中国石化
SINOPEC

2024
INTERIM REPORT

中国石油化工股份有限公司
SINOPEC CORP.

CONTENTS

This interim report contains forward-looking statements. All statements, other than statements of historical facts, that address business activities, events or developments that the Company expects or anticipates will or may occur in the future (including, but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. The actual results or developments of the Company may differ materially from those forward-looking statements as a result of various factors and uncertainties. These forward-looking statements do not constitute substantial commitments made by the Company to investors. The investors and relevant parties should be aware of the risks involved and should understand that plans and projections differ from commitments. The Company makes the forward-looking statements referred to herein as at 23 August 2024 and, unless otherwise required by the relevant regulatory authorities, undertakes no obligation to update these statements.

IMPORTANT NOTICE: THE BOARD OF DIRECTORS (BOARD) AND SUPERVISORY COMMITTEE OF SINOPEC CORP. AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT WARRANT THAT THERE ARE NO FALSE REPRESENTATIONS, MISLEADING STATEMENTS OR MATERIAL OMISSIONS CONTAINED IN THIS INTERIM REPORT, AND SEVERALLY AND JOINTLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS INTERIM REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDER OF SINOPEC CORP. OR OTHER RELATED PARTY. MR. MA YONGSHENG, CHAIRMAN OF THE BOARD, MR. ZHAO DONG, VICE CHAIRMAN OF THE BOARD AND PRESIDENT, AND MS. SHOU DONGHUA, CHIEF FINANCIAL OFFICER AND HEAD OF CORPORATE ACCOUNTING DEPARTMENT WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INTERIM FINANCIAL STATEMENTS CONTAINED IN THIS INTERIM REPORT. THE AUDIT COMMITTEE OF SINOPEC CORP. HAS REVIEWED THE INTERIM REPORT OF SINOPEC CORP. FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024.

THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 OF THE COMPANY, PREPARED IN ACCORDANCE WITH THE ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (CASs) OF THE PEOPLE'S REPUBLIC OF CHINA (PRC), AND IFRS ACCOUNTING STANDARDS, HAVE NOT BEEN AUDITED.

COMPANY PROFILE

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

DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:
Sinopec Corp.: China Petroleum & Chemical Corporation;
Company: Sinopec Corp. and its subsidiaries;
China Petrochemical Corporation: The controlling shareholder of Sinopec Corp., China Petrochemical Corporation;
Sinopec Group: China Petrochemical Corporation and its subsidiaries;
Sinopec Finance Co.: Sinopec Finance Co., Ltd.;
Century Bright: Sinopec Century Bright Capital Investment Ltd.;
Hong Kong Stock Exchange: The Stock Exchange of Hong Kong Limited;
Hong Kong Listing Rules: Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

CONVERSIONS

For domestic production of crude oil: 1 tonne = 7.1 barrels;
For overseas production of crude oil: 1 tonne = 7.25 barrels in first half of 2024; 1 tonne = 7.26 barrels in first half of 2023;
For production of natural gas: 1 cubic meter = 35.31 cubic feet;
Refinery throughput: 1 tonne = 7.35 barrels.

BASIC INFORMATION

LEGAL NAME
中國石油化工股份有限公司

CHINESE ABBREVIATION
中國石化

ENGLISH NAME
China Petroleum & Chemical Corporation

ENGLISH ABBREVIATION
Sinopec Corp.

LEGAL REPRESENTATIVE
Mr. Ma Yongsheng

AUTHORISED REPRESENTATIVES UNDER THE HONG KONG LISTING RULES
Mr. Zhao Dong
Mr. Huang Wensheng

SECRETARY TO THE BOARD
Mr. Huang Wensheng

REPRESENTATIVE ON SECURITIES MATTERS
Mr. Zhang Zheng

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Website: http://www.sinopec.com
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CHANGE OF INFORMATION DISCLOSURE MEDIA AND ACCESS PLACES
During the reporting period, there was no change to Sinopec Corp.'s information disclosure media and access place.

PLACES OF LISTING OF SHARES, STOCK NAMES AND STOCK CODES
A Shares: Shanghai Stock Exchange
Stock name: 中國石化
Stock code: 600028

H Shares: Hong Kong Stock Exchange
Stock short name: SINOPEC CORP
Stock code: 00386

CHANGE OF REGISTERED ADDRESS IN THE REPORTING PERIOD
During the reporting period, there was no change to Sinopec Corp.'s registered address.

1. FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CASs

(1) Principal financial data

Items	Six-month period ended 30 June 2024 RMB million	2023 RMB million	Change over the same period of the preceding year (%)
Operating income	**1,576,131**	1,593,682	(1.1)
Net profit attributable to shareholders of the Company	**35,703**	35,111	1.7
Net profit attributable to shareholders of the Company excluding extraordinary gains and losses	**35,582**	33,655	5.7
Net cash flow from operating activities	**42,269**	27,562	53.4

	As of 30 June 2024 RMB million	As of 31 December 2023 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	**828,140**	805,794	2.8
Total assets	**2,141,936**	2,026,674	5.7

(2) Principal financial indicators

Items	Six-month period ended 30 June 2024 RMB	2023 RMB	Change over the same period of the preceding year (%)
Basic earnings per share	**0.296**	0.293	1.0
Diluted earnings per share	**0.296**	0.293	1.0
Basic earnings per share (excluding extraordinary gains and losses)	**0.295**	0.281	5.0
Weighted average return on net assets (%)	**4.37**	4.43	(0.06) percentage points
Weighted average return (excluding extraordinary gains and losses) on net assets (%)	**4.36**	4.25	0.11 percentage points

(3) Non-recurring profit/loss items and corresponding amounts

Items	Six-month period ended 30 June 2024 (profit)/loss RMB million
Net profit on disposal of non-current assets	(219)
Donations	40
Government grants	(683)
Gains on holding and disposal of various investments	(265)
Other non-operating income and expenses, net	837
Subtotal	**(290)**
Tax effect	82
Total	**(208)**
Attributable to：	
Shareholders of the Company	(121)
Non-controlling interests	(87)

(4) Significant changes of items in the financial statements

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

Items of Consolidated Balance Sheet	**As of 30 June 2024 RMB million**	As of 31 December 2023 RMB million	Increase/(Decrease) Amount RMB million	Percentage (%)	Main reasons for changes
Financial assets held for trading	**4**	3	1	33.3	Impact of changes in fair value of funds held by the Company.
Accounts receivable	**76,746**	48,652	28,094	57.7	Increase in both the accounts receivable and payable due to the increase in international crude oil price and sales volume of the overseas refined oil products and fuel oil.
Receivables financing	**4,967**	2,221	2,746	123.6	
Bills payable	**35,721**	29,122	6,599	22.7	
Accounts payable	**251,741**	229,878	21,863	9.5	
Prepayments	**9,090**	5,067	4,023	79.4	Increase in prepayments for procurements including crude oil due to increase in international crude oil price.
Employee benefits payable	**21,284**	13,941	7,343	52.7	Impact of changes in performance-based salary payable.
Non-current liabilities due within one year	**71,766**	30,457	41,309	135.6	Certain long-term loans and debentures payable being reclassified to non-current liabilities due within one year.
Other current liabilities	**33,327**	20,833	12,494	60.0	Impact of super short-term commercial paper issued during the reporting period.
Other comprehensive income	**2,008**	3,060	(1,052)	(34.4)	Impact of changes in fair value of hedging business.
Specific reserve	**3,384**	2,597	787	30.3	Increase in accrued safety production expenses during the reporting period.

Items of Consolidated Income Statement	**For six-month period ended 30 June 2024 RMB Million**	For six-month period ended 30 June 2023 RMB Million	Increase/(Decrease) Amount RMB Million	Percentage (%)	Main reasons for changes
Financial expenses	**6,275**	4,790	1,485	31.0	Increase in net exchange loss on foreign currency loan and loan interest expenses due to increase in scale of interest bearing debt.
Investment income	**7,565**	3,291	4,274	129.9	Increase in the profit of associates and joint ventures.
(Losses)/gains from changes in fair value	**(1,275)**	1,475	(2,750)	–	Impact of increase in floating loss of hedging business.
Credit impairment reversals/(losses)	**23**	(35)	58	–	Increase in bad debt reversal of accounts receivables during the reporting period.
Asset disposal gains	**219**	869	(650)	(74.8)	Disposal of some pipeline network assets in the first half of previous year, which did not happen during the reporting period.

Items of Consolidated Cash Flow Statement	**For six-month period ended 30 June 2024 RMB Million**	For six-month period ended 30 June 2023 RMB Million	Increase/(Decrease) Amount RMB Million	Percentage (%)	Main reasons for changes
Refund of taxes and levies	**3,399**	5,978	(2,579)	(43.1)	Decrease in VAT refunds on imported LNG during the reporting period year on year due to decrease in imported LNG price.
Cash received from disposal of investments	**40**	391	(351)	(89.8)	Cash received from sale of equity in the first half of previous year, which did not happen during the reporting period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**1,436**	3,584	(2,148)	(59.9)	Disposal of fixed assets decreased year-on-year.
Cash paid for acquisition and construction of fixed assets, intangible assets and other long-term assets	**(58,134)**	(87,581)	29,447	(33.6)	Payment for exploration right in the first half of previous year, which did not happen during the reporting period and year-on-year decrease in cash paid due to the mechanical completion of Nangang ethylene project.
Cash received from capital contributions	**12,883**	279	12,604	4,517.6	Proceeds received from the issue of shares to the target subscriber.
Cash paid for dividends, profits distribution or interest	**(4,789)**	(29,860)	25,071	(84.0)	Impact of time difference in dividend distribution.

