)
		Increase or decrease investment	Investment incomes/(losses) recognized under equity method	Cash dividends declared in current period	Impairment provision	Change in other equity	Others		
Associates of the Company									
Shanghai Secco (Note 1)	-	-	-	-	-	-	-	-	-
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	2,369,065	-	59,312	(50,503)	-	-	-	2,377,874	-
Associates of subsidiaries									
Shanghai Azbil Automation Company Limited ("Azbil")	60,726	-	9,182	(29,584)	-	-	-	40,324	-
Shanghai Shidian Energy Company Limited ("Shidian Energy")	427,262	-	6,042	(8,000)	-	-	-	425,304	-
Others	96,017	-	(1,621)	(2,400)	-	-	-	91,996	(28,392)
Total	2,953,070	-	72,915	(90,487)	-	-	-	2,935,498	(28,392)

Interests in associates, refer to Note VII.2.

Note 1: Due to excessive losses of Shanghai Secco, the Group writes down the long-term equity investment to zero without recognizing the extra loss.

### 10. Other non-current financial properties

Item	30 June 2025 (unaudited)	31 December 2024
Financial assets measured at fair value through profit or loss	36,500	36,500
Including: Equity investments with resale clauses	36,500	36,500

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 11. Investment properties

	Houses and buildings
<b>Cost</b>	
31 December 2024	618,875
Additions during the period	
– Transfer in from fixed assets	–
Decrease during the period	
– Transfer out to fixed assets	–
30 June 2025 (unaudited)	618,875
<b>Accumulated depreciation</b>	
31 December 2024	313,733
Additions during the period	
– Charge for current period	7,505
– Transfer in from fixed assets	–
Decrease during the period	
– Transfer out to fixed assets	–
30 June 2025 (unaudited)	321,238
<b>Carrying amount</b>	
30 June 2025 (unaudited)	297,637
31 December 2024	305,142

For the six months ended 30 June 2025, the depreciation amount of the investment properties is RMB7,505 thousand (For the six months ended 30 June 2024, depreciation amount is RMB7,562 thousand). No provision for impairment has been made (For the six months ended 30 June 2024: Nil).

As of 30 June 2025 and 31 December 2024 the Group had no investment properties pending certificates of ownership.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 12. Fixed assets

#### (1) Fixed assets situation

	Houses and buildings	Plant and machinery	Vehicles and other equipment	Total
<b>Cost</b>				
31 December 2024	4,702,786	46,689,763	2,312,978	53,705,527
Reclassification in current period	940	(9,206)	8,266	–
Increase in current period				
– Purchase	–	101,553	18,133	119,686
– Transfer from CIP (Note V.13)	–	409,724	35,498	445,222
Decrease in current period				
– Disposal and scrapping	(32,346)	(382,807)	(74,540)	(489,693)
– Transfer out to investment properties	(16,739)	(111,052)	(16,345)	(144,136)
30 June 2025 (unaudited)	4,654,641	46,697,975	2,283,990	53,636,606
<b>Accumulated depreciation</b>				
31 December 2024	2,914,761	34,493,874	1,814,736	39,223,371
Reclassification in current period	2,049	11,742	(13,791)	–
Increase in current period				
– Charge for current period	52,685	772,089	61,541	886,315
Decrease in current period				
– Disposal and scrapping	(30,358)	(339,114)	(72,314)	(441,786)
– Disposal of a subsidiary	(13,052)	(91,704)	(15,425)	(120,181)
30 June 2025 (unaudited)	2,926,085	34,846,887	1,774,747	39,547,719
<b>Provision for impairment</b>				
31 December 2024	49,003	1,211,483	5,244	1,265,730
Reclassification in current period	959	(1,106)	147	–
Increase in current period				
– Transfer from CIP	–	–	–	–
Decrease in current period				
– Disposal and scrapping	–	(16,033)	(10)	(16,043)
30 June 2025 (unaudited)	49,962	1,194,344	5,381	1,249,687
<b>Carrying amount</b>				
30 June 2025 (unaudited)	1,678,594	10,656,744	503,862	12,839,200
31 December 2024	1,739,022	10,984,406	492,998	13,216,426

- (2) For the six months ended 30 June 2025, the Group did not prepare for impairment of fixed assets (For the six months ended 30 June 2024: Nil). At 30 June 2025, the Group's fixed assets depreciation reserves is RMB1,249,687 thousand.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 12. Fixed assets *(continued)*

- (3) As of 30 June 2025 and 31 December 2024, the Group had no fixed assets used as collateral.
- (4) As of 30 June 2025, the original carrying amount of the Group's temporarily idle fixed asset amounted to RMB2,435,518 thousand, accumulated depreciation amounted to RMB2,013,086 thousand, provision for impairment amounted to RMB284,667 thousand, and the carrying value amounted to RMB137,765 thousand (As of 31 December 2024: original carrying amount amounted to RMB2,487,332 thousand, accumulated depreciation amounted to RMB2,051,621 thousand, provision for impairment amounted to RMB290,029 thousand, and the carrying value amounted to RMB145,682 thousand).
- (5) As of 30 June 2025, the carrying value of the Group's fixed assets leased out under operating leases amounted to RMB51,880 thousand (31 December 2024: carrying value of RMB54,293 thousand).
- (6) As of 30 June 2025 and 31 December 2024, the Group had no fixed assets with outstanding title certificates.

#### 13. Construction in progress

##### (1) Status of construction in progress

	30 June 2025 (unaudited)			31 December 2024		
	Original cost	Provision for impairment	Carrying amount	Original cost	Provision for impairment	Carrying amount
Construction in progress	1,907,559	–	1,907,559	2,064,067	–	2,064,067

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 13. Construction in progress (continued)

(2) The movement of the Group's major construction in progress is listed as follows:

Project	Budget	31 December 2024	Increase during the period	Transfer to fixed Assets (Note V.12)	Disposals during the period	30 June 2025 (unaudited)	Percentage of actual cost to budget	Project progress	Accumulative capitalized interest	Including: Capitalized interest in current period	Interest rate for capitalization in current period	Sources of funding
Shanghai Petrochemical Cogeneration Unit Clean and Efficiency Improvement Project	3,287,711	820,000	203,917	-	-	1,023,917	20.78%	20.78%	4,979	2,903	2.66%	own funds
National Hazardous Chemical Rescue Shanghai Base Procurement of Fire Equipment Project	141,200	53,400	16,248	-	-	69,648	44.52%	44.52%	-	-	-	own funds
250,000 tons/year thermoplastic elastomer project supporting engineering	211,326	160,000	-	(160,000)	-	-	75.51%	100.00%	2,152	473	1.84%	own funds and borrowings
Treatment of intrinsic safety and environmental hazards of tanks T-135, T-136, T-143-146, and T-148 in the storage and transportation department	95,085	80,697	-	(80,697)	-	-	84.87%	100.00%	-	-	-	own funds
Shanghai Petrochemical Second Course Crude Oil System Efficiency Upgrading Project	65,489	50,028	-	(50,028)	-	-	76.35%	100.00%	-	-	-	own funds
Other sporadic projects	899,942	899,942	68,549	(154,497)	-	813,994	-	-	-	-	-	-
Sub-total	2,064,067	288,714	288,714	(445,222)	-	1,907,559	-	-	7,131	3,376	2.27%	-
Less: Provision for impairment	-	-	-	-	-	-	-	-	-	-	-	-
Total	2,064,067	288,714	288,714	(445,222)	-	1,907,559	-	-	7,131	3,376	2.27%	-

For the six months ended 30 June 2025, the Group's borrowing costs were capitalized at RMB3,376 thousand (For the six months ended 30 June 2024: RMB985 thousand).

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 14. Right-of-use assets

	Houses and buildings	Plant and machinery	Vehicles and other equipment	Total
<b>Cost</b>				
31 December 2024	25,681	1,577	1,768	29,026
Increase in current period	6,638	–	587	7,225
Decrease in current period	(2,281)	–	(464)	(2,745)
disposal of a subsidiary	–	–	(246)	(246)
30 June 2025 (unaudited)	30,038	1,577	1,645	33,260
<b>Accumulated depreciation</b>				
31 December 2024	25,366	1,004	1,221	27,591
Increase in current period	3,430	215	415	4,060
Decrease in current period	(2,281)	–	(449)	(2,730)
disposal of a subsidiary	–	–	(219)	(219)
30 June 2025 (unaudited)	26,515	1,219	968	28,702
<b>Carrying amount</b>				
30 June 2025 (unaudited)	3,523	358	677	4,558
31 December 2024	315	573	547	1,435

For the Group's specific arrangements relating to leasing activities, refer to Note V.60.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 15. Intangible assets

#### Intangible assets situation

	Land-use rights	Other intangible assets	Total
<b>Cost</b>			
31 December 2024	785,567	100,193	885,760
Increase in current period	–	–	–
Disposal in current period	–	(53)	(53)
Disposal of a subsidiary	(3,976)	–	(3,976)
30 June 2025 (unaudited)	781,591	100,140	881,731
<b>Accumulated amortization</b>			
31 December 2024	455,935	97,121	553,056
Charge for current period	8,806	1,461	10,267
Disposal in current period	–	(23)	(23)
Disposal of a subsidiary	(3,976)	–	(3,976)
30 June 2025 (unaudited)	460,765	98,559	559,324
<b>Carrying amount</b>			
30 June 2025 (unaudited)	320,826	1,581	322,407
31 December 2024	329,632	3,072	332,704

As of 30 June 2025 and 31 December 2024, the Group had no land-use right without property right certificate.

As of 30 June 2025 and 31 December 2024, the Group has no intangible assets formed through internal research and development.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 16. Long-term deferred expenses

	31 December 2024	Increase during the period	Amortization during the period	Other decreases	30 June 2025 (unaudited)
Catalysts	404,315	56,442	(100,710)	–	360,047
Right-of-use assets improvements	187	–	(93)	–	94
Others	18	–	(9)	–	9
Less: Provision for impairment	–	–	–	–	–
Total	404,520	56,442	(100,812)	–	360,150

### 17. Deferred tax assets and deferred tax liabilities

#### (1) Deferred tax assets before offsetting

Item	30 June 2025 (unaudited)		31 December 2024	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for bad debts	7,092	1,773	6,842	1,710
Provision for inventory	493,870	123,467	469,989	117,497
Provision for impairment of fixed assets	1,219,831	304,958	1,235,874	308,969
Accrued expenses	–	–	6,550	1,638
Deductible loss	5,857,902	1,464,476	5,427,383	1,356,845
Lease liabilities	4,521	1,130	1,304	326
Government grant	180,254	45,063	168,679	42,170
Derivative financial liabilities	87,191	21,798	–	–
Other deferred tax assets	5,332	1,333	7,015	1,754
Total	7,855,993	1,963,998	7,323,636	1,830,909



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 17. Deferred tax assets and deferred tax liabilities (continued)

##### (2) Deferred tax liabilities before offsetting

Item	30 June 2025 (unaudited)		31 December 2024	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Capitalization of borrowing costs	(2,962)	(740)	(3,365)	(841)
Difference in fixed assets depreciation and intangible assets amortization	(2,463,138)	(615,785)	(2,578,152)	(644,538)
Gains and losses from changes in fair value of other non-current financial assets	(10,000)	(2,500)	(10,000)	(2,500)
Derivative financial assets	(100,162)	(25,041)	(49)	(11)
Right-of-use assets	(3,618)	(904)	(1,194)	(299)
Total	(2,579,880)	(644,970)	(2,592,760)	(648,189)

##### (3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows:

Item	30 June 2025 (unaudited)	31 December 2024
Deductible temporary differences	29,861	29,861
Deductible losses	258,491	400,709
Total	288,352	430,570

In accordance with the accounting policy set out in Note III.27, it is not probable that sufficient future taxable profit will be available to realize the deductible temporary differences and deductible losses in the foreseeable future for some of the Group's subsidiaries, therefore the Group has not yet recognized deferred income tax assets in respect of the following subsidiaries' accumulated deductible temporary differences and deductible losses. These deductible losses expire between 2025 and 2030 in accordance with current tax laws.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 17. Deferred tax assets and deferred tax liabilities *(continued)*

- (3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows: *(continued)*

The breakdown of deductible losses by subsidiaries is as follows:

Name of subsidiaries	Note	30 June 2025 (unaudited)	31 December 2024
Shanghai Petrochemical Investment Development Company Limited ("Toufa")		102,207	97,954
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	(i)	–	155,947
Zhejiang Jinlian Petrochemical Storage and Transportation Co., LTD. ("Jinlian")		156,284	146,808
Total		258,491	400,709

- (i) Due to the disposal of Jinchang on May 27, 2025, the amount of deductible losses for the unrecognized deferred tax assets at the end of this period is 0. Please refer to Note VI.1 for related disposal matters.

- (4) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

Year	30 June 2025 (unaudited)	31 December 2024
2025	34,837	41,475
2026	53,239	95,144
2027	72,538	107,558
2028	60,974	126,304
2029	23,034	30,228
2030	13,869	–
Total	258,491	400,709

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 17. Deferred tax assets and deferred tax liabilities *(continued)*

(5) The net balance of deferred tax assets and liabilities after offsetting is as follows:

Item	30 June 2025 (unaudited)		31 December 2024	
	Amount offset	Remaining balance after offset	Amount offset	Remaining balance after offset
Deferred tax assets	(619,455)	1,344,543	(618,948)	1,211,961
Deferred tax liabilities	619,455	(25,515)	618,948	(29,241)

#### 18. Other non-current assets

Item	30 June 2025 (unaudited)	31 December 2024
Time deposit	2,512,116	—
Advance payment of land transfer fee	16,358	—
Total	2,528,474	—

As of 30 June 2025, time deposits represent the Group's large certificates of deposit with a maturity of two to three years deposited with banks with an annual interest rate of 2.00% to 2.35%.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 19. Provision for assets impairment

	31 December 2024	Increase in current period	Decrease in current period				30 June 2025 (unaudited)
			Reverse	Sold	Written-off	Reclassification	
Provision for accounts receivable (Note V.3)	2,117	124	–	–	–	–	2,241
Provision for other receivable (Note V.6)	4,731	232	–	–	–	–	4,963
Sub-total	6,848	356	–	–	–	–	7,204
Provision for inventory (Note V.7)	469,989	416,854	–	(391,523)	(1,450)	–	493,870
Provision for fixed assets (Note V.12)	1,265,730	–	–	–	(16,043)	–	1,249,687
Provision for impairment of long-term equity investments (Note V.9)	28,392	–	–	–	–	–	28,392
Sub-total	1,764,111	416,854	–	(391,523)	(17,493)	–	1,771,949
Total	1,770,959	417,210	–	(391,523)	(17,493)	–	1,779,153

### 20. Short-term loans

Item	Currency	30 June 2025 (unaudited)	31 December 2024
Credit loans			
– bank loans	RMB	–	1,500,940

At 30 June 2025, the Group has no short-term loan balance.

At 31 December 2024, the interest rate for the Group's short-term borrowings was 2.05%.

As of 30 June 2025 and 31 December 2024, the Group had no overdue short-term borrowings.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 21. Bills payable

Item	30 June 2025 (unaudited)	31 December 2024
Bank acceptance notes	2,401,553	8,747,594
Finance companies acceptance notes	7,381,375	300,000
Total	9,782,928	9,047,594

The bills above are all due within one year.