2 FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

(1) Principal financial data

Items	Six-month period ended 30 June 2024 RMB million	2023 RMB million	Change over the same period of the preceding year (%)
Operating profit	**51,021**	53,696	(5.0)
Profit attributable to shareholders of the Company	**37,079**	36,122	2.6
Net cash generated from operating activities	**42,269**	27,562	53.4

	As of 30 June 2024 RMB million	As of 31 December 2023 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	**825,925**	802,989	2.9
Total assets	**2,140,524**	2,024,696	5.7

(2) Principal financial indicators

Items	Six-month period ended 30 June 2024 RMB	2023 RMB	Change over the same period of the preceding year (%)
Basic earnings per share	**0.307**	0.301	2.0
Diluted earnings per share	**0.307**	0.301	2.0
Return on capital employed (%)	**4.30**	4.22	0.08 percentage points

Dear shareholders and friends:

Sinopec Corp. elected the members for new session of the Board and the Supervisory Committee in June this year. Thanks to the trust from shareholders and the support from the Directors, I was elected to be the Chairman of the 9th session of the Board. It is a great honor for me to take up this position with great responsibilities, and I will continue to carry out my duties faithfully and diligently, leading Sinopec Corp. to achieve new progress in various areas.

Over the years, under the leadership of successive sessions of the Board, Supervisory Committee and management, the Company has coordinated the entire staff to make joint efforts to overcome difficulties, deepen reforms, strengthen management, promote innovations and achieve development. We have excellently accomplished various goals and missions, hence laying a solid foundation for the Company's high-quality growth. It is noteworthy that in recent years, the Company focused on strengthening core competitiveness, deepened the implementation of high-quality development plan, improved enterprise value and brought good returns for shareholders.

In the first half of this year, the Company adhered to the principle of seeking progress in a steady manner and securing stability through progress, optimized operations in all aspects, spared no efforts to improve development quality and profitability and stabilize growth, and achieved positive progresses in all aspects with good operating results. In accordance with the IFRS Accounting Standards, the Company realized operating revenue of RMB1.58 trillion. The profit attributable to the Company's shareholders amounted to RMB37.1 billion, representing a 2.6% increase year-on-year. Our financial position remained sound along with a significant growth in cash generated from operating activities. Taking into account the Company's profits, shareholders' returns and sustainable development, the Board has resolved to distribute an interim cash dividend of RMB0.146 per share (tax inclusive) for the first half of 2024 in accordance with the highest pay-out ratio in the Articles of Association.

Currently, Sinopec Corp. is facing unprecedented industrial transition along with invaluable opportunities for development and reform. We will promote high-quality development through comprehensive deepening reforms. We will emphasis on innovation-driven approach, enhance lean management, accelerate transition and upgrading, and put all efforts to overcome difficulties and improve profitability. The Board is fully confident about the future and has formulated the Action of "Corporate Value and Return Enhancement" and the "Dividend Distribution and Return Plan for the Next Three Years" in a practical manner.

The Company will focus on improving operational quality and profitability. We will give full play to our integrated advantages, optimize the regional layout and the industrial chain, and tap the potential of system optimization. We will coordinate the entire value chain involving procurement, transportation, production, storage and marketing, further strengthen cost management with the best efforts to meet market demand, bolster our service quality and maximize the overall profits of the industrial chain. For upstream, the Company will insist on high-quality exploration and profit-oriented development. Multiple measures will be taken to reduce the break-even point and improve reserves, stabilize oil output, boost gas production and reduce costs. For refining, the Company will insist on the synergies between production and marketing, flexibly adjust the product mix and the utilization rates to ensure efficient operation of the industrial chain. For marketing, the Company will enhance efforts on targeted marketing, vigorously expand market and sales, and consolidate the market share. For chemical, the Company will adhere to the "basic + high-end" strategy and make persistent efforts to expand the target market segments and product segments. We will make every effort to reduce costs, expand market, and enhance profitability and competitiveness.