#### 22. Accounts payable

Item	30 June 2025 (unaudited)	31 December 2024
Amount due to related parties (Note IX.6)	2,680,338	1,302,316
Amounts due to third parties	1,939,637	1,428,598
Total	4,619,975	2,730,914

As of 30 June 2025 and 31 December 2024, there was no individually significant accounts payable aged over one year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 23. Contract liabilities

Item	30 June 2025 (unaudited)	31 December 2024
Advance from related parties (Note IX.6)	7,998	13,676
Advance from third parties	232,359	235,224
Total	240,357	248,900

As of 30 June 2025 and 31 December 2024, there was no individually significant contract liabilities aged over one year.

Contract liabilities mainly relate to advance receipts received by the Group from customers' contracts for the sale of goods, etc. The advance receipts are collected at the time of contract signing and amount to 100% of the contract consideration. Revenue relating to this contract will be recognized when the Group has fulfilled its performance obligations.

Changes in the contract liabilities of the Group are as follows:

	For the six months ended 30 June 2025 (unaudited)	For the six months ended 30 June 2024 (unaudited)
Balance at the beginning of the period	248,900	335,006
Revenue recognized that was included in the contract liability balance at the beginning of the period	(248,900)	(335,006)
Net increase due to cash received during the period	240,357	187,753
Balance at the end of the period	240,357	187,753

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 24. Employee benefits payable

(1) Employee benefits payable are listed as follows:

	Note	30 June 2025 (unaudited)	31 December 2024
Short-term employee benefits	(2)	277,437	208,726
Post-employment benefits			
– defined contribution plans	(3)	22,316	23,999
Termination benefits	(4)	–	–
Total		299,753	232,725

(2) Short-term employee benefits

	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Salaries, bonuses, allowances	190,010	739,627	(669,908)	259,729
Staff welfare	3,569	108,725	(108,725)	3,569
Social insurances	14,544	98,268	(98,926)	13,886
Including: Medical insurance	13,093	77,702	(78,620)	12,175
Work injury insurance	1,451	10,737	(10,477)	1,711
Supplementary medical insurance	–	9,678	(9,678)	–
Other insurance	–	151	(151)	–
Housing funds	–	102,915	(102,915)	–
Labour union fee, staff and workers' education fee	603	17,713	(18,063)	253
Non-monetary benefits	–	41,480	(41,480)	–
Labor cost	–	14,960	(14,960)	–
Others	–	5,050	(5,050)	–
Total	208,726	1,128,738	(1,060,027)	277,437

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 24. Employee benefits payable *(continued)*

#### (3) Defined contribution plans

	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Basic pensions	23,270	138,034	(139,665)	21,639
Unemployment insurance	729	4,315	(4,367)	677
Supplemental basic pensions	–	61,421	(61,421)	–
Total	23,999	203,770	(205,453)	22,316

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by the Shanghai Municipal Government for its staff.

In addition, pursuant to the document “Order of the Ministry of Labour and Social Security No.20” dated 6 January 2004 issued by the Ministry of Labour of the PRC, the Group has set up a supplementary defined contribution retirement plan for the benefit of employees. Employees who have served the Group for more than one year may participate in this plan. The Group and participating employees make defined contributions to their pension saving accounts according to the plan.

The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. For the six months ended 30 June 2025, the Group’s contribution to the above two plans amounted to RMB138,034 thousand and RMB61,421 thousand respectively (for the six months ended 30 June 2024: RMB142,104 thousand and RMB72,098 thousand respectively).

#### (4) Termination benefits

	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Termination benefits	–	22,066	(22,066)	–



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 25. Taxes payable

	30 June 2025 (unaudited)	31 December 2024
Consumption tax payable	767,432	949,963
Urban maintenance and construction tax payable	58,876	89,592
Educational surcharge payable	42,063	64,003
Land-use tax payable	5,848	12,200
Value-added tax payable	2,020	215,177
Individual income tax payable	1,439	38,623
Corporate income tax payable	1,273	728
Others	16,492	17,861
Total	895,443	1,388,147

#### 26. Other payables

	30 June 2025 (unaudited)	31 December 2024
Dividends payable on ordinary shares	242,239	31,386
Amounts due to related parties (Note IX.6)	206,048	274,902
Amounts due to third parties	504,521	800,783
Total	952,808	1,107,071

- (1) As of 30 June 2025, the Group has no other payables that are individually significant aged over 1 year. (31 December 2024: Nil).

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 26. Other payables (continued)

(2) Other payables by categories are analysed as follows:

Item	30 June 2025 (unaudited)	31 December 2024
Equipment project payables	529,808	857,822
Dividends payable on ordinary shares	242,239	31,386
Accrued expenses	87,949	119,409
Withholding social insurance	14,678	15,427
Deposits	9,090	13,451
Project quality guarantee deposit	8,134	12,828
Others	60,910	56,748
Total	952,808	1,107,071

### 27. Non-current liabilities due within one year

	30 June 2025 (unaudited)	31 December 2024
Long-term borrowings due within one year (Note V.29)	285	47
Lease liabilities due within one year (Note V.30)	4,273	1,112
Total	4,558	1,159

### 28. Other current liabilities

Item	30 June 2025 (unaudited)	31 December 2024
Output VAT to be transferred	26,514	31,597

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 29. Long-term loans

	30 June 2025 (unaudited)	31 December 2024
Credit loans	386,857	67,732
Less: Long-term borrowings due within one year (Note V, 27)	(285)	(47)
Total	386,572	67,685

At 30 June 2025, the interest rate for long-term loans was 2.66% (31 December 2024: 2.66%).

### 30. Lease liabilities

	30 June 2025 (unaudited)	31 December 2024
Lease liabilities	4,521	1,304
Less: Non-current liabilities due within one year (Note V.27)	(4,273)	(1,112)
Total	248	192

For the Group's specific arrangements relating to leasing activities, refer to Note V.60.

### 31. Deferred income

Item	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)	Cause
Government grants	238,679	18,511	(11,936)	245,254	related to assets/ income

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 31. Deferred income (continued)

Liability Items	31 December 2024	Increase in current period	Deduct long-term assets	Include in other income	Deduct from general and administrative expenses	Deduct from financial expenses	Include in non- operating income	Deduct from non- operating expense	30 June 2025 (unaudited)	Related to assets/ income
Other government subsidy related to assets	227,471	9,700	(75)	-	-	-	(5,000)	-	232,096	related to assets
Other government subsidy related to income	11,208	8,811	-	(6,861)	-	-	-	-	13,158	related to income
Total	238,679	18,511	(75)	(6,861)	-	-	(5,000)	-	245,254	

#### 32. Share capital

	31 December 2024	Increase or decrease in current period					Sub-total	30 June 2025 (unaudited)
		Issue new share	Stock dividend	Transfer from social security fund to stocks	Cancell treasury shares			
Non-restricted Shares								
Ordinary A shares listed in PRC	7,328,814	-	-	-	-	-	-	7,328,814
Foreign investment H shared listed overseas	3,346,414	-	-	-	(132,610)	(132,610)	(132,610)	3,213,804
Total Shares	10,675,228	-	-	-	(132,610)	(132,610)	(132,610)	10,542,618

The Company was founded in Shanghai, PRC on 29 June 1993 with registered capital of RMB4,000,000,000 invested by its holding company-China National Petrochemical Corporation; these shares were converted from assets of former Shanghai Petrochemical Complex.

Approved by Zheng Wei Fa No. [1993]30 issued by the State Council Securities Committee, the Company launched its Initial Public Offering ("IPO") in July 1993 and September 1993 in Hong Kong, New York and Shanghai to issue 2.23 billion shares, including 1.68 billion H shares and 550 million A shares. The 550 million A shares included 400 million individual shares (including 150 million shares issued to SPC employees) and 150 million legal person shares. H shares were listed on the Hong Kong Stock Exchange on 26 July 1993 and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 32. Share capital *(continued)*

After the IPO, the total quantity of shares issued by the Company was 6.23 billion, including 4 billion state-owned shares, 150 million legal person shares, 400 million individual shares, and 1.68 billion H shares.

According to the plan stated in the prospectus issued in July 1993, and approved by the China Securities Regulatory Commission, the Company issued 320 million ordinary A shares with a par value of RMB1 each at an issuing price of RMB2.4 each during the period from 5 April to 10 June 1994. These shares were listed on the Shanghai Stock Exchange on 4 July 1994. By then, the total quantity of shares issued was expanded from 6.23 billion to 6.55 billion.

On 22 August 1996, the Company issued 500 million H shares to overseas investors; on 6 January 1997, another 150 million H shares were issued to overseas investors. By then, the total quantity of shares issued was expanded to 7.2 billion, including 2.33 billion H shares.

In 1998, China National Petrochemical Corporation was restructured to Sinopec Group.

Sinopec Corp. was founded on 28 February 2000 based on the approved assets restructuring of Sinopec Group. As part of the restructuring, the shares of the Company held by the Sinopec Group were injected in Sinopec Corp.; after the restructuring, the ownership of 4 billion state-owned shares of the Company held by the Sinopec Group were transferred to Sinopec Corp., and the shares were changed to state-owned legal person shares in nature.

All the A and H shares rank *pari passu* in all respects.

Pursuant to the 'Approval on matters relating to the Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited' issued by the State-owned Assets Supervision and Administration Commission of the State Council (State-Owned Property [2013] No.443), a General Meeting of A share shareholders was held on 8 July 2013 and passed the resolution of 'Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited (Amendment)' ("the share segregation reform resolution") which was published by the Company on Shanghai Stock Exchange ("SSE") website on 20 June 2013. According to the Share Segregation Reform Resolution, the controlling shareholder of the Company, Sinopec Corp., offered shareholders of circulating A shares 5 shares for every 10 circulating A shares they held on 16 August 2013, aggregating 360,000,000 A shares, for the purpose of obtaining the listing rights of its non-circulating shares in the A Shares market. From 20 August 2013 ("the circulation date"), all the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange ("SSE"). As part of the restricted conditions, Sinopec Corp. committed that all the 3,640,000,000 A shares held were not allowed to be traded on SSE or transferred within 12 months from the circulation date ("the restriction period"). After the restriction period, Sinopec Corp. can only sell no more than 5 and 10 percent of its total shares within 12 and 24 months, respectively. The former 150,000,000 non-circulating A shares held by social legal persons were also prohibited to be traded on SSE or transferred within 12 months from the circulation date. Meanwhile, Sinopec Corp. also committed in the Share Segregation Reform Resolution that a scheme of converting surplus to share capital (no less than 4-shares for every 10 shares) will be proposed on the board of directors and shareholders meetings within 6 months after the circulation date.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 32. Share capital *(continued)*

On 22 October 2013, Sinopec Corp. passed the Share Reform Commitment Scheme added up to 3,600,000,000 shares, after deliberation of temporary shareholders' meeting, A share class shareholders' meeting and H share class shareholders' meeting.

Since the Company share reform, which was executed after 20 August 2013, the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange ("SSE"). As part of the restricted conditions, all the 5,460,000,000 A shares held by Sinopec Corp. and 225,000,000 A shares held by social legal persons had been realized circulation as of 31 December 2016.

On 23 August 2017, the first Share Option Incentive Scheme of A shares was passed according to board resolution. On 27 September 2017, the Company increased newly registered capital of RMB14,177 thousand, which was paid in cash amount to RMB54,580 thousand by 199 grantees. The difference between actual capital contribution and registered capital amount to RMB40,403 thousand was included in share premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB21,916 thousand, which is transferred to the capital reserve – equity premium. As to 31 December 2017, total equity capital was 10,814,176,600 shares.

On 8 January 2018, according to the resolution of the board of directors of the Company, the second exercise period exercise plan of the Company's common a-share stock option incentive plan was adopted. On 12 January 2018, the new registered capital of the Company is RMB9,637 thousand, which is fully paid in cash of RMB37,102 thousand by 185 equity incentive objects who meet the conditions for exercise. The difference between the actual capital contribution and the subscribed registered capital is RMB27,465 thousand, which is included in the Company's capital reserve – equity premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB17,062 thousand, which is transferred to the capital reserve – equity premium.

According to the board resolution of the Company on 28 December 2018, the third exercise period of the stock option incentive plan for A shares of the common stock of the Company will not be exercised because the non-market exercise conditions are not met. As of 31 December 2023 and 31 December 2022, the total share capital of the Company was 10,823,813,500 shares.

On 22 June 2022, the Company's annual general meeting for the year 2021, the second class A shareholders' meeting for the year 2022 and the second class H shareholders' meeting for the year 2022 considered and passed the "Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company". Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 27 October 2022 onwards by way of centralized bidding. As of December 31, 2022, the Company repurchased a total of 24,528,000 ordinary H shares on the Stock Exchange of Hong Kong for a total consideration paid of RMB25,689 thousand. On February 17, 2023, the Company cancelled all the repurchased H shares totaling 24,528,000 shares, representing 0.23% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,799,285,500 shares, of which 7,328,813,500 shares were A shares and 3,470,472,000 shares were H shares.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 32. Share capital (continued)

On 28 June 2023, the Company's annual general meeting for the year 2022, the first class A shareholders' meeting for the year 2023 and the first class H shareholders' meeting for the year 2023 considered and passed the "Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company". Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 3 November 2023 onwards by way of centralized bidding. On 17 June 2024, the Company cancelled all the repurchased H shares totalling 124,058,000 shares, representing 1.15% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,675,227,500 shares, of which 7,328,813,500 shares were A shares and 3,346,414,000 shares were H shares.

On 6 June 2024, the Company's annual general meeting for the year 2023, the first class A shareholders' meeting for the year 2024 and the first class H shareholders' meeting for the year 2024 considered and passed the "Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company". Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 9 September 2024 and 24 April 2025 onwards by way of centralized bidding. On 3 March 2025 and 12 June 2025, the Company cancelled all the repurchased H shares totalling 132,610,000 shares, representing 1.24% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,542,617,500 shares, of which 7,328,813,500 shares were A shares and 3,213,804,000 shares were H shares.

At 30 June 2025, the total share capital of the Company was 10,542,617,500 shares.

#### 33. Capital reserve

Item	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Government grants	412,370	–	–	412,370
Refund of harbour construction charge	32,485	–	–	32,485
Share premium (Note V.32)	105,739	–	(7,666)	98,073
Others	70,866	–	–	70,866
Total	621,460	–	(7,666)	613,794

As of 30 June 2025 and 31 December 2024, there were no outstanding share options.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 34. Treasury shares

Item	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Repurchase of Hong Kong ordinary shares	56,159	84,117	(140,276)	–

Pursuant to the “Proposal to Request the General Meeting of Shareholders to Authorize the Board of Directors to Repurchase the Company’s Domestic Shares and/or Overseas-Listed Foreign Shares” considered and approved by the General Meeting of Shareholders held on 6 June 2024, the Company commenced the repurchase of the Company’s shares from 9 September 2024 onwards by way of centralized bidding. As of 31 December 2024, the Company repurchased a total of 55,370,000 ordinary H shares on the Stock Exchange of Hong Kong for a total consideration of RMB56,159 thousand.

As of 30 June 2025, during the 6-month period, according to the “Proposal to Request the General Meeting of Shareholders to Authorize the Board of Directors to Repurchase the Company’s Domestic Shares and/or Overseas-Listed Foreign Shares” approved by the shareholders’ meeting held on 6 June 2024, the company repurchased a total of 77,240,000 H shares through centralized bidding, with a total payment of RMB84,117 thousand.

As stated in Note V 32, as of June 30, 2025, during the six-month period, the company has cancelled a total of 132,610,000 H-shares repurchased on the Hong Kong Stock Exchange, with a total cancellation price of RMB140,276 thousand.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 35. Other comprehensive income

Other comprehensive income in Balance Sheet					Other comprehensive income in the six months ended 30 June 2025 Income Statement				
31 December 2024	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	30 June 2025 (unaudited)	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax(expense)/ benefit	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests	
Item that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	(846)	-	-	(846)	-	-	-	-	
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	38	15,416	(6,107)	9,347	21,018	(463)	(5,139)	15,416	
Other comprehensive income recognized under equity method	3,620	-	-	3,620	-	-	-	-	
Total	2,812	15,416	(6,107)	12,121	21,018	(463)	(5,139)	15,416	

During the six months ended 30 June 2025, the Group initially recognized RMB6,107 thousand of cash flow hedging reserves transferred out of inventory and reclassified to RMB463 thousand of operating income.

	Other comprehensive income in Balance Sheet				Other comprehensive income in the year ended 30 June 2024 Income Statement				
	31 December 2023	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	30 June 2024 (unaudited)	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax revenue/ (expense)	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests
Item that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	(848)	-	-	(848)	-	-	-	-	-
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	-	(3,128)	-	(3,128)	(4,171)	-	1,043	(3,128)	-
Other comprehensive income recognized under equity method	(39)	-	-	(39)	-	-	-	-	-
Total	(887)	(3,128)	-	(4,015)	(4,171)	-	1,043	(3,128)	-

During the six months ended 30 June 2024, the Group is not required to transfer the cash flow hedge reserves into the initial recognition amount of inventory and does not need to reclassify it to revenue from main business.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 36. Specific reserve

Item	31 December 2024	Increased in current period	Utilized in current period	30 June 2025 (unaudited)
Safety fund	290,607	86,673	(74,002)	303,278

Item	31 December 2023	Accrued in current period	Utilized in current period	30 June 2024 (unaudited)
Safety fund	298,137	91,195	(117,267)	272,065

Specific reserve represents unutilized safety fund accrued in accordance by the Group with state regulations (Note III.26).

### 37. Surplus reserve

Item	31 December 2024	Increased in current period	Decrease in current period	30 June 2025 (unaudited)
Statutory surplus reserve	6,571,279	–	–	6,571,279
Discretionary surplus reserve	101,355	–	–	101,355
Total	6,672,634	–	–	6,672,634

Item	31 December 2023	Accrued in current period	Decrease in current period	30 June 2024 (unaudited)
Statutory surplus reserve	6,571,279	–	–	6,571,279
Discretionary surplus reserve	101,355	–	–	101,355
Total	6,672,634	–	–	6,672,634

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 37. Surplus reserve *(continued)*

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No statutory surplus reserve was appropriated in current period (During the 6-month period ending June 30, 2024: Nil).

The Company appropriates for the discretionary surplus reserve should be proposed by the board of directors and approved by the shareholders' meeting. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No discretionary surplus reserve was appropriated in current period (During the 6-month period ending June 30, 2024: Nil).

### 38. Retained earnings

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Retained earnings at the end of the previous year before adjustment	6,833,672	6,517,172
Total undistributed profits at the beginning of the adjustment year (increase+, decrease -)	—	—
Retained earnings at the beginning of the year after adjustment	6,833,672	6,517,172
Add: Net losses/(gains) attributable to shareholders of the Company	(462,128)	27,912
Less: Appropriation to statutory reserve (Note V. 37)	—	—
Payment of ordinary shares dividends <sup>(1)</sup>	(210,852)	—
Retained earnings at the end of the period	6,160,692	6,545,084

(1) According to the resolution of the shareholders' meeting on 11 June 2025, the company will distribute a cash dividend of 0.02 yuan per share (before tax) to all shareholders for the year 2024, totalling RMB210,852 thousand, which has been paid in July 2025.

According to the resolution of the shareholders' meeting on 6 June 2024, the company did not distribute cash dividends for the fiscal year 2023.

The Board of Directors did not propose to distribute the interim dividend for the six months ended 30 June 2025 (For the six months ended 30 June 2024: Nil).

(2) Retained earnings at the end of the period

As of 30 June 2025, the consolidated retained earnings attributable to the Group included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB287,161 thousand (31 December 2024: RMB302,390 thousand).

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 39. Non-controlling interests

Attributable to the non-controlling interests of the Group

Name of subsidiary	30 June 2025 (unaudited)	31 December 2024
China Jinshan Associated Trading Corporation ("Jinmao")	100,881	104,241

### 40. Operating income and operating costs

Item	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Income from principal activities	(1)	39,313,885	43,105,576
Income from other operating activities		209,341	427,230
Total		39,523,226	43,532,806

Item	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Cost of principal activities	(1)	32,757,145	36,192,500
Cost of other operating activities		137,504	247,410
Total		32,894,649	36,439,910

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 40. Operating income and operating costs (continued)

##### (1) Income and cost from principal activities

The principal business of the Group mainly belongs to the petrochemical industry.

Analysis by product is as following:

	Six months ended 30 June			
	2025		2024	
	(unaudited)		(unaudited)	
	Income from principal activities	Cost of principal activities	Income from principal activities	Cost of principal activities
Petroleum products	26,856,886	21,007,197	30,856,418	24,056,481
Chemical products	8,536,089	7,872,977	8,837,013	8,777,704
Trading of petrochemical products	3,860,183	3,820,628	3,147,406	3,098,343
Others	60,727	56,343	264,739	259,972
Total	39,313,885	32,757,145	43,105,576	36,192,500

##### (2) For the six months ended 30 June 2025, analysis of revenue and cost of sales is as following:

Classification	six months ended 30 June 2025 (unaudited)				
	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	26,856,886	8,536,089	3,860,183	60,727	39,313,885
Including: Recognized at a point in time	26,856,886	8,536,089	3,846,996	60,727	39,300,698
Recognized over time	-	-	13,187	-	13,187
Income from other operating activities	-	-	-	209,341	209,341
Total	26,856,886	8,536,089	3,860,183	270,068	39,523,226

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 40. Operating income and operating costs *(continued)*

- (2) For the six months ended 30 June 2025, analysis of revenue and cost of sales is as following:  
*(continued)*

Classification	six months ended 30 June 2025 (unaudited)				
	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Cost from principal activities	21,007,197	7,872,977	3,820,628	56,343	32,757,145
Including: Recognized at a point in time	21,007,197	7,872,977	3,807,441	56,343	32,743,958
Recognized over time	–	–	13,187	–	13,187
Cost from other operating activities	–	–	–	137,504	137,504
Total	21,007,197	7,872,977	3,820,628	193,847	32,894,649

For the six months ended 30 June 2024, analysis of revenue and cost of sales is as following:

Classification	six months ended 30 June 2024 (unaudited)				
	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	30,856,418	8,837,013	3,147,406	264,739	43,105,576
Including: Recognized at a point in time	30,856,418	8,837,013	3,129,382	264,739	43,087,552
Recognized over time	–	–	18,024	–	18,024
Income from other operating activities	–	–	–	427,230	427,230
Total	30,856,418	8,837,013	3,147,406	691,969	43,532,806

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 40. Operating income and operating costs (continued)

- (2) For the six months ended 30 June 2025, analysis of revenue and cost of sales is as following:  
(continued)

Classification	six months ended 30 June 2024 (unaudited)				Total
	Petroleum products	Chemical products	Trading of petrochemical products	Others	
Cost from principal activities	24,056,481	8,777,704	3,098,343	259,972	36,192,500
Including: Recognized at a point in time	24,056,481	8,777,704	3,080,319	259,972	36,174,476
Recognized over time	–	–	18,024	–	18,024
Cost from other operating activities	–	–	–	247,410	247,410
Total	24,056,481	8,777,704	3,098,343	507,382	36,439,910

For the six months ended 30 June 2025, the Group has no revenues and costs from trial sales (For the six months ended 30 June 2024: Nil).

#### 41. Taxes and surcharges

Item	Six months ended 30 June		Tax base
	2025 (unaudited)	2024 (unaudited)	
Consumption tax	5,192,972	5,247,142	According to relevant PRC tax regulations, since 1 January 2009, the Group required to pay consumption tax based on the Group's sales of gasoline, diesel, naphtha and fuel oil rate according to the applicable tax rate (Note IV)
Urban maintenance and construction tax	443,525	410,324	5% or 7% of actual payments of consumption tax and VAT during the period
Education surcharges	320,842	296,499	3% of actual payments of consumption tax and VAT during the period
Stamp tax	10,719	7,202	Applicable tax rate
Property tax	17,778	16,726	1.2% of taxable property value or 12% of rental expense
Land use tax	9,268	9,024	Applicable tax rate
Others	6,121	6,219	
Total	6,001,225	5,993,136	

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 42. Selling expenses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Transportation fee	17,150	18,760
Agency fees	21,294	46,185
Staff costs	27,492	33,512
Storage and logistics expenses	15,238	17,879
Others	14,398	10,245
Total	95,572	126,581

#### 43. General and administrative expenses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Staff costs	396,284	531,739
Repair and maintenance expense	99,904	104,704
Depreciation and amortization	79,476	87,555
Security and fire fighting expenses	21,375	20,892
Information system operation maintenance	16,502	19,588
Depreciation of right-of-use assets	3,797	6,659
Others	97,235	115,958
Total	714,573	887,095



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 44. Research and development expenses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Staff costs	34,029	35,658
Depreciation charge	26,617	8,791
R&D material costs	20,874	16,589
Technical cooperation fee	19,135	15,571
Others	29,535	20,295
Total	130,190	96,904

#### 45. Financial expenses (“-” for income)

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Interest expenses from loans and payables	13,960	92,676
Less: Capitalized borrowing costs	(3,376)	(985)
Add: Interest expenses from lease liabilities	135	213
Interest income from deposits and receivables	(84,986)	(180,835)
Net exchange losses	13,047	9,326
Other financial expenses	5,608	3,405
Total	(55,612)	(76,200)

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 2.27% (for the six months ended 30 June 2024: 1.80%).

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 46. Other income

Sources of other income	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Government grants		
Tax refunds	2,909	547
Refund of harbour construction charge	2,387	3,535
Scientific research expenditures subsidy	478	72
Other income related government grants	1,087	4,044
Individual income tax handling fee refund	1,048	4,717
Total	7,909	12,915

### 47. Investment income (“-” for losses)

Item	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Income from long-term equity investments accounted for by equity method		79,974	85,863
Net gains/(losses) from disposal of derivative financial instruments		6,720	(27)
Dispose of the investment income generated by subsidiaries	VI. 1	6,944	–
Loss on discounting accounts receivable		(890)	(1,812)
Total		92,748	84,024

There was no significant restriction on the repatriation of investment income.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 48. Gains from changes in fair value (“-” for losses)

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Financial assets at fair value through profit or loss		
Commodity swap contract	510	633

#### 49. Credit losses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Accounts receivable credit loss/(reversals) (Note V. 3)	(124)	51
Other receivable credit losses (Note V. 6)	(232)	(79)
Total	(356)	(28)

#### 50. Impairment losses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Impairment loss on inventories (Note V. 7)	(416,854)	(111,483)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements (continued)

### 51. Gains from asset disposals (“-” for losses)

Item	Six months ended 30 June		Amount recognised in extraordinary gain and loss for the six months ended
	2025 (unaudited)	2024 (unaudited)	30 June 2025 (unaudited)
Gains from disposal of fixed assets	–	1,729	–
Loss on disposal of intangible assets	(28)	–	(28)
Total	(28)	1,729	(28)

### 52. Non-operating income

Item	Note	Six months ended 30 June		Amount recognised in extraordinary gain and loss for the six months ended
		2025 (unaudited)	2024 (unaudited)	30 June 2025 (unaudited)
Compensation payments, income from fines		1,399	1,287	1,399
Government grants	(1)	5,000	5,000	5,000
Fixed asset obsolescence gains		3,351	10,060	3,351
Others		3,255	293	3,255
Total		13,005	16,640	13,005

#### (1) Government grants mainly include:

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Amortization of deferred income (Note V.31)	5,000	5,000

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements *(continued)*

#### 53. Non-operating expenses

Item	Six months ended 30 June		Amount recognised in extraordinary gain and loss for the six months ended
	2025 (unaudited)	2024 (unaudited)	30 June 2025 (unaudited)
Losses from scrapping of fixed assets	26,821	10,851	26,821
Allowances	4,814	9,151	4,814
Others	3,544	12,313	3,544
Total	35,179	32,315	35,179

#### 54. Income tax (gains)/expenses

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Current tax expense for the period based on tax law and regulations	1,732	3,762
Changes in deferred tax assets/liabilities	(136,651)	2,330
Tax filing differences	217	5
Total	(134,702)	6,097

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 54. Income tax (gains)/expenses *(continued)*

Reconciliation between income tax (gains)/expenses and accounting gains/(losses):

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Total (loss)/profit	(595,616)	37,495
Expected income tax expense at applicable tax rates	(148,904)	9,374
Tax effect of investment income accounted for using the equity method	(19,552)	(21,045)
Other non-taxable profit	(9,475)	(2,187)
Costs, expenses and losses not deductible	33,207	26,318
Difference in settlement of income tax in previous years and the supplementary income tax	217	5
Deductible losses from the use of previously unrecognized deferred tax assets	–	(1,251)
Tax losses for which no deferred income tax asset was recognized this period	3,467	3,144
(Recognition of deductible losses or temporary differences not recognized in previous periods)/Deductible losses of deferred tax assets over recognized in previous periods	6,338	(8,261)
Current income tax (gains)/expenses	(134,702)	6,097

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 55. Calculation of basic gains/(losses) per share and diluted gains/(losses) per share

#### (1) Basic (losses)/gains per share

Basic (losses)/gains per share is calculated by dividing the consolidated net (losses)/gains attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Consolidated net (losses)/gains attributable to ordinary shareholders of the Company	(462,128)	27,912
Weighted average number of the Company's ordinary shares outstanding (thousand share)	10,567,609	10,686,232
Basic gains/(losses)per share (RMB per share)	(0.044)	0.003

The weighted average number of ordinary shares is calculated as follows:

Item	Six months ended 30 June	
	2025 (unaudited) (thousand shares)	2024 (unaudited) (thousand shares)
Amount of ordinary shares outstanding (Note)	10,619,858	10,729,094
Weighted average number of ordinary shares during the period	52,249	42,862
Amount of ordinary shares outstanding	10,567,609	10,686,232

Note: The Company repurchased 55,370 thousand shares in fiscal year 2024 (see Note V.34), which were cancelled in fiscal year 2025, and have deducted them from the number of common shares outstanding at the beginning of the year.