The Company will enhance efforts to promote the transition and upgrading, and cultivate and develop new quality productivity. We will commit ourselves to the innovation-driven strategy, deepen the integration of innovation chain, industrial chain, capital chain and talent chain. We will continue to drive breakthroughs in core technologies, develop original technologies, and support business transition and upgrading, and lay out of strategic emerging businesses. As for upstream, we will promote the high-quality development of key projects such as Shengli-Jiyang Shale Oil National Demonstration Zone and the Deep Earth Project, accelerate the development of natural gas production, supply, storage and marketing system, and improve oil and gas production bases. Besides, the development of a multi-energy complementary system comprising "oil and gas + new energies" will be expedited by enhancing efforts to develop new energies such as hydrogen energy, wind power and solar power. As for refining, we will speed up the construction of "high-end, intelligent and green" bases, coordinate the development of low-cost "oil to chemicals" and differentiated "oil to specialties" projects, proactively promote the layout of emerging businesses such as new materials and bio-technology. Obsolete facilities will be replaced or revamped in an orderly manner, hence creating a refining and chemical industrial chain with better performance in safety, intensity, green, intelligence and synergy. As for marketing, we will further optimize the network layout, promote the development of EV battery charging service and gas fueling station network along with the expansion of demonstrating application scenarios for hydrogen mobility. Moreover, the Easy Joy service ecosystem will be optimised in order to sharpen the competitive edges of our integrated energy service network involving "petrol, gas, hydrogen, power and services".

The Company will strive to improve ESG management and promote sustainable development. We will continually improve our corporate governance system and optimize the modern enterprise system. We will enhance the performance of the Board, promote decision-making and lean management level, and implement comprehensive and stringent risk control. At the same time, the Company will proactively respond to the climate change, implement Carbon Peak Action Plan and the second phase of Green Enterprise Campaign Plan in a steady manner. We will also promote the large-scale application of negative emission technologies such as CCUS to realize carbon emission reduction, pollution reduction, green development and growth, and contribute to the green transition of economy and social development. We will actively fulfill our social responsibilities and improve stakeholders' satisfaction. By strengthening the ESG system, we will boost the ESG performance and promote our sustainable development.

The Company will vigorously enhance the communication with stakeholders and increase the market recognition. Based on investors' needs, we will continuously improve the quality of our information disclosures and investor relations work, strengthen the communication with investors and other stakeholders so as to bolster the effectiveness of communication. While making persistent efforts to refine the mechanism for stakeholder consultation and feedback, we will reply to investors' enquiries on a timely basis, protect the legitimate rights and interests of shareholders, especially minority shareholders, enhance their recognition as our shareholders, and improve the enterprise value.

The Company emphasis on shareholders' return and have remained the continuity and stability of dividend distribution. Since 2022, the Board has reinforced the valuation management and launched the share repurchase both in domestic and overseas markets, which effectively boosted the enterprise value. Going forward, we will continue to repurchase our shares this year. In order to share our achievements with shareholders, the Board proposed a cash dividend payout ratio for the coming three years being not less than 65%.

Destinations will be arrived when we aim for it. Objectives will be achieved when we strive for it. I believe that with the strong support of shareholders and the community, together with the joint efforts made by the Board, the Supervisory Committee, the management and our entire staff, Sinopec Corp. will forge ahead with high-quality development, and continuously reward our shareholders and the community.

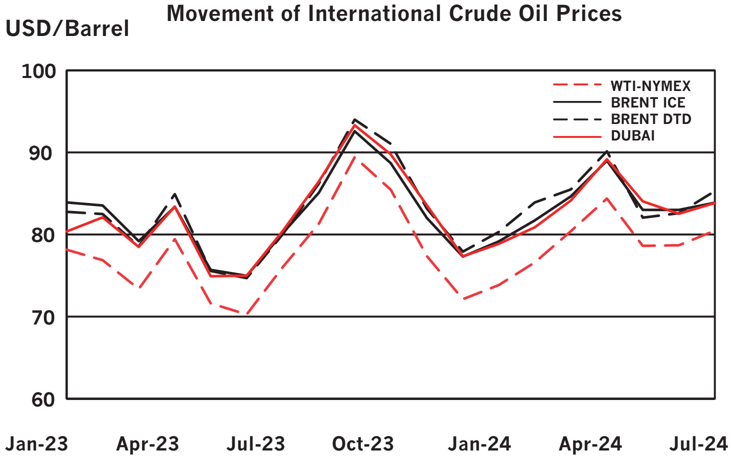
Ma Yongsheng
Chairman
Beijing, China
23 August 2024

BUSINESS REVIEW

In the first half of 2024, China's economy sustained recovery momentum, registering a GDP growth of 5.0% year on year. Based on our statistics, domestic demand for natural gas increased rapidly with apparent consumption up by 10% year on year. Due to the impact of declining diesel demand, domestic consumption of refined oil products decreased by 0.5% year on year. Domestic demand for chemicals kept growing with ethylene equivalent consumption up by 4.3% year on year.

In the first half of 2024, international oil prices fluctuated in a wide range. The average spot price of Platts Brent was USD84.1 per barrel, up by 5.3% year-on-year.