#### (2) Diluted (losses)/gains per share

For the six months ended 30 June 2025, the Company has no diluted ordinary shares outstanding, the diluted (losses)/gains per share equals the basic (losses)/gains per share.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 56. Supplementary information on income statement

Expenses on income statement are analysed by their nature:

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Operating income	39,523,226	43,532,806
Less: Changes in inventories of finished goods and work in progress	75,346	(294,123)
Consumed raw materials and low value consumables, etc.	26,736,029	30,951,579
Cost of purchasing products	3,856,207	3,098,343
Employee benefits	1,354,574	1,666,353
Depreciation and amortization expenses	1,004,899	1,028,286
Depreciation of right-of-use assets	4,060	6,946
Taxes and surcharges	6,001,225	5,993,136
Repair and maintenance expenses	451,708	326,021
Other expenses	352,161	767,085
Finance expenses ("- for income)	(55,612)	(76,200)
Add: Gains from changes in fair value ("- for loss)	510	633
Gains from asset disposals ("- for loss)	(28)	1,729
Other income	7,909	12,915
Investment income	92,748	84,024
Impairment losses ("- for loss)	(416,854)	(111,483)
Credit losses ("- for loss)	(356)	(28)
Operating (loss)/gains	(573,442)	53,170



# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 57. Cash flow statement items

#### (1) Cash from operating activities

##### (i) Proceeds from other operating activities

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Subsidy income	18,511	5,000
Interest income on demand deposits	64,560	120,779
Others	59,933	82,061
Total	143,004	207,840

##### (ii) Payments for other operating activities

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Agency fee	(21,294)	(46,185)
Research and development expenses	(48,670)	(35,866)
Information system operation maintenance	(16,502)	(19,588)
Commodity storage and logistics fee	(10,185)	(13,797)
Security and fire fighting expenses	(21,315)	(20,892)
Others	(87,599)	(47,899)
Total	(205,565)	(184,227)

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 57. Cash flow statement items *(continued)*

#### (2) Cash from investment activities

##### (i) Significant cash received related to investing activities

##### a. Cash received from investment income

Items	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Dividends received from joint ventures	5,998	15,278
Dividends received from associates	90,487	99,966
Total	96,485	115,244

##### (ii) Significant cash paid related to investing activities

Items	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash paid for investment in unlisted preference shares	–	–
Cash paid for investment in joint ventures and associates	–	(150,000)
Total	–	(150,000)

##### (iii) Proceeds from other investing activities

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Time deposits due within one-year receipts	3,883,513	200,000
Interest income on time deposits	6,950	13,252
Investment income from derivative financial instruments	6,778	–
Total	3,897,241	213,252

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 57. Cash flow statement items *(continued)*

#### (2) Cash from investment activities *(continued)*

##### *(iv) Payments for other investing activities*

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Losses from investments in derivative financial instruments	(58)	(27)
Time deposits for more than three months	(2,500,000)	–
Total	(2,500,058)	(27)

#### (3) Payments for other financing activities

##### *(i) Other cash disbursements related to financing activities*

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Lease liabilities payment	(3,949)	(4,973)
Payment of discount interest on buyer's interest-bearing notes	(8,226)	(16,768)
Hong Kong ordinary shares repurchase	(91,111)	(52,162)
Total	(103,286)	(73,903)

For the six months ended 30 June 2025, cash payment of the Group related to lease activities is RMB14,367 thousand (For six months ended 30 June 2024: RMB11,037 thousand), except for the above amounts paid to repay lease liabilities included in financing activities, the rest are included in operating activities.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 57. Cash flow statement items *(continued)*

#### (3) Payments for other financing activities *(continued)*

##### (ii) Liabilities arising from financing activities

	Short-term loan	Non-current liabilities due within one year – long- term loans	Long-term borrowings	Lease liabilities	Total
Balance at 31 December 2024	1,500,940	47	67,685	1,304	1,569,976
Increase for the period – change in cash					
Borrowings	–	–	318,887	–	318,887
Increase for the period – non-cash changes					
Increase in lease liability as a result of entering into new leases	–	–	–	7,182	7,182
Accrued interest	1,963	2,903	–	135	5,001
Reclassification	–	–	–	–	–
Decrease in current period – change in cash					
Repayment of loans	(1,500,000)	–	–	–	(1,500,000)
Repayment of principal and interest on lease liabilities	–	–	–	(4,100)	(4,100)
Payment of interest	(2,903)	(2,665)	–	–	(5,568)
Decrease during the period – non-cash changes					
Reclassification	–	–	–	–	–
<b>Balance at 30 June 2025 (unaudited)</b>	<b>–</b>	<b>285</b>	<b>386,572</b>	<b>4,521</b>	<b>391,378</b>

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 58. Supplementary information on cash flow statement

#### (1) Supplement to cash flow statement

a. Reconciliation of net (losses)/gains to cash flows from operating activities:

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Net (losses)/gains	(460,914)	31,398
Add: Provisions for impairment of assets	416,854	111,483
Credit losses	356	28
Depreciation of investment properties	7,505	7,562
Depreciation of fixed assets	886,315	888,934
Depreciation of right-of-use assets	4,060	6,946
Amortization of intangible assets	10,267	9,984
Amortization of long-term deferred expenses	100,812	121,806
Losses on disposal of fixed assets ("-" for income)	23,498	(938)
Gains from changes in fair value	(510)	(633)
Finance expenses ("-" for income)	(6,885)	35,360
Investment income	(93,638)	(85,836)
Decrease in deferred tax assets ("-" for increase)	(111,627)	2,768
Decrease in deferred tax liabilities	(25,024)	(438)
Decrease in deferred income ("-" for decrease)	6,575	(2,851)
Decrease in inventories ("-" for increase)	(838,980)	190,022
Increase in operating receivables	(1,344,924)	(3,271,040)
Increase in operating payables	2,192,532	2,323,487
Increase in specific reserve ("-" for decrease)	12,671	(26,072)
Net cash flows generated from operating activities	778,943	341,970

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 58. Supplementary information on cash flow statement *(continued)*

#### (1) Supplement to cash flow statement *(continued)*

##### b. Net changes in cash and cash equivalents

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash and cash equivalents at the end of the period	8,429,923	6,006,110
Less: Cash and cash equivalents at the beginning of the period	8,209,113	4,906,368
Net increase in cash and cash equivalents	220,810	1,099,742

#### (2) Details of cash and cash equivalents

Items	30 June 2025 (unaudited)	31 December 2024
Cash at bank and on hand	8,429,923	8,209,113
Including: Bank deposits available on demand	8,429,923	8,209,113
Cash and cash equivalents at the end of the period	8,429,923	8,209,113

#### (3) Net cash from disposal of subsidiaries and other business units

Items	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash or cash equivalents received from disposal of a subsidiary in the current period	36,050	—
Including: Jinchang	36,050	—
Less: Cash and cash equivalents held by the subsidiary on the date of losing control	6,251	—
Including: Jinchang	6,251	—
Net cash received from disposal of a subsidiary	29,799	—

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 58. Supplementary information on cash flow statement *(continued)*

#### (4) Monetary funds not classified as cash and cash equivalents

Items	30 June 2025 (unaudited)	31 December 2024
Time deposit	–	3,883,513
Other monetary funds	3,854	3,851

### 59. Foreign monetary items

	30 June 2025 (unaudited)		
	Foreign currency	Exchange rate	RMB currency
Cash at bank and on hand—USD	17,016	7.1586	121,811
Cash at bank and on hand—HKD	70,061	0.9120	63,892
Accounts receivable—USD	–	–	–
Other receivable—USD	40	7.1586	286
Other receivable—HKD	15,166	0.9120	13,831
Receivables under financing—USD	39,621	7.1586	283,631
Accounts payable—USD	(60,639)	7.1586	(434,090)
Other payables—USD	(106)	7.1586	(759)
Gross balance sheet exposure—USD	(4,068)		(29,121)
Gross balance sheet exposure—HKD	85,227		77,723

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## V. Notes to the consolidated financial statements *(continued)*

### 59. Foreign monetary items *(continued)*

	31 December 2024		
	Foreign currency	Exchange rate	RMB currency
Cash at bank and on hand—USD	19,556	7.1884	140,576
Accounts receivable—USD	—	—	—
Other receivable—USD	40	7.1884	288
Other receivable—HKD	8,908	0.9325	8,307
Receivables under financing—USD	27,519	7.1884	197,818
Accounts payable—USD	(67,128)	7.1884	(482,543)
Other payable—USD	(275)	7.1884	(1,977)
Gross balance sheet exposure—USD	(20,288)		(145,838)
Gross balance sheet exposure—HKD	8,908		8,307

### 60. Leases

#### (1) As a lessor

##### (a) Operating lease

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Lease income	23,696	47,196

The Group leases out some land, buildings and machinery. The lease period ranges from 1 to 20 years. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### V. Notes to the consolidated financial statements (continued)

#### 60. Leases (continued)

##### (2) As a lessee

Item	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Short-term lease expenses applied the practical expedient	6,648	6,064
Total cash outflow for leases	14,367	11,037

#### 61. Government grants

##### (1) Details of government grants

Category	Amount	Presentation item
Asset-related government grants	232,096	Deferred income
Income-related government grants	13,158	Deferred income
Asset-related government grants	5,000	Deferred income – non-operating income
Income-related government grants	6,861	Other income

##### (2) Government grants recognized in profit or loss for the period

Type	six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Asset-related government grants	5,000	5,000
Income-related government grants	6,861	8,198

##### (3) For the six months ended 30 June 2025, there is no repayment of government grants. (For the six months ended 30 June 2024: nil)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VI. Change of consolidation scope

### 1. Transactions or events resulting in loss of control over subsidiaries

Entity name	Date of losing control	Consideration on the date of losing control	Shareholding being disposed on the date of losing control (%)	Disposal method on the date of losing control	Basis for determining date of losing control	Difference between consideration received and the related share of net assets in consolidated financial statements	Proportion of remaining shareholding on the date of losing control in consolidated financial statements	Carrying amount of remaining equity interests on the date of losing control in consolidated financial statements	Fair value of remaining equity interests on the date of losing control in consolidated financial statements	Gain or loss from remeasurement of remaining equity interests to fair value	Method and key assumptions for determining the fair value of remaining equity interests	Investment income or loss/retained earnings transferred from other comprehensive income related to previous equity investments in subsidiaries
Jinchang	May 27, 2025	36,050	100	Transfer	Transfer of substantive control	6,944	-	-	-	-	-	-

The Group has a gain of RMB6,944 thousand on the loss of its control over Shanghai Jinchang Engineering Plastics Company Limited which has been included in investment income in the consolidated financial statements.

### 2. Other reasons for change of consolidation scope

On February 19, 2025, our company established a new subsidiary, Inner Mongolia Xinjinshan Carbon Fiber Company with a registered capital of RMB330,000 thousand and 100% shareholding. The company will be included in the consolidation scope in the current period.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### VII. Interests in other entities

#### 1. Interests in subsidiaries

##### (1) Main components of the Group's subsidiaries as at 30 June 2025:

Name of enterprise	Main business area	Place of registration	Principal activities	Registered capital (thousands)	Percentage of equity%		Way of acquisition
					Directly	Indirectly	
Toufa	Shanghai	Shanghai	Investment	RMB2,100,000	100.00%	-	Establish
Jinmao	Shanghai	Shanghai	Trading	RMB25,000	67.33%	-	Establish
Inner Mongolia Xinjinshan Carbon Fiber Company	Inner Mongolia	Inner Mongolia	Manufacturing	RMB330,000	100.00%	-	Establish
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	Shanghai	Shanghai	Manufacturing	RMB415,623	-	100.00%	Establish
Jinmao International	Shanghai	Shanghai	Trading	RMB100,000	-	67.33%	Establish
Jinlian	Zhejiang Jiaxing	Zhejiang Jiaxing	Storage and transportation	RMB620,000	-	100.00%	Business combinations involving entities not under common control

##### (2) Important non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders	Profit attributable to minority shareholders this period	Dividends distributed to minority shareholders this period	Balance of minority shareholders' equity at the end of the period
China Jinshan Associated Trading Corporation	32.67%	1,214	4,574	100,881

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VII. Interests in other entities *(continued)*

### 1. Interests in subsidiaries *(continued)*

#### (3) Financial information of important non-wholly-owned subsidiaries

The following tables show the main financial information of the above-mentioned subsidiary, which are the amounts before offsetting internal transactions within the group, but have been adjusted for fair value on the consolidation date and unified accounting policies:

	China Jinshan Associated Trading Corporation	
	30 June 2025	31 December 2024
	(unaudited)	
Current assets	979,211	1,016,300
Non-current assets	2,002	1,930
Total assets	981,213	1,018,230
Current liabilities	(672,416)	(699,082)
Non-current liabilities	–	(78)
Total liabilities	(672,416)	(699,160)

	China Jinshan Associated Trading Corporation	
	30 June 2025	31 December 2024
	(unaudited)	
Operating income	4,099,175	3,316,748
Net profit	3,717	11,821
Total comprehensive income	3,717	11,821
Cash flows from operating activities	21,766	13,262

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### VII. Interests in other entities *(continued)*

#### 2. Interests in joint ventures or associates

##### (1) Nature of interest in major joint ventures and associates at 30 June 2025:

Name of enterprise	Place of main business	Place of registry	Principal activities	Whether it is strategic to group activities	% of ownership interest		Registered capital (thousands)
					Directly	Indirectly	
Joint ventures –							
Linde	Shanghai	Shanghai	Production and sales of industrial gases	Yes	–	50.00%	USD 32,000
Yangu Gas	Shanghai	Shanghai	Production and sales of industrial gases	Yes	–	50.00%	USD 10,560
Baling Materials	Shanghai	Shanghai	Production and sales of new styrene thermoplastic elastomer materials	Yes	50.00%	–	RMB800,000
Associates –							
Shanghai Secco	Shanghai	Shanghai	Manufacturing and distribution of chemical products	Yes	20.00%	–	RMB3,115,180
Chemical Industry	Shanghai	Shanghai	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Yes	38.26%	–	RMB2,372,439
Azbil	Shanghai	Shanghai	Service and maintenance of building automation systems and products		–	40.00%	USD 3,000
Shidian Energy	Shanghai	Shanghai	Electricity supply		–	40.00%	RMB1,000,000

The Group applies the equity method to measure these equity investments.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VII. Interests in other entities (continued)

### 2. Interests in joint ventures or associates (continued)

#### (2) Key financial information of material joint ventures

	30 June 2025 (unaudited)			31 December 2024		
	Linde Gases Company	Yangu Gas	Baling Materials	Linde Gases Company	Yangu Gas	Baling Materials
Current assets	286,852	62,473	247,687	276,363	62,941	206,684
Including: Cash and cash equivalents	208,887	62,473	39,201	204,005	62,902	5,363
Non-current assets	83,005	–	2,364,076	87,865	172	2,459,544
Total assets	369,857	62,473	2,611,763	364,228	63,113	2,666,228
Current liabilities	(34,522)	(1)	(235,244)	(33,130)	(99)	(599,198)
Non-current liabilities	–	–	(1,576,519)	–	–	(1,267,030)
Total liabilities	(34,522)	(1)	(1,811,763)	(33,130)	(99)	(1,866,228)
Net assets	335,335	62,472	800,000	331,098	63,014	800,000
Net asset share calculated based on shareholding ratio (i)	167,668	31,236	400,000	165,549	31,507	400,000
Adjustments – Internal Unrealized Transaction Offset	(86)	–	–	(86)	–	–
Carrying amount of interests in joint ventures	167,582	31,236	400,000	165,463	31,507	400,000

	six months ended 30 June 2025 (unaudited)			six months ended 30 June 2024 (unaudited)		
	Linde Gases Company	Yangu Gas	Baling Materials	Linde Gases Company	Yangu Gas	Baling Materials
Operating income	161,568	–	–	162,768	1,963	–
Financial income	116	16	–	226	147	–
Income tax expenses	5,522	–	–	3,632	–	–
Net profit/(loss)	15,880	(542)	–	11,752	(8,876)	–
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	15,880	(542)	–	11,752	(8,876)	–
Dividends received from joint ventures of this period by the Group	5,821	–	–	15,278	–	–

(i) The Group calculated shares of assets by its shareholding ratio, based on the amount from financial statements in joint ventures. The amount in financial statements of joint ventures based on the impacts of identifiable assets when obtained investment, fair value of liabilities, and consistency of accounting policies.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VII. Interests in other entities *(continued)*