Movement of International Crude Oil Prices



1 PRODUCTION & OPERATIONS

(1) Exploration and Production

In the first half of 2024, the Company intensified efforts in high quality exploration and profit-oriented development, yielding good results in adding reserves and production, cutting cost and increasing profit. Domestic production for oil and gas equivalents hit record high for the same period. In terms of exploration, we strengthened geophysical, risk and integrated evaluation exploration, and achieved major exploration breakthroughs in shale gas of Sichuan Basin and in the new area of Beibu Gulf Basin. The construction of Shengli Jiyang Shale Oil National Demonstration Zone was promoted efficiently. In terms of crude oil development, we carried forward the key capacity building of offshore Shengli, Tahe and Beibu Gulf, and strengthened fine-tuned development in mature fields. In terms of natural gas development, we progressed with the key capacity building projects in Shunbei Zone Two and West Sichuan marine facies gas. We further enhanced the integrated operation of natural gas production, supply, storage and sales and the profitability of the whole natural gas business chain went up remarkably year on year, recording a new high. The Company's production of oil and gas in the first half of 2024 was 257.66 million barrels of oil equivalent, up by 3.1% year-on-year, among which domestic crude oil production totaled 126.49 million barrels, up by 1.5% year-on-year and natural gas production reached 700.57 billion cubic feet, up by 6.0% year-on-year.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June 2024	2023	Change (%)
Oil and gas production (mmboe)	257.66	249.88	3.1
Crude oil production (mmbbls)	140.53	139.68	0.6
China	126.49	124.68	1.5
Overseas	14.04	15.00	(6.4)
Natural gas production (bcf)	700.57	660.88	6.0

(2) Refining

In the first half of the year, facing severe challenges brought by the weak market demand and narrowing margin of certain products, the Company adhered to the integration of production and marketing by closely following market demand, optimized and adjusted utilization rate and product mix and increased the volume of processing based on profitability. We strengthened the synergy among procurement, storage and transportation, and production to reduce procurement cost. We optimised the pace of carrying forward the "oil to chemicals" and "oil to specialties" projects, and produced more market-favored products such as gasoline and jet fuel. Efforts were also made to seize opportunities in overseas market and optimize export scheduling and structure. In the first half of 2024, the Company processed 126.69 million tonnes of crude and produced 77.30 million tonnes of refined oil products, up by 1.6% with gasoline and kerosene output up by 6.6% and 15.2% respectively year on year.

Refining: Summary of Operations **Unit: million tonnes**

	Six-month period ended 30 June 2024	2023	Change (%)
Refinery throughput	126.69	126.54	0.1
Gasoline, diesel and kerosene production	77.30	76.07	1.6
Gasoline	32.34	30.33	6.6
Diesel	29.31	32.15	(8.8)
Kerosene	15.65	13.59	15.2
Light chemical feedstock production	19.79	21.36	(7.4)

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

(3) Marketing and Distribution

In the first half of 2024, the Company actively addressed the challenges of weak diesel demand and rapid growth of electric vehicles. By taking a client-focused approach, we brought our advantages in integrated business into full play and expanded the market through high quality service. We carried out special marketing campaign and differentiated marketing strategy, boosting sales of gasoline and jet fuel. Measures were taken to effectively cement existing marketing network and promote the growth of EV battery charging and gas fueling network with charging volume and vehicle LNG operating volume both going up significantly. We promoted steady development of hydrogen transportation and actively transformed into an integrated energy service provider of petro, gas, hydrogen, power and services. At the same time, we reinforced buildup of proprietary brands, enriched diversified non-fuel business models and upgraded the operating quality. Total sales volume of refined oil products for the first half of the year was 119.01 million tonnes, up by 2.1% year on year, of which total domestic sales volume accounting for 90.14 million tonnes.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June **2024**	2023	Change (%)
Total sales volume of refined oil products (million tonnes)	119.01	116.60	2.1
Total domestic sales volume of refined oil products (million tonnes)	90.14	92.47	(2.5)
Retail (million tonnes)	56.96	59.76	(4.7)
Direct sales and Distribution (million tonnes)	33.18	32.71	1.4

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

	As of 30 June 2024	As of 31 December 2023	Change from the end of last year (%)
Total number of Sinopec-branded service stations	30,959	30,958	0.0
Number of convenience stores	28,633	28,431	0.7

(4) Chemicals

In the first half of 2024, the domestic chemical market was still in the cyclical trough. The Company kept up with the market demand and strengthened coordination of refining and chemical business, regional collaboration and integration of production, sales and R&D efforts. We beefed up cost cut and achieved notable results in tapping potential and raising profits. Feedstock was further diversified to lower cost. We also ran profitable units such as aromatics at high utilization, arranged utilization cut as well as operational shutdown for units with negative marginal profits and increased the proportion of high value-added products steadily. In the first half of the year, ethylene production was 6.496 million tonnes. Production for synthetic fibre monomer and polymer was up by 17.8% year on year. We enhanced cooperation with strategic customers, pushed forward tailor-made product services and explored both domestic and overseas markets with export volume up by 17.8%. The total chemical sales volume in the first half of 2024 reached 40.06 million tonnes with all products sold.

Major Chemical Products: Production — **Unit: thousand tonnes**

	Six-month period ended 30 June **2024**	2023	Change (%)
Ethylene	6,496	6,875	(5.5)
Synthetic resin	9,784	9,793	(0.1)
Synthetic fiber monomer and polymer	4,598	3,903	17.8
Synthetic fiber	633	519	22.0
Synthetic rubber	678	670	1.2

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

2 SAFETY AND HEALTH

In the first half of 2024, the Company continuously improved the HSE management system and ensured professional HSE operation. We implemented the all-staff safety production responsibility system, launched the "Safety Management Enhancement Year" campaign. We strengthened the rectification and elimination of safety risks and potential dangers and maintained the stability of safety production. We promoted the occupational health management system and construction of "A Healthy Company" with health management level going up steadily.

3 SCIENCE AND TECHNOLOGY INNOVATION

In the first half of 2024, the Company further promoted the reform of the science and technology system and mechanism, sought breakthroughs in core technologies, and built national-level R&D institutions for the energy industry, all contributing to better innovation-driven effects. Breakthrough was made in deep and ultra-deep shale gas exploration theory and technology. The shale oil development technology was successfully employed in depression basins such as Jiyang and Northern Jiangsu for building profitable production capacity. We achieved industrial application of strip fluidized bed residue hydrogenation catalyst and put into operation the cyclohexene esterification hydrogenation to cyclohexanone unit. We upgraded the intelligent operation center and intelligent production facilities, and put into use digital applications such as digital twins and 5G technologies.

4 CAPITAL EXPENDITURES

The Company focuses on the quality and return of investment and continues to optimize projects management. In the first half of the year, total capital expenditures were RMB55.893 billion. Capital expenditure for the exploration and production segment was RMB33.788 billion, mainly for crude oil capacity building in Jiyang and Tahe, natural gas capacity building in West Sichuan and the construction of oil and gas storage and transportation facilities. Capital expenditure for the refining segment was RMB9.201 billion, mainly for Zhenhai expansion, technical upgrading in Guangzhou and Maoming companies. Capital expenditure for the marketing and distribution segment was RMB2.952 billion, mainly for the development of integrated energy station network of petro, gas, hydrogen, power and services, revamping of the existing end-user network and non-fuel business. Capital expenditure for the chemical segment was RMB8.633 billion, mainly for ethylene projects in Zhenhai phase II and Maoming and high-end materials projects etc. Capital expenditure for the corporate and other segment were RMB1.319 billion, mainly for R&D facilities and information technology application projects.

BUSINESS OUTLOOK

In the second half of 2024, China's economy is expected to further improve. Domestic demand for natural gas and chemical products is expected to improve, and that for refined oil products will remain stable. Given the impacts of geopolitics, and changes in the global supply, demand and inventory, the international crude oil prices are expected to fluctuate widely. The Company will leverage advantages of integration, and enhance coordinated operation to strive for a high-quality performance. We will stress on the following aspects:

In E&P, the Company will continue to add oil and gas reserve, stabilize oil output, increase gas production, and cut costs, so as to strive for better profitability. We will enhance exploration and trap pre-exploration, increase the quality and scale of reserves. We will accelerate the capacity construction of oil and gas production in areas such as Shengli offshore, west Junggar, and Shunbei Zone Two, strengthen the application of technologies for EOR, and take measures to reduce the break-even point. We will expedite the construction of the production, supply, storage, and marketing system of natural gas, diversify the supply of natural gas, reduce resource costs, optimize marketing strategies, and expand high-quality customers. Our plan for the second half of 2024 is to produce 139 million barrels of crude oil and 679.5 billion cubic feet of natural gas.

In refining, the Company will insist on the synergies between production and marketing, being profit-oriented to optimize and adjust the product mix and the utilization rates, and ensure efficient operation of the industrial chain. We will dynamically optimize the procurement scale and pace, reduce procurement costs, and improve the mix and pace of exported products. We will insist on low-cost "oil to chemicals" and differentiated "oil to specialty" products, effectively cut the diesel to gasoline ratio and diesel yield, and promote the development of special products such as needle coke. In the second half of 2024, we plan to process 126 million tonnes of crude oil.