### 2. Interests in joint ventures or associates *(continued)*

#### (3) Key financial information of material associates

	30 June 2025 (unaudited)				31 December 2024			
	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy
Current assets	4,645,474	3,852,884	232,628	938,100	3,278,124	3,767,001	230,573	939,488
Including: Cash and cash equivalents	1,517,737	2,363,134	146,239	842,068	1,024,967	2,470,083	159,548	844,895
Non-current assets	6,198,863	7,897,310	18,956	208,237	6,093,117	7,797,002	21,782	213,949
Total assets	10,844,337	11,750,194	251,584	1,146,337	9,371,241	11,564,003	252,355	1,153,437
Current liabilities	(8,045,305)	(2,140,760)	(143,275)	(24,825)	(3,730,611)	(2,123,807)	(91,339)	(25,423)
Non-current liabilities	(4,282,100)	(1,134,113)	(7,499)	(35,127)	(6,672,950)	(982,804)	(9,201)	(36,734)
Total liabilities	(12,327,405)	(3,274,873)	(150,774)	(59,952)	(10,403,561)	(3,106,611)	(100,540)	(62,157)
Net (liabilities)/assets	(1,483,068)	8,475,321	100,810	1,086,385	(1,032,320)	8,457,392	151,815	1,091,280
Non-controlling interests	-	1,398,050	-	-	-	1,403,145	-	-
Net (liabilities)/assets attributable to equity shareholders of the Company	(1,483,068)	7,077,271	100,810	1,086,385	(1,032,320)	7,054,247	151,815	1,091,280
Group's share of net (liabilities)/assets (i)	(296,614)	2,707,764	40,324	434,554	(206,464)	2,698,955	60,726	436,512
Adjustment – elimination of unrealized profit or loss on intra- group transactions	-	-	-	(9,250)	-	-	-	(9,250)
Adjustments – excess losses not recognized in the current period	296,614	-	-	-	206,464	-	-	-
Adjustment (ii)	-	(329,890)	-	-	-	(329,890)	-	-
Impairment loss	-	-	-	-	-	-	-	-
Carrying amount of interests in associates	-	2,377,874	40,324	425,304	-	2,369,065	60,726	427,262

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VII. Interests in other entities (continued)

### 2. Interests in joint ventures or associates (continued)

#### (3) Key financial information of material associates (continued)

	six months ended 30 June 2025 (unaudited)				six months ended 30 June 2024 (unaudited)			
	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy
Operating income	10,124,530	907,431	180,843	219,090	10,641,301	1,003,709	189,180	242,035
Net (loss)/profit	(450,748)	238,703	22,955	15,105	(337,207)	287,785	19,290	11,414
Net (loss)/profit attributable to shareholders of the parent company	(450,748)	155,024	22,955	15,105	(337,207)	185,031	19,290	11,414
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	(450,748)	155,024	22,955	15,105	(337,207)	287,785	19,290	11,414
Dividends received from associates by the Group during this period	-	50,503	29,584	8,000	-	69,633	24,000	4,000

(i) The Group calculates its share of assets based on the amount attributable to the parent company in the consolidated financial statements of associates in proportion to its shareholding. The amounts in the consolidated financial statements of joint ventures consider the fair value of identifiable net assets and liabilities of the joint ventures at the time of acquisition, as well as the impact of uniform accounting policies.

(ii) Unentitled portion represented some piece of lands injected by Government in Chemical Industry as capital reserve and the earnings from this land cannot be shared by other shareholders.

#### (4) Summarised information of immaterial joint ventures and associates

Item	six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Joint ventures:		
Aggregate carrying amount of investments as of 30 June	8,746	9,831
Aggregate amount of share of		
– Net (loss)/gains (i)	(610)	183
– Other comprehensive income (i)	-	-
– Total comprehensive income	(610)	183
Dividends received from immaterial joint ventures during the period by the Group	177	-
Associates:		
Aggregate carrying amount of investments as of 30 June	91,996	98,758
Aggregate amount of share of		
– Net loss(i)	(1,621)	(367)
– Other comprehensive income (i)	-	-
– Total comprehensive income	(1,621)	(367)
Dividends received from immaterial associates during the period by the Group	2,400	2,333

(i) Net profit and other comprehensive income had been adjusted for fair value adjustments of identifiable assets and liabilities at the time of acquisition and any differences in accounting policies.



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### VIII. Segment information

Segment information is presented in respect of the Group's business segments, the format of which is determined based on the structure of the Group's internal organisation, management requirement, and internal reporting system.

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

The Group evaluates the performance and allocates resources to its operating segments on an operating income basis, without considering the effects of finance expenses, investment income, other income, non-operating income and non-operating expenses. The accounting policies adopted by the operating segments are the same with the policies in summary of significant accounting policies. The transfer price of intersegment is recognized with cost plus profit method.

The Group principally operates in three operating segments: petroleum products, chemical products, and trading of petrochemical products. Petroleum products and chemical products are produced through intermediate steps from crude oil, the principal raw material. The specific products of each segment are as follows:

- (i) The Group's petroleum products segment is equipped with crude oil distillation facilities to produce qualified refined gasoline, kerosene, diesel, heavy oil and liquefied petroleum, in addition to producing feedstocks of the Group's downstream processing facilities.
- (ii) The chemical products segment primarily produces p-xylene, benzene, ethylene oxide, polyethylene resin, polypropylene resin PVA granules, acrylic fibres and carbon fibres. Most of the p-xylene, benzene and ethylene oxide produced by the Group are used by the Group as raw materials in the production of other chemical products and are sold to outside customers. Polyethylene resins and plastics are used to produce insulated cable, mulching films and moulded products such as housewares and toys. Polypropylene resins are used for films, sheets and moulded products such as housewares, toys, consumer electronics and automobile parts. Acrylic fibres and carbon fibres, which are mainly used in the textile and apparel industries.
- (iii) Group's trading of petrochemical products segment primarily engages in importing and exporting of petrochemical products.
- (iv) All other operating segments include rental, providing services and a variety of other commercial activities, which are not allocated to the above three operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise long-term equity investments, investments in other equity instruments, other non-current financial assets, deferred tax assets, deferred tax liabilities and income tax expense, cash at band and on hand and its related interest income, interest-bearing borrowings, and interest expenses, invest income, etc.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## VIII. Segment information *(continued)*

- (1) Segment information for the six months ended 30 June 2025 (unaudited) and 30 June 2025 (unaudited) is as follows:

Item	Petroleum products	Chemical products	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	26,856,886	8,536,088	3,860,183	270,069	-	-	39,523,226
Inter-segment revenue	9,289,879	5,996,122	1,044,291	122,195	-	(16,452,487)	-
Operating costs	(21,007,197)	(7,872,977)	(3,820,628)	(193,847)	-	-	(32,894,649)
Interest income	-	-	-	-	84,986	-	84,986
Interest expenses	-	-	-	-	(10,719)	-	(10,719)
Investment gain/(loss)	6,778	(602)	(346)	-	86,918	-	92,748
Impairment losses	(8,696)	(407,606)	(552)	-	-	-	(416,854)
Credit losses	-	(235)	-	(121)	-	-	(356)
Gains on changes of fair value	510	-	-	-	-	-	510
Depreciation and amortization	(368,467)	(615,112)	(303)	(25,077)	-	-	(1,008,959)
(Losses)/profit before income tax	(211,033)	(565,064)	2,903	22,956	154,622	-	(595,616)
Income tax expenses	-	-	-	-	134,702	-	134,702
Net (losses)/profit	(211,033)	(565,064)	2,903	22,956	289,324	-	(460,914)
Total assets	14,926,971	8,154,143	708,309	2,058,518	16,125,193	-	41,973,134
Total liabilities	13,027,921	3,204,091	657,335	44,152	633,617	-	17,567,116
Long-term equity investment in associates and joint ventures	-	-	-	-	3,543,062	-	3,543,062
Non-current assets increase (i)	121,194	378,773	304	4,512	-	-	504,783

(i) Non-current assets do not include financial assets, long-term equity investments or deferred tax assets.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### VIII. Segment information (continued)

#### (2) Segment information for the six months ended 30 June 2024 (unaudited) and 30 June 2024 (unaudited) is as follows:

Item	Petroleum products	Intermediate petrochemicals	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	30,856,418	8,837,013	3,147,406	691,969	–	–	43,532,806
Inter-segment revenue	8,392,545	4,365,700	568,246	334,632	–	(13,661,123)	–
Operating costs	(24,056,481)	(8,777,704)	(3,098,343)	(507,382)	–	–	(36,439,910)
Interest income	–	–	–	–	180,835	–	180,835
Interest expenses	–	–	–	–	(91,904)	–	(91,904)
Investment (losses)/gains	–	(1,044)	(795)	–	85,863	–	84,024
Impairment losses	(6,270)	(105,213)	–	–	–	–	(111,483)
Credit losses	–	(25)	–	(3)	–	–	(28)
Gains from changes in fair value	–	–	–	–	633	–	633
Depreciation and amortization	(364,369)	(643,086)	(225)	(27,552)	–	–	(1,035,232)
Profit/(loss) before income tax	752,152	(1,010,408)	10,044	113,357	172,350	–	37,495
Income tax expenses	–	–	–	–	(6,097)	–	(6,097)
Net profit/(loss)	752,152	(1,010,408)	10,044	113,357	166,253	–	31,398
Total assets	17,172,460	7,769,676	771,786	2,751,271	14,476,424	–	42,941,617
Total liabilities	9,264,924	2,847,027	646,167	51,160	5,248,173	–	18,057,451
Long-term equity investment in associates and joint ventures	–	–	–	–	3,472,560	–	3,472,560
Non-current assets increase (i)	119,966	275,142	49	1,177	–	–	396,334

(i) Non-current assets do not include financial assets, long-term equity investments, and deferred income assets.

As the Group operates mainly in the PRC, no geographical segment information is presented.

For the six months ended 30 June 2025, revenue from the same customer accounted for 75% of total Group revenue (For the six months ended 30 June 2024: 72%). The revenue from the customer derived from the following segments: petroleum products and other segment.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions

### 1. Information about the parent of the Company

#### (1) General information of the parent company

Name of parent company	Place of registration	Business nature
China Petroleum & Chemical Corporation	No.22 Chaoyangmen North Street, Chaoyang District, Beijing	Exploring for, extracting and selling crude oil and natural gas; oil refining; production, sale and transport of petrochemical, chemical fibres and other chemical products; pipe transport of crude oil and natural gas; research and development and application of new technologies and information.

The Company's ultimate controlling party is China Petrochemical Corporation.

#### (2) Registered capital and changes in registered capital of the parent company

	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
China Petroleum & Chemical Corporation	RMB121.3 billion	–	RMB100 million	<b>RMB121.2 billion</b>

#### (3) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2025 (unaudited)		31 December 2024	
	Share holding	Voting rights	Share holding	Voting rights
China Petroleum & Chemical Corporation	<b>51.81%</b>	<b>51.81%</b>	51.14%	51.14%

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IX. Related parties and related party transactions (continued)

#### 2. Information about the subsidiaries of the Company

For basic information about the subsidiaries of the Group, refer to Note VII.

#### 3. Information about joint ventures and associates of the Company

In addition to joint ventures and associates disclosed in Note VII.2, related parties transactions between the Group and other associates are as follows:

	Place of business	Place of registration	Business nature	Whether it is strategic for group activities	% of ownership interest	
					Directly	Indirectly
Shanghai Nanguang Petrochemical Co., Ltd.	Shanghai	Shanghai	Petrochemical products import and export	Yes	–	35.00%
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Shanghai	Shanghai	Production of petrochemical products	Yes	–	25.00%
Shanghai Chemical Industry Park Logistics Company Limited	Shanghai	Shanghai	Products freight	Yes	–	33.33%
Pinghu China Aviation Oil Port Co., Ltd. ("Pinghu Port")	Zhejiang Jiaxing	Zhejiang Jiaxing	Products freight	Yes	–	29.00%

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions *(continued)*

### 4. Information on other related parties

Names of other related parties	Relationship with the Group
Zhoushan Shihua Crude Oil Terminal Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Special Oil Products Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the ultimate parent company
Sinopec Heavy Lift Transportation Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the ultimate parent company
Sinopec Chemical Sales International Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding (Wuhan) Company Limited	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Logistics Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec East China Chemical Sales Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International Wuhan Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec International Tianjin Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International Shanghai Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International Ningbo Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International Nanjing Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec International South China Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International Beijing Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec International (Russia) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Research Institute of Safety Engineering	Subsidiary of the ultimate parent company
Sinopec (Europe) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec (USA) Co., Ltd.	Subsidiary of the ultimate parent company
Zhongke (Guangdong) Refining & Chemical Co., Ltd.	Subsidiary of the ultimate parent company
China Yanshan United Foreign Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Yizheng Chemical Fibre Limited Liability Company	Subsidiary of the ultimate parent company
Sinopec Yangzi Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Marketing Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical Materials and Equipment East China Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the ultimate parent company
Sinopec Lubricant Co., Ltd.	Subsidiary of the ultimate parent company

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IX. Related parties and related party transactions *(continued)*

#### 4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Oil Refining and Marketing Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales Company Limited	Subsidiary of the ultimate parent company
China Petrochemical International Co., Ltd.	Subsidiary of the ultimate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Catalysts Co., Ltd.	Subsidiary of the ultimate parent company
China International United Petroleum and Chemicals Co., Ltd.	Subsidiary of the ultimate parent company
Yipaike E-commerce Co., Ltd.	Subsidiary of the ultimate parent company
Petro-cyberworks Information Technology Co., Ltd.	Subsidiary of the ultimate parent company
Shanghai Carbon Fiber Composite Materials Innovation Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Shanghai Lide Catalyst Co.,Ltd.	Subsidiary of the ultimate parent company
Shiwa Corporation, Japan	Subsidiary of the ultimate parent company
Ningbo Minggang Gas Company Limited	Subsidiary of the ultimate parent company
Ningbo Eastsea Line fan Technology Co.,Ltd.	Subsidiary of the ultimate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the ultimate parent company
Lianhua (Ningbo) International Logistics Co., Ltd.	Subsidiary of the ultimate parent company
Unipec Singapore	Subsidiary of the ultimate parent company
Unipec Americas Limited	Subsidiary of the ultimate parent company
East China Petroleum Technician College	Subsidiary of the ultimate parent company
Hainan Baling Chemical New Materials Co., Ltd.	Subsidiary of the ultimate parent company
Fujian Gulei Petrochemical Company Limited	Subsidiary of the ultimate parent company
Dalian Sinopec Material Equip Company	Subsidiary of the ultimate parent company
Zhejiang Baling Hengyi Caprolactam Co.,Ltd.	Subsidiary of the ultimate parent company
Shanghai Sinopec Mitsui Chemicals,Co.,Ltd.	Subsidiary of the ultimate parent company
BASF-YPC Company Limited	Subsidiary of the ultimate parent company
Shanghai Petrochemical Equipment Inspection and Testing Co., Ltd.	Subsidiary of the ultimate parent company
Shanghai Changshi Shipping Co., Ltd.	Subsidiary of the immediate parent company
Shanghai KSD Bulk Solids Engineering Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Jinsen Petroleum Resin Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Easy Joy sales CO., Ltd.	Subsidiary of the immediate parent company
Sinopec Carbon Industry Technology Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petrochemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petroleum Engineering Geophysics Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Engineering Co., Ltd.	Subsidiary of the immediate parent company

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IX. Related parties and related party transactions (continued)

#### 4. Information on other related parties (continued)

Names of other related parties	Relationship with the Group
Ningbo Engineering Company of Sinopec	Subsidiary of the immediate parent company
Sinopec Nanjing Chemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec engineering (Group) Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Energy Saving Technology Service Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Hunan Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec National Petrochemical Project Risk Assessment Technology Center Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International (Singapore) Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International (Australia) Limited	Subsidiary of the immediate parent company
Sinopec Engineering Quality Monitoring Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Group International Petroleum Exploration And Production Limited	Subsidiary of the immediate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the immediate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the immediate parent company
Sinopec 10th Construction Co., Ltd.	Subsidiary of the immediate parent company
Sinopec (Dalian) Petrochemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec (Beijing) Chemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical Technology Development Co., Ltd.	Subsidiary of the immediate parent company
Sinopec consult Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the immediate parent company
Sinopec Tending Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
Sinopec Group Shanghai Training Center Ltd.	Subsidiary of the immediate parent company
China Petrochemical Corp. Nanjing Chemistry Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Jinling Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Henan Oilfield Training Center	Subsidiary of the immediate parent company



## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IX. Related parties and related party transactions *(continued)*

#### 4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec International Petroleum Exploration and Development Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the immediate parent company
Sinopec Shared Service Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Baichuan Economic and Trade Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Engineering Incorporation	Subsidiary of the immediate parent company
Sinopec Publishing House Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Finance Co., Ltd.	Subsidiary of the immediate parent company
Petrol-Chemical Industry Management Cadre College	Subsidiary of the immediate parent company
Petrochemical Engineering Quality Supervision Terminal	Subsidiary of the immediate parent company
Sinopec Shanghai Petrochemical Machinery Manufacturing Co.,Ltd.	Subsidiary of the immediate parent company
Shanghai Petro-Chemical Haidi Administration Co., Ltd.	Subsidiary of the immediate parent company
Strait Petrochemical Product Trading Center Co., Ltd.	Subsidiary of the immediate parent company
Anqing Shuguang Petrochemical Oxo Co., Ltd.	Subsidiary of the immediate parent company
Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Yihua Tory Polyester Film Company Limited	Subsidiary of the immediate parent company
Shanghai Petroleum & Natural Gas General Company	Subsidiary of the immediate parent company
China Sinopec Pipeline Storage and Transportation Co., Ltd.	Subsidiary of the immediate parent company

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### IX. Related parties and related party transactions *(continued)*

#### 5. Material related party transactions

Most of the transactions undertaken by the Group affected on such terms as determined by Sinopec Corp. and relevant PRC authorities.

Sinopec Corp. negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in domestic petroleum products market, which is subject to extensive regulation by the PRC government.

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Group with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group provides Sinopec Corp. with petroleum products, petrochemical products and property leasing services.

The pricing policy for these services and products provided under the agreement is as follows:

- If there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;
- If there are no State tariffs, but there are applicable State's guidance prices, the pricing shall follow the State's guidance prices; or
- If there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

In addition to the related transaction disclosed in Notes V.9, V.39, V.47 other material related party transactions of the Group are as follows:

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions *(continued)*

### 5. Material related party transactions *(continued)*

#### (1) Purchases and sales of goods, rendering and receiving services

Purchases of goods and receiving services:

Name of Related Parties	Category	Transaction type	six months ended 30 June			
			2025 (unaudited)		2024 (unaudited)	
			Amount	Percentage of the same category	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Purchases	Trade	23,642,620	73.48%	27,619,265	76.50%
Sinopec Group and its subsidiaries	Purchases	Trade	1,156,860	3.46%	1,133,933	3.14%
Associates of the Group	Purchases	Trade	27,055	0.08%	31,866	0.09%
Joint ventures of the Group	Purchases	Trade	153,633	0.48%	157,664	0.44%
Key management personnel	Short-term employee benefits	Compensation for services	8,407	0.74%	6,933	0.49%
Key management personnel	Retirement scheme contributions	Compensation for services	230	0.11%	262	0.12%

Sales of goods, rendering services:

Name of Related Parties	Category	Transaction type	six months ended 30 June			
			2025 (unaudited)		2024 (unaudited)	
			Amount	Percentage of the same category	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Sales/Service	Trade	28,883,429	73.08%	31,792,812	73.03%
Sinopec Group and its subsidiaries	Sales/Service	Trade	47,249	0.12%	56,427	0.13%
Associates of the Group	Sales/Service	Trade	670,800	1.70%	1,637,212	3.76%
Joint ventures of the Group	Sales/Service	Trade	29,122	0.07%	31,354	0.00%

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions (continued)

### 5. Material related party transactions (continued)

#### (2) Lease

The Group as the lessor:

Name of lessee	Type of leasing	six months ended 30 June	
		Rental income recognized in 2025	Rental income recognized in 2024
Sinopec Corp., its subsidiaries and joint ventures	Properties and equipment	887	17,254
Joint ventures of the Group	Equipment	5,974	6,065
Associates of the Group	Properties and equipment	4,225	3,711
Sinopec Group and its subsidiaries	Properties and equipment	247	239
Total		11,333	27,269

The rent paid by our group as the lessee:

	six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Sinopec Group and its subsidiaries	1,714	5,044
Associates of the Group	–	83
Total	1,714	5,127

Lease liabilities interest expense of the Group as lessee:

	six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Sinopec Group and its subsidiaries	28	142
Joint ventures of the Group	–	2
Total	28	144

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions *(continued)*

### 5. Material related party transactions *(continued)*

#### (2) Lease *(continued)*

Right-of-use assets added by the Group as lessee:

Name of lessee	Type of leased assets	six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Sinopec Group and its subsidiaries	Leased equipment, buildings and land	1,194	2,388

#### (3) Other related transactions

Name of Related Parties	Type of transaction	six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Sinopec Group and its subsidiaries	Insurance premiums	60,749	64,248
Sinopec Finance Co., Ltd.	Interests received and receivable	8	4
Sinopec Finance Co., Ltd.	Interests paid and payable	71	3,822
Sinopec Group and its subsidiaries	Construction and installation project funds and maintenance fees	15,879	63,875
Sinopec Corp., its subsidiaries and joint ventures	Construction and installation project funds and maintenance fees	–	1,204
Sinopec Finance Co., Ltd.	Financial company bill discounting	15,521	–
Sinopec Finance Co., Ltd.	The issuance of bills by the finance company.	2,401,553	2,408,000
Sinopec Corp., its subsidiaries and joint ventures	Sales commission	21,294	46,185

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions (continued)

### 6. Receivables from and payables to related parties

Receivables from related parties:

Item	Name of Related Parties	30 June 2025 (unaudited)		31 December 2024	
		Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Sinopec Corp., its subsidiaries and joint ventures	1,942,600	–	700,462	–
	Associates of the Group	1,365	78	520	–
	Joint ventures of the Group	8,807	28	457	3
Sub-total		1,952,772	106	701,439	3
Other receivables	Sinopec Corp., its subsidiaries and joint ventures	10,270	2,796	13,357	2,795
	Joint ventures of the Group	1,960	–	2,058	–
	Associates of the Group	5,151	231	2,094	–
Sub-total		17,381	3,027	17,509	2,795
Prepayments	Sinopec Corp. and its subsidiaries	4,070	–	1,018	–
Sub-total		4,070	–	1,018	–

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions *(continued)*

### 6. Receivables from and payables to related parties *(continued)*

Payables to related parties:

Item	Name of Related Parties	30 June 2025 (unaudited)	31 December 2024
Accounts payable	Sinopec Corp., its subsidiaries and joint ventures	2,569,713	1,255,644
	Sinopec Group and its subsidiaries	5,736	7,937
	Associates of the Group	75,914	38,454
	Joint ventures of the Group	28,975	281
Sub-total		2,680,338	1,302,316
Bills payable	Sinopec Corp., its subsidiaries and joint ventures	7,635,000	8,000,053
	Joint ventures of the Group	501,553	–
Sub-total		8,136,553	8,000,053
Other payables	Sinopec Group and its subsidiaries	191,738	259,466
	Sinopec Corp., its subsidiaries and joint ventures	14,310	15,436
Sub-total		206,048	274,902
Contract liabilities	Associates of the Group	1,765	2,427
	Sinopec Corp., its subsidiaries and joint ventures	201	11,230
	Sinopec Corp., its subsidiaries	6,032	19
Sub-total		7,998	13,676
Lease liabilities	Sinopec Group and its subsidiaries	702	–
Sub-total		702	–

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## IX. Related parties and related party transactions (continued)

### 7. Commitments with related parties

Commitments with related parties contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

#### (1) Construction and installation project funds:

	30 June 2025 (unaudited)	31 December 2024
Sinopec Group and its subsidiaries	758,209	835,636

## X. Commitments

### 1. Capital expenditure commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	30 June 2025 (unaudited)	31 December 2024
Signed and currently executed purchase contract of fixed assets	2,700,165	3,386,739
Signed and currently executed purchase contract of land	4,089	—



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XI. Risk related to financial instruments

The Group's normal course of operations expose it to a variety of financial risks: market risk (primarily foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 1. Market risk

##### (1) Foreign currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Nevertheless, the Group is exposed to foreign currency risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign currency risk. Therefore, the Group would sign forward exchange contracts or foreign exchange option contracts to avoid foreign exchange risks. As of 30 June 2025 and 31 December 2024, the Group has not signed any currency swaps. As of 30 June 2025 and 31 December 2024, the Group has no unexpired foreign exchange contract and foreign exchange option contract.

As of 30 June 2025 and 31 December 2024, the Group's exposure to currency risk arising from recognized financial assets or financial liabilities denominated in foreign currencies is presented in the following tables:

	30 June 2025 (unaudited)		31 December 2024	
	Foreign currency	RMB equivalent	Foreign currency	RMB equivalent
Cash at bank and on hand				
– USD	17,016	121,811	19,556	140,576
– HKD	70,061	63,892	–	–
Receivables under financing				
– USD	39,621	283,631	27,519	197,818
Accounts receivable				
– USD	–	–	–	–
Other receivables				
– USD	40	286	40	288
– HKD	15,166	13,831	8,908	8,307
Accounts payable				
– USD	(60,639)	(434,090)	(67,128)	(482,543)
Other payables				
– USD	(106)	(759)	(275)	(1,977)
Net balance sheet exposure total				
– USD	(4,068)	(29,121)	(20,288)	(145,838)
– HKD	85,227	77,723	8,908	8,307

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XI. Risk related to financial instruments (continued)

### 1. Market risk (continued)

#### (1) Foreign currency risk (continued)

The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Balance sheet date mid-spot rate	
	For the six months ended		30 June	31 December
	30 June			
	2025	2024	2025	2024
USD	7.1735	7.1019	7.1586	7.1884
HKD	0.9190	0.9087	0.9120	0.9260

For the Group's various foreign currency financial assets and foreign currency financial liabilities, assuming all other risk variables remained constant, a 5% strengthening or weaken of the Renminbi against foreign currencies at 30 June 2025 would have increased or decreased the Group's net loss by the amount of RMB1,823 thousand (31 December 2024: increased or increased net profit by RMB5,157 thousand).

#### (2) Interest rate risk

The interest rate risk of the Group is mainly generated by interest-bearing loans. Financial liabilities with floating interest rate expose the Group to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Group to cash fair value interest risk. The Group determines the appropriate weightings of fixed and floating rate contracts based on the current market conditions.

The financial department of the Group headquarters continuously monitor the interest rate level of the Group. The increase of interest rate will increase the cost of new interest-bearing debt and the interest expense of the Group's outstanding interest-bearing debt with floating interest rate and have a significant adverse impact on the financial performance of the Group. The management makes timely adjustments according to the latest market conditions, which may be reducing interest rate risk by entering into interest rate swaps. The Group does not enter any interest rate swap arrangement in The 6-month period ending June 30, 2025 and the 6-month period ending June 30, 2024.

As of 30 June 2025 and 31 December 2024, the Group held the following interest-bearing financial instruments:

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XI. Risk related to financial instruments (continued)

### 1. Market risk (continued)

#### (2) Interest rate risk (continued)

Fixed rate instruments:

Item	30 June 2025 (unaudited)		31 December 2024	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	1.55%	1,000,000	2.05%-3.55%	3,600,000
– Other non-current assets	2.00%-2.35%	2,500,000	–	–
Financial liabilities				
– Short-term loans	–	–	2.05%	(1,500,000)
– Lease liabilities	4.35%-4.90%	(4,521)	4.35%-4.90%	(1,304)
Total		3,495,479		2,098,696

Variable rate instruments:

Item	30 June 2025 (unaudited)		31 December 2024	
	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	0.05%-1.90%	7,425,444	0.05%-1.90%	8,209,113
Financial liabilities				
– Long-term loans	The five-year LPR published on the latest interest rate determination date is reduced by 94 basis points	(386,572)	The five-year LPR published on the latest interest rate determination date is reduced by 94 basis points	(67,685)
Total		7,038,872		8,141,428

As of 30 June 2025, if interest rates on the floating rate borrowings had risen or fallen by 100 basis points while all other variables had been held constant, the Group's equity would increase or decrease by approximately RMB52,862 thousand, and net profit would increase or decrease by approximately RMB52,862 thousand (31 December 2024: the Group's equity would increase or decrease by approximately RMB60,880 thousand, and net losses would decrease or increase by approximately RMB60,880 thousand).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XI. Risk related to financial instruments *(continued)*

#### 1. Market risk *(continued)*

##### (3) Commodity price risk

The Group principally engages in petrochemical business. The Group is exposed to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage some of these production price risks. The main commercial terms adopted by the Group in its petrochemical business are similar to those of the hedged items, such as valuation period, payment date, transaction price, commodity variety and quantity. The Group uses cash flow hedging for such hedging.

As of 30 June 2025, the Group holds several commodity swap contracts designated as effective cash flow hedges and economic hedges. At 30 June 2025, the fair value of the derivative financial assets held by the Group is RMB100,162 thousand (31 December 2024: RMB49 thousand).

At 30 June 2025, assuming all other factors remain constant, a 10% increase or decrease in the underlying price of commodity swap contracts per barrel would result in a change in the fair value of derivative financial instruments, leading to an decrease or increase of RMB15,809 thousand in other comprehensive income, increase or decrease of net profit by RMB31 thousand (31 December 2024: assuming all other factors remain constant, a 10% increase or decrease in the underlying price of commodity swap contracts per barrel would result in a change in the fair value of derivative financial instruments, leading to an decrease or increase of RMB363 thousand in other comprehensive income). This sensitivity analysis is based on the assumption that changes occur on the balance sheet date and act on the Group's derivative instruments with commodity price risk on that date.

Commodity swaps may give rise to hedge ineffectiveness when the settlement time of the hedged item changes. For the six months ended 30 June 2025, the Group did not give rise to hedge ineffectiveness due to commodity swaps. (For the six months ended 30 June 2024: Nil).

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### **XI. Risk related to financial instruments** *(continued)*

#### **2. Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, derivative financial assets, accounts receivable, other receivables and receivables under financing, etc. As of balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of financial assets in the balance sheet.

The cash at bank, derivative financial assets, and receivables under financing of the Group is mainly held with state-owned banks and other large and medium-sized listed banks with good reputation and high credit rating. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group's exposure to credit is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of the balance sheet date, 99.03% (31 December 2024: 99.54%) and 99.93% (31 December 2024: 99.99%) of total accounts receivable were due from the Group's largest and five largest customers respectively.