In marketing and distribution, the Company will fully leverage the advantages of integration, strengthen digital and intelligent empowerment, and press hard with market expansion of market and sales. We will keep optimizing the network layout, facilitate the construction of EV battery charging and gas fueling networks and demonstration application of hydrogen mobility, improve the comprehensive service of Easy Joy, enhance the quality and profitability of non-fuel businesses, and consolidate and improve the quality of the "petro, gas, hydrogen, power and services" network. In the second half of 2024, we plan to sell 91.09 million tonnes of refined oil products domestically.

In chemicals, the Company will actively respond to the bottom of the chemical industry cycle, adhere to the principle of "basic+high-end", and make every effort to reduce costs, expand markets, and tap potentials for better profits. We will continue to diversify the feed-stock and cut the costs through multiple means. Market oriented, we will maintain high utilization of profitable units, and raise the profitability of high-quality assets. We will further strengthen the synergy among production, sales, research and application, promote the development of new materials and high value-added products, and increase profitability. We will actively expand domestic and international markets, and strengthen cooperation with strategic customers and tailored services for our products. In the second half of 2024, we plan to produce 6.85 million tonnes of ethylene.

In CAPEX, the Company plans to spend RMB117.1 billion in the second half of 2024. RMB44.0 billion will be spent in the E&P segment, mainly for the crude oil production capacity building in Jiyang and Tahe, the natural gas production capacity building in west Sichuan, and the storage and transportation facilities building for oil and gas. RMB15.6 billion will be spent in the refining segment, mainly for the Zhenhai expansion and the technical upgrading projects of Guangzhou and Maoming companies. RMB15.4 billion will be spent in the marketing and distribution segment, mainly for developing the network for integrated energy stations, the revamping of the existing network for end-users, and non-fuel businesses. RMB37.2 billion will be spent in the chemical segment, mainly for the construction of ethylene projects in Zhenhai Phase II and Maoming, the aromatics project in Jiujiang and high-end materials projects. RMB4.9 billion will be spent for corporate and others, mainly for R&D, IT development and other project construction.

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

1 CONSOLIDATED RESULTS OF OPERATIONS

In the first half of 2024, international crude oil price fluctuated widely at high level and the imbalance between supply and demand in the market was still significant. The Company further deepened optimisation of production and operation with integration and coordination, strengthened adjustment in structure of feedstock, products and facilities, fully expanded market and sales, enhanced cost control and realised revenue and operating profit of RMB1,576.1 billion and RMB51.0 billion, decreased by 1.1% and 5.0% year-on-year respectively.

The following table sets forth the principal revenue and expense items from the Company's consolidated financial statements for the first half of 2024 and the corresponding period in 2023:

	Six-month period ended 30 June		
	2024 RMB million	2023 RMB million	Change (%)
Revenue	**1,576,131**	**1,593,682**	**(1.1)**
Revenue from primary business	1,545,920	1,561,502	(1.0)
Other operating revenues	30,211	32,180	(6.1)
Operating expenses	**(1,525,110)**	**(1,539,986)**	**(1.0)**
Purchased crude oil, products and operating supplies and expenses	(1,254,213)	(1,282,882)	(2.2)
Selling, general and administrative expenses	(26,486)	(27,381)	(3.3)
Depreciation, depletion and amortisation	(59,418)	(55,239)	7.6
Exploration expenses, including dry holes	(4,542)	(4,882)	(7.0)
Personnel expenses	(50,290)	(49,949)	0.7
Taxes other than income tax	(132,612)	(127,261)	4.2
Impairment reversal/(losses) on trade and other receivables	23	(35)	–
Other operating income, net	2,428	7,643	(68.2)
Operating profit	**51,021**	**53,696**	**(5.0)**
Net finance costs	(6,275)	(4,790)	31.0
Investment income and share of profits less losses from associates and joint ventures	7,576	2,860	164.9
Profit before taxation	**52,322**	**51,766**	**1.1**
Income tax expense	(9,931)	(10,170)	(2.4)
Profit for the period	**42,391**	**41,596**	**1.9**
Attributable to:			
Shareholders of the Company	37,079	36,122	2.6
Non-controlling interests	5,312	5,474	(3.0)

(1) Revenue

In the first half of 2024, the Company's revenue from primary business was RMB1,545.9 billion, representing a decrease of 1.0% year-on-year. This was mainly due to the decreased sales volumes in certain petroleum and petrochemical products.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2024 as compared with the first half of 2023.