In respect of accounts receivables and other receivables, the Group establishes relevant policies to control credit risk exposure. The Group assesses customers' credit qualifications and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Group will regularly monitor customers' credit records. For customers with poor credit records, the Group will use written reminders, shorten the credit period or cancel the credit period to ensure that the Group's overall credit risk is within a controllable range.

As of 30 June 2025 and 31 December 2024, the Group has no material collateral mortgaged by the debtor or credit enhancement.

#### **3. Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. Cash flow forecast is performed by the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XI. Risk related to financial instruments (continued)

### 3. Liquidity risk (continued)

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows:

30 June 2025 (unaudited)						
	Within 1 year or demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Long-term loans	11,221	11,956	232,961	175,055	431,193	386,857
Lease liabilities	4,403	136	–	–	4,539	4,521
Accounts payable	4,619,975	–	–	–	4,619,975	4,619,975
Bills payable	9,782,928	–	–	–	9,782,928	9,782,928
Other payables	952,808	–	–	–	952,808	952,808
Total	15,371,335	12,092	232,961	175,055	15,791,443	15,747,089

31 December 2024						
	Within 1 year or demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	1,503,502	–	–	–	1,503,502	1,500,940
Long-term loans	1,800	1,800	5,400	70,086	79,086	67,732
Lease liabilities	1,160	200	–	–	1,360	1,304
Accounts payable	2,730,914	–	–	–	2,730,914	2,730,914
Bills payable	9,047,594	–	–	–	9,047,594	9,047,594
Other payables	1,107,071	–	–	–	1,107,071	1,107,071
Total	14,392,041	2,000	5,400	70,086	14,469,527	14,455,555

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XII. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting year, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

#### 1. Assets and liabilities recurring measured at fair value

As of 30 June 2025, assets and liabilities recurring measured at fair value are presented in the above three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVTPL				
– Other non-current financial assets	–	–	36,500	36,500
FVOCI				
– Receivables under financing	–	491,858	–	491,858
– Investments in other equity instruments	–	–	3,872	3,872
Derivative financial asset				
– Commodity swap contract	–	100,162	–	100,162
Total	–	592,020	40,372	632,392
Financial liabilities				
Derivative financial liabilities				
– Commodity swap contract	–	87,191	–	87,191
Total	–	87,191	–	87,191

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XII. Fair value disclosure (continued)

#### 1. Assets and liabilities recurring measured at fair value (continued)

As of 31 December 2024, assets and liabilities recurring measured at fair value are listed as follows according to the above three levels:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVPL				
– Other non-current financial assets	–	–	36,500	36,500
FVOCI				
– Receivables under financing	–	388,230	–	388,230
– Investments in other equity instruments	–	–	3,872	3,872
Derivative financial asset				
– Commodity swap contract	–	49	–	49
Total	–	388,279	40,372	428,651

For the six months ended 30 June 2025, there were no transfers between different levels (For the six months ended 30 June 2024: Nil).

The Group uses discounted cash flow model to evaluate the fair value of the receivables under financing classified as level 2 financial assets.

The primary input to the receivables financing valuation is the discount rate for counterparty credit risk.

The primary inputs to the derivative financial assets are commodity prices and discount rate for counterparty credit risk.

Investments in other equity instruments and other non-current financial asset investments that continue to be measured at fair value at the third level are unlisted equity investments and redeemable preferred share investments held by the Group, respectively.

- (i) For the unlisted equity investments held by the Group, the Group determines their fair value based on the operating conditions and financial information of the invested enterprise obtained, taking into account the net assets, asset liquidity, and liquidity of the invested enterprise.
- (ii) For the unlisted preferred stock investments held by the Group, the Group determines their fair value based on a comprehensive consideration of the latest financing price of the invested enterprise, as well as the net assets, liquidity, and liquidity of the invested enterprise's assets.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XII. Fair value disclosure (continued)

#### 1. Assets and liabilities recurring measured at fair value (continued)

The reconciliation information between the book value at the beginning of the year and the book value at the end of the year for the items measured by continuous Level 3:

	31 December 2024	Purchase	Sell	Profit or loss for the period recognized in profit or loss	Profit or loss for the period recognized in equity	30 June 2025 (unaudited)	Unearned profits or losses for assets held at the end of the year
- Investments in other equity instruments	3,872	-	-	-	-	3,872	-
- Other non- current financial assets	36,500	-	-	-	-	36,500	-
Total	40,372	-	-	-	-	40,372	-

The third level fair value measurement item refers to the equity of non-listed companies held by the Group, and there have been no significant changes in the operating environment, operating conditions, and financial conditions of the invested enterprises.

#### 2. Fair values of financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost mainly include trade receivables, other receivables, other current assets, short-term loans, trade payables, lease liabilities and other current liabilities.

As of 30 June 2025 and 31 December 2024, the carrying amount of these financial assets and financial liabilities not measured at fair value are a reasonable approximation of their fair value.

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIII. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's total capital is calculated as 'shareholder's equity' and 'net liabilities' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

During 2025, the Group's strategy, which was unchanged from 2024, was to maintain a reasonable range of net debt-to-capital ratio by the management.

## XIV. Notes to the Company's financial statements

### 1. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type of customers	30 June 2025 (unaudited)	31 December 2024
Amounts due from related parties	1,929,881	675,872
Amounts due from third parties	3,893	2,114
Sub-total	1,933,774	677,986
Less: provision for bad and doubtful debts	(2,120)	(2,115)
Total	1,931,654	675,871

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 1. Accounts receivable *(continued)*

#### (2) The ageing analysis of accounts receivable is as follows:

Aging	30 June 2025 (unaudited)	31 December 2024
Within 1 year (inclusive)	1,931,660	675,872
Over 1 year but within 2 years (inclusive)	–	–
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	2,114	2,114
Total	1,933,774	677,986

The ageing is counted starting from the date when accounts receivable are recognized.

#### (3) Accounts receivable by provisioning method

Category	30 June 2025 (unaudited)					31 December 2024				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Individual assessment	–	–	–	–	–	–	–	–	–	–
Collective assessment	1,933,774	100	2,120	0.11	1,931,654	677,986	100	2,115	0.31	675,871
Total	1,933,774	100	2,120	0.11	1,931,654	677,986	100	2,115	0.31	675,871

(i) As of 30 June 2025, the Company has no individually impaired accounts receivable (as of 31 December 2024: Nil).

(ii) Criteria and details for collective assessment for 2025:

According to the historical experience of the Company, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XIV. Notes to the Company's financial statements (continued)

#### 1. Accounts receivable (continued)

##### (3) Accounts receivable by provisioning method (continued)

###### (iii) Assessment of ECLs on accounts receivable:

At all times the Company measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

##### (4) Movements of provisions for bad and doubtful debts:

Provisions for bad and doubtful debts	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Balance at the beginning of the period	2,115	2,166
Additions during the period	5	–
Recoveries or reversals during the period	–	(52)
Balance at the end of the period	2,120	2,114

(i) For the six months ended 30 June 2025, the Company has no accounts receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous periods, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (For the six months ended 30 June 2024: Nil).

(ii) For the six months ended ended 30 June 2025, the Company has not written off significant accounts receivable (For the six months ended 30 June 2024: Nil).

##### (5) Five largest accounts receivable by debtor as of 30 June 2025

Item	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Company	1,931,660	2,120	99.89%

(6) For the six months ended 30 June 2025, the Company has no accounts receivable derecognized due to transfer of financial assets (For the six months ended 30 June 2024: Nil).

(7) At 30 June 2025, the Company has no pledged accounts receivable (31 December 2024: Nil).

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 2. Receivables under financing

	Note	30 June 2025 (unaudited)	31 December 2024
Bills receivable	(1)	172,304	133,082

(1) Bills receivable

- (i) The Company discounts and endorses a portion of bank acceptance bills according to its daily fund management needs and meets the conditions for termination of recognition. Therefore, bills receivable is classified as financial assets measured at fair value with changes recognized in other comprehensive income. As of 30 June 2025, the Company classified RMB172,304 thousand bills receivable to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable (31 December 2024: RMB133,082 thousand).
- (ii) The Company has no single provision for impairment of the bank acceptance notes, with all provision was accrued by their expected credit loss. As of 30 June 2025 and 31 December 2024, the Company considers that no bank acceptance notes has significant credit risk and will not suffer significant loss due to the violation of banks.
- (iii) As of 30 June 2025, the Company had no pledged bills receivable (31 December 2024: Nil).
- (iv) As of 30 June 2025, the Company presented the endorsed or discounted receivables that have not yet matured on the balance sheet date as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	153,872	—

As of 30 June 2025, the Company endorsed and discounted the undue bills receivable of RMB153,872 thousand (31 December 2024: RMB153,638 thousand). The Company derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Company's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Company's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB153,872 thousand (31 December 2024: RMB153,638 thousand). The term of the outstanding bills receivable is within one year.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 3. Other receivables

#### (1) Analysis by customer type:

Customer type	30 June 2025 (unaudited)	31 December 2024
Amounts due from related parties	16,973	16,928
Amounts due from third parties	1,266,460	1,418,069
Sub-total	1,283,433	1,434,997
Less: Provision for bad and doubtful debts	(757,249)	(757,017)
Total	526,184	677,980

#### (2) The ageing analysis is as follows:

Aging	30 June 2025 (unaudited)	31 December 2024
Within 1 year (inclusive)	236,751	664,561
Over 1 year but within 2 years (inclusive)	287,551	8,663
Over 2 years but within 3 years (inclusive)	–	2,642
Over 3 years	759,131	759,131
Total	1,283,433	1,434,997

The ageing is counted starting from the date when other receivables are recognized.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XIV. Notes to the Company's financial statements (continued)

#### 3. Other receivables (continued)

##### (3) Others by provisioning method:

	30 June 2025 (unaudited)					31 December 2024				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Percentage		Percentage			Percentage		Percentage		
Category	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Individual assessment	757,017	58.98	757,017	100.00	–	757,017	52.75	757,017	100.00	–
Collective assessment	526,416	41.02	232	0.04	526,184	677,980	47.25	–	–	677,980
Total	1,283,433	100.00	757,249	59.00	526,184	1,434,997	100.00	757,017	52.75	677,980

##### (4) Movements of provisions for bad and doubtful debts

	Stage 1		Stage 3		
	12-month ECL (collective)		Lifetime ECL-Credit impaired (Credit impairment has occurred)		Total
	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts
Balance at 31 December 2024	677,980	–	757,017	(757,017)	(757,017)
Additions during the period	770	(232)	–	–	(232)
Recoveries or reversals during the period	–	–	–	–	–
Balance at 30 June 2025 (unaudited)	526,416	(232)	757,017	(757,017)	(757,249)

As of 30 June 2025 and 31 December 2024, the Company has no other receivables under Stage 2.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XIV. Notes to the Company's financial statements (continued)

#### 3. Other receivables (continued)

##### (4) Movements of provisions for bad and doubtful debts (continued)

As of 30 June 2025, the amount receivable from Jinyong company, a subsidiary within the original scope of merger, was RMB752,292 thousand (31 December 2024: RMB752,292 thousand). Jinyong company started to stop production in August 2008 and entered bankruptcy liquidation procedure in August 2019. The Company believes that the other receivables are difficult to recover, so the bad debt provision are fully accrued. As of 30 June 2025, the bankruptcy liquidation procedure has been completed. The Company plans to account for the write-off of bad debts upon fulfilment of the board of directors' approval process.

For the six months ended 30 June 2025, the Company has no other receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (for the six months ended 30 June 2024: Nil).

For the six months ended 30 June 2025, the Company has not written-off significant other receivables (for the six months ended 30 June 2024: Nil).

##### (5) Others categorised by nature

Nature of other receivables	30 June 2025 (unaudited)	31 December 2024
Receivable from Jinyong company	752,292	752,292
Refund of consumption tax receivable	493,196	648,757
Accounts due from related parties	16,973	16,928
Prepayment of share repurchase	14,342	8,304
Advance compensation	—	3,918
Others	6,630	4,798
Sub-total	1,283,433	1,434,997
Less: provisions for bad and doubtful debts	(757,249)	(757,017)
Total	526,184	677,980



## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XIV. Notes to the Company's financial statements (continued)

#### 3. Other receivables (continued)

##### (6) Five largest others by debtor as of 30 June 2025:

Debtor	Nature	Balance	Ageing	Percentage of ending balance of others	Provision for bad debts
Zhejiang Jin Yong Acrylic Fibre Co., Ltd.	Prepayment	752,292	Over 3 years	58.62%	(752,292)
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	493,196	Within 1 year (including 1 year)	38.43%	–
China International United Petroleum & Chemical Co., Ltd.	Transactions	7,026	Within 1 year (including 1 year)	0.55%	–
Shanghai Jinsen Petroleum Resin Co., Ltd.	Transactions	2,804	Within 1 year and 1-2 years (including 2 years)	0.22%	(231)
Sinopec Catalyst Co., Ltd. Precious Metals Branch	Transactions	2,795	Over 3 years	0.22%	(2,795)
Total		1,258,113		98.04%	(755,318)

# NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements (continued)

### 4. Long-term equity investment

Item	Notes	30 June 2025 (unaudited)	31 December 2024
Subsidiaries	(1)	2,088,328	2,048,328
Associates	(2)	2,377,874	2,369,065
Joint ventures	(3)	400,000	400,000
Sub-total		4,866,202	4,817,393
Less: Impairment provision for long-term equity investment		—	—
Total		4,866,202	4,817,393

(1) Subsidiaries

Name of subsidiaries	31 December 2024	Changes and fluctuations during the period	30 June 2025 (unaudited)	Impairment provision ending balance	Cash dividends declared in current year
Toufa	2,031,496	—	2,031,496	—	—
Jinmao	16,832	—	16,832	—	14,000
Inner Mongolia Xinjinshan Carbon Fiber Company	—	40,000	40,000	—	—
Total	2,048,328	40,000	2,088,328	—	14,000

(2) Associates

The information relating to the associates of the Company, Shanghai Secco and Chemical Industry is disclosed in Note VII.2.

(3) Joint venture

The information relating to the joint venture of the Company, Shanghai Jinshan Baling New Materials Co., Ltd., is disclosed in Note VII.2.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 5. Fixed assets

#### (1) Fixed assets

	Houses and buildings	Plant and machinery	Vehicles and other equipment	Total
<b>Cost</b>				
31 December 2024	4,137,810	45,501,923	2,234,960	51,874,693
Reclassification in current period	940	(9,206)	8,266	–
Increase during the period				
– Purchase	–	100,856	17,967	118,823
– Transfer from construction in progress	–	406,447	35,480	441,927
Decrease during the period				
– Disposal and scrapping	(32,346)	(382,759)	(74,513)	(489,618)
<b>30 June 2025 (unaudited)</b>	<b>4,106,404</b>	<b>45,617,261</b>	<b>2,222,160</b>	<b>51,945,825</b>
<b>Accumulated depreciation</b>				
31 December 2024	2,557,193	33,476,165	1,750,591	37,783,949
Reclassification in current year	2,049	11,742	(13,791)	–
Increase during the period				
– Provision	48,493	757,156	59,457	865,106
Decrease during the period				
– Disposal and scrapping	(30,358)	(339,068)	(72,288)	(441,714)
<b>30 June 2025 (unaudited)</b>	<b>2,577,377</b>	<b>33,905,995</b>	<b>1,723,969</b>	<b>38,207,341</b>
<b>Provision for impairment</b>				
31 December 2024	27,997	1,211,484	5,244	1,244,725
Reclassification in current year	959	(1,106)	147	–
Increase during the period				
– Transferred from construction in progress	–	–	–	–
Decrease during the period				
– Scrap disposal	–	(16,033)	(10)	(16,043)
<b>30 June 2025 (unaudited)</b>	<b>28,956</b>	<b>1,194,345</b>	<b>5,381</b>	<b>1,228,682</b>
<b>Carrying amount</b>				
<b>30 June 2025 (unaudited)</b>	<b>1,500,071</b>	<b>10,516,921</b>	<b>492,810</b>	<b>12,509,802</b>
31 December 2024	1,552,620	10,814,274	479,125	12,846,019

## NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### XIV. Notes to the Company's financial statements (continued)

#### 5. Fixed assets (continued)

- (2) For the six months ended 30 June, 2025, the Company made no provision for impairment of fixed assets (for the six months ended 30 June, 2024: Nil). As at 30 June 2025, the Company's fixed asset impairment provision was RMB1,228,682 thousand.
- (3) On 30 June, 2025 and 31 December 2024, the Company did not have fixed assets used as collateral.
- (4) As of 30 June 2025, the original carrying amount of temporarily idle of fixed assets amounted to RMB2,435,518 thousand accumulated depreciation amounted to RMB2,013,086 thousand, provision for impairment amounted to RMB284,667 thousand, and the carrying value amounted to RMB137,765 thousand. (31 December, 2024: original carrying amount amounted to RMB2,487,332 thousand, accumulated depreciation amounted to RMB2,051,621 thousand, provision for impairment amounted to RMB290,029 thousand, and the carrying value amounted to RMB145,682 thousand).
- (5) As of 30 June 2025, the carrying value of the Company's fixed assets leased out under operating leases amounted to RMB49,610 thousand (31 December 2024: carrying value of RMB51,894 thousand).
- (6) As of 30 June 2025 and 31 December 2024, the Company's had no fixed assets with outstanding title certificates.

#### 6. Operating income and operating costs

Items	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Income from principal activities	(1)	35,369,299	39,829,021
Income from other operating activities		164,178	384,859
Total		35,533,477	40,213,880

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 6. Operating income and operating costs *(continued)*

Items	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Cost of principal activities	(1)	28,873,190	32,986,433
Cost of other operating activities		106,982	220,583
Total		28,980,172	33,207,016

(1) Income and cost from principal activities

The principal business of the Company mainly belongs to the petrochemical industry.

Analysis by product is as follows:

	Six months ended 30 June			
	2025 (unaudited)		2024 (unaudited)	
	Income from principal activities	Cost from principal activities	Income from principal activities	Cost from principal activities
Petroleum products	26,856,886	21,007,197	30,856,418	24,056,481
Chemical products	8,448,214	7,806,178	8,704,169	8,666,284
Other products	64,199	59,815	268,434	263,668
Total	35,369,299	28,873,190	39,829,021	32,986,433

The operating income of the Company is recognized at a point in time.

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 7. Investment income ("-" for losses)

Items	Note	Six months ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Long-term equity investments income accounted by cost method		9,426	15,486
Income from long-term equity investments accounted for by equity method	(1)	59,312	70,793
Net losses from disposal of derivative financial instruments		6,778	—
Discount loss of receivables		(602)	(1,043)
Total		74,914	85,236

There are no severe restrictions on the investee's ability to transfer investment income to the Company.

(1) Income/(losses) from investment in associates accounted for using the equity method is as follow:

Items	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Chemical Industry	59,312	70,793

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 8. Supplementary information on cash flow statements

#### (1) Reconciliation from net (loss)/profit cash flow from operating activities

	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Net (loss)/profit	(470,718)	47,764
Add: Provisions for impairment of assets	416,302	111,483
Impairment credit losses	235	26
Depreciation of investment properties	8,089	8,096
Depreciation of fixed assets	865,106	864,571
Depreciation of right-of-use assets	3,533	6,335
Amortization of intangible assets	6,142	6,143
Amortization of long-term deferred expense	100,710	121,806
Net gains on disposal of long-term assets ("-" for losses)	23,468	(2,073)
Gains from changes in fair value	(510)	(633)
Financial expenses ("-" for income)	(7,408)	36,221
Investment income	(75,516)	(86,279)
Decrease in deferred tax assets ("-" for increase)	(135,295)	2,946
Increase in deferred income ("-" for decrease)	6,575	(2,850)
Decrease in inventories ("-" for increase)	(937,190)	102,982
Decrease in operating receivables ("-" for increase)	(1,280,009)	(3,156,119)
Increase in operating payables ("-" for decrease)	2,323,614	2,545,824
Increase of reserve ("-" for decrease)	12,323	(26,072)
Net cash outflow from generated in operating activities	859,451	580,171

#### (2) Movement of cash and cash equivalent

Item	Six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)
Cash and cash equivalents at the end of the period	8,264,255	5,850,095
Less: Cash and cash equivalents at the beginning of the period	8,042,489	4,734,945
Net increase in cash and cash equivalents	221,766	1,115,150

# NOTES TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

## XIV. Notes to the Company's financial statements *(continued)*

### 8. Supplementary information on cash flow statements *(continued)*

#### (3) Liabilities arising from financing activities

	Short-term borrowing	Non-current liabilities due within one year – long- term loans	Long-term loan	Lease liabilities	Total
Balance at 31 December 2024	1,500,940	47	67,685	525	1,569,197
Increase for the period					
– change in cash					
Borrowings	–	–	318,887	–	318,887
Increase for the period					
– non-cash changes					
Increase in lease liability as a result of entering into new leases	–	–	–	6,606	6,606
Accrued interest	–	2,903	–	120	3,023
Reclassification	–	–	–	–	–
Decrease in current period					
– change in cash					
Repayment of loans	(1,500,000)	–	–	–	(1,500,000)
Repayment of principal and interest on lease liabilities	–	–	–	(3,260)	(3,260)
Interest payments	(940)	(2,665)	–	–	(3,605)
Decrease during the period					
– non-cash changes					
Reclassification	–	–	–	–	–
<b>Balance at 30 June 2025 (unaudited)</b>	<b>–</b>	<b>285</b>	<b>386,572</b>	<b>3,991</b>	<b>390,848</b>



## C. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### I. Extraordinary gains and losses

Items	Amount	Note
(1) Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	(23,498)	–
(2) Government grants recorded in profit or loss(Except for government grants that are closely related to the normal business operations of the company, comply with national policies and regulations, enjoy according to the determined criteria, and have a continuous impact on the company's profits and losses)	5,260	–
(3) Except for effective hedging business related to normal business operations of the Company, gains and losses from changes in fair value of financial assets and financial liabilities held by non-financial enterprises and gains and losses from disposal of financial assets and financial liabilities	7,230	–
(4) The one-time expenses incurred by the enterprise due to the discontinuation of relevant business activities, such as dismissal benefit	(22,066)	Dismissal benefit 22,066
(5) Other profit and loss items that meet the definition of non recurring profit and loss	(890)	Accounts receivable discount loss 890
(6) Other non-operating income and expenses other than the above	3,240	–
Subtotal	(30,724)	
(7) Income tax effect for the above items	8,265	
(8) Effect on non-controlling interests (after tax)	(294)	
Total	(22,753)	

### Basis of preparation for extraordinary profit and loss

Pursuant to Announcement [2023] Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public issued by China Securities regulatory commission (CSRC), extraordinary profit and loss arises in various trading and issues that have no direct relation with the normal operations of a company, or that are related with normal operations but affect the users of the statement to make reasonable judgment of the Company's operation performance and profitability due to the special and occasional nature of such trading and issues.

## C. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### II. Reconciliation between financial statements prepared under CAS and IFRS Accounting Standards

The Company is a H Shares company listed on the Exchange of Hong Kong. The Group prepared financial statements under IFRS Accounting Standards which has been reviewed. There are reconciliation items in the consolidated financial report prepared under CAS and IFRS Accounting Standards, the reconciliation items and the amount are listed as follows:

	Net (losses)/gains		Net assets	
	Six months ended 30 June		30 June	31 December
	2025	2024	2025	2024
	(unaudited)	(unaudited)	(unaudited)	
Under CAS	<b>(460,914)</b>	31,398	<b>24,406,018</b>	25,144,495
Difference items and amounts				
Government grants (1)	<b>183</b>	1,005	<b>(11,820)</b>	(12,003)
Safety production costs (2)	<b>12,671</b>	(26,072)	<b>–</b>	–
Under IFRS Accounting Standards	<b>(448,060)</b>	6,331	<b>24,394,198</b>	25,132,492

Notes in relation to the reconciliation items:

(1) Government grants

Under CAS, government subsidies defined as capital contributions according to the relevant government requirements are not considered a government grant, but instead should be recorded as an increase in capital reserves.

Under IFRS Accounting Standards, such grants are offset against the cost of asset to which the grants are related. Upon transfer to property, plant and equipment, the grant is recognized as income over the useful life of the property, plant and equipment by way of a reduced depreciation charge.

(2) Safety production costs

Under CAS, safety production costs should be recognized in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, expenses are recognized in profit or loss when incurred, while capital expenses are recognized as fixed assets when incurred and depreciated according to the corresponding depreciation method.

## C. SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

### III. (Losses)/Gains on net assets and (losses)/gains per share

Items	Weighted average (losses)/gains on net assets (%)		(Losses)/Gains per share (RMB per share)			
			Basic (losses)/gains per share		Diluted (losses)/gains per share	
	For the six months ended 30 June		For the six months ended 30 June		For the six months ended 30 June	
	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)	2025 (unaudited)	2024 (unaudited)
Net (losses)/gains attributable to shareholders of the Company	(1.870)	0.113	(0.044)	0.003	(0.044)	0.003
Net (losses)/gains attributable to shareholders of the Company excluding non-recurring items	(1.778)	0.247	(0.042)	0.006	(0.042)	0.006

# WRITTEN CONFIRMATION OPINIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT ON THE COMPANY'S 2025 INTERIM REPORT

Pursuant to the relevant requirements of Article 82 of the *Securities Law, Management Measures for Information Disclosure of Listed Companies, Standards for the Contents and Formats of Information Disclosure by Companies Offering to the Public No.3--Contents and Formats of Interim Reports (2021Revision)*, and *Shanghai Stock Exchange Stock Listing Rules*, as the Company's directors, supervisors and senior management, we fully understood and reviewed the Company's 2025 Interim Report and issued the written opinions as follows:

## 1. Confirmation opinions by directors and senior management

The Company operated in strict accordance with the financial system of listed companies, and the 2025 Interim Report fully, truly and fairly reflected the Company's financial performance and operating results. The formulation and review procedures of the Company's 2025 Interim Report were in compliance with laws and regulations, regulations of China Securities Regulatory Commission, articles of association and relevant internal control systems.

## 2. Review opinions by supervisors

- (1) The formulation and review procedures of the Company's 2025 Interim Report were in compliance with laws and regulations, articles of association and relevant internal control systems.
- (2) The contents and formats of the Company's 2025 Interim Report met the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.
- (3) No violation of information confidentiality was found in the Company's personnel involved in the formulation, review and information disclosure of the Company's 2025 Interim Report.
- (4) The Company's 2025 Interim Report fully, truly and fairly reflected the Company's financial performance and operating results.

## 3. All directors, supervisors and senior management guarantee that the information disclosed in the Company's 2025 Interim Report and summary is true, accurate and complete, promise that there are no false records, misleading statements or major omissions, and bear the legal liabilities for the authenticity, exactness and completeness of the contents.

# WRITTEN CONFIRMATION OPINIONS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT ON THE COMPANY'S 2025 INTERIM REPORT

(continued)

Sign by directors:



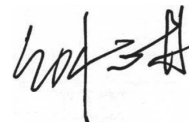
Guo Xiaojun



Du Jun



Huang Xiangyu



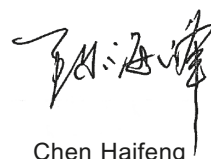
Xie Zhenglin



Qin Zhaohui



Tang Song



Chen Haifeng



Yang Jun



Zhou Ying



Huang Jiangdong

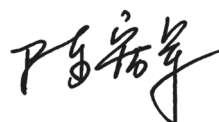
Sign by supervisors:



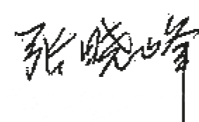
Xie Li



Zhang Feng



Chen Hongjun



Zhang Xiaofeng




Zheng Yunrui



Choi Ting Ki

Sign by Senior Management:



Li Shantao



Zhou Guoming



Liu Gang

# CORPORATE INFORMATION

## (1) Corporate Information

Chinese name of the Company	中國石化上海石油化工股份有限公司
Chinese short name of the Company	上海石化
English name of the Company	Sinopec Shanghai Petrochemical Company Limited
Abbreviation of the English name of the Company	SPC
Legal representative of the Company	Guo Xiaojun

## (2) Contact Persons and Contact Details

	Secretary to the Board	Securities affairs representative
Name	Liu Gang	Yu Guangxian
Address	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540	
Tel	8621-57943143	8621-57933728
Fax	8621-57940050	8621-57940050
E-mail	liugang@spc.com.cn	yuguangxian@spc.com.cn

## (3) Basic Information

Registered office of the Company	No. 48 Jinyi Road, Jinshan District, Shanghai, the PRC
Postal code of the registered office of the Company	200540
Office address of the Company	No. 48 Jinyi Road, Jinshan District, Shanghai, the PRC
Postal code of the office address of the Company	200540
Principal place of business in Hong Kong	Room 605, Island Place Tower, 510 King's Road, Hong Kong
Website of the Company	www.spc.com.cn
Email address of the Company	spc@spc.com.cn

\* There was no change in registered address of the Company during the Reporting Period

## CORPORATE INFORMATION *(continued)*

### (4) Information Disclosure and Access

Designated newspapers for the publication of the Company's announcements	China Securities Journal, Shanghai Securities News and Securities Times
Websites for the publication of the Company's interim reports	Shanghai Stock Exchange website, Hong Kong Stock Exchange website and the website of the Company
Place for access to the Company's interim reports	Secretariat Office to the Board, No.48 Jinyi Road, Jinshan District, Shanghai, PRC

### (5) Shares Profile of the Company

Share Type	Place of Listing	Stock Short Name	Stock code
A Shares	Shanghai Stock Exchange	上海石化	600688
H Shares	Hong Kong Stock Exchange	SHANGHAI PECHEM	00338

### (6) Other Relevant Information

Domestic auditor engaged by the Company	Name	KPMG Huazhen LLP
	Office address	8th floor, KPMG building, Oriental Plaza, No. 1, East Chang'an Street, Dongcheng District, Beijing, PRC
International auditor engaged by the Company	Name	KPMG Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
	Office address	8th Floor, Prince Building, 10 Chater Road, Central, Hong Kong
<p>Legal Advisors:</p> <p>PRC Law: Haiwen &amp; Partners 20th Floor, Fortune &amp; Finance Center No.5 Dong San Huan Central Road Chaoyang District, Beijing, PRC Postal Code: 100020</p> <p>Hong Kong Law: Zhong Lun Law Firm 4th floor, Jardine house, 1 Connaught Plaza, central, Hong Kong Postal Code: 100020</p> <p>Joint Company Secretaries: Liu Gang, Xu Haiyan</p> <p>Authorised Representatives for Hong Kong Stock Exchange: Guo Xiaojun, Xu Haiyan</p> <p>H Shares Share Registrar: Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong</p>		