	Sales Volume (thousand tonnes) Six-month period ended 30 June			Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters) Six-month period ended 30 June		
	2024	2023	Change (%)	**2024**	2023	Change (%)
Crude oil	4,254	3,676	15.7	3,981	3,754	6.0
Natural gas (million cubic meters)	16,251	15,897	2.2	1,895	1,949	(2.8)
Gasoline	46,597	46,424	0.4	9,043	8,730	3.6
Diesel	38,647	41,470	(6.8)	7,009	7,074	(0.9)
Kerosene	13,376	12,282	8.9	5,805	5,704	1.8
Basic chemical feedstock	17,940	17,675	1.5	6,126	5,633	8.8
Synthetic fibre monomer and polymer	3,377	2,944	14.7	5,926	5,574	6.3
Synthetic resin	8,074	8,503	(5.0)	7,454	7,420	0.5
Synthetic fibre	631	536	17.7	7,723	7,900	(2.2)
Synthetic rubber	669	690	(3.0)	11,721	10,433	12.3

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production with the remaining sold to external customers. In the first half of 2024, the revenue from crude oil, natural gas and other upstream products sold externally amounted to RMB92.7 billion, up by 3.4% year-on-year, accounting for 5.9% of the Company's revenue. This change was mainly due to the increase in sales volume and price of crude oil sold externally.

Petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold externally by the refining segment and the marketing and distribution segment achieved external sales revenues of RMB920.4 billion, representing a decrease of 0.6% year-on-year and accounting for 58.4% of the Company's revenue. This change was mainly due to the decreased volumes of refined oil products including diesel year-on-year. The sales revenue of gasoline, diesel and kerosene was RMB769.9 billion, representing an increase of 0.2% year-on-year, accounting for 83.6% of the total sales revenue of petroleum products. The sales revenue of other refined petroleum products was RMB150.5 billion, accounting for 16.4% of the sales revenue of petroleum products, down by 4.4% year-on-year.

The Company's external sales revenue of chemical products was RMB204.0 billion, up by 3.7% year-on-year, accounting for 12.9% of its revenue. The change was mainly due to the increased sales volumes and prices of certain chemical products.

(2) Operating expenses

In the first half of 2024, the Company's operating expenses were RMB1,525.1 billion, down by 1.0% year-on-year. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB1,254.2 billion, representing a decrease of 2.2% year-on-year, accounting for 82.2% of total operating expenses, of which:

- Crude oil purchasing expense was RMB468.0 billion, representing an increase of 5.0% year-on-year. Throughput of crude oil purchased externally in the first half of 2024 was RMB116.62 million tonnes (excluding the volume processed for third parties), down by 1.4% year-on-year. The average processing cost of crude oil purchased externally was RMB4,445 per tonne, up by 6.3% year-on-year.

- Other purchasing expenses were RMB786.2 billion, down by 6.1% year-on-year, mainly due to the decreased volumes of outsourced and traded refined oil products.

Selling, general and administrative expenses totalled RMB26.5 billion, representing a decrease of 3.3% year-on-year, mainly because the Company further strengthened the control of non-productive expenditures, and the marketing and management expenses were reduced.

Depreciation, depletion and amortisation were RMB59.4 billion, representing an increase of 7.6% year-on-year. This was mainly due to the increased scale of assets.

Exploration expense was RMB4.5 billion, representing a decrease of 7.0% year-on-year. This was mainly because the Company optimized the deployment of exploration wells, and continuously improved the success rate of exploration wells, which effectively reduced relevant expenses.

Personnel expense was RMB50.3 billion, representing an increase of 0.7% year-on-year.

Taxes other than income tax were RMB132.6 billion, representing an increase of 4.2% year-on-year. That was mainly because the consumption tax increased by RMB1.8 billion resulting from the increased production volume of refined oil products, the special oil gain levy and resource tax increased by RMB1.5 billion resulting from the increased crude oil price and provision for levy for mineral rights concessions increased by RMB0.8 billion.

Other operating income net was RMB2.4 billion, representing a decrease by 68.2% year-on-year, mainly due to the decreased floating profit on hedging business of commodity derivative down by RMB2.8 billion year-on-year, and a year-on-year decrease of RMB1.4 billion in VAT refunds on imported LNG.

(3) Operating profit

In the first half of 2024, the Company's operating profit was RMB51.0 billion, representing a decrease of 5.0% year-on-year. This was mainly due to the decreased sales volume and price of domestic diesel and significantly decreased margin of certain products including LPG and petroleum coke.

(4) Investment income and share of profits less losses from associates and joint ventures

In the first half of 2024, investment income and share of profits less losses from associates and joint ventures were RMB7.6 billion, up by 164.9% year-on-year. It was mainly attributable to the increased operating profit of certain chemical associates and joint ventures.

(5) Profit before taxation

In the first half of 2024, the Company's profit before taxation amounted to RMB52.3 billion, representing an increase of 1.1% year-on-year.

(6) Income tax expense

In the first half of 2024, the Company's income tax expense totalled RMB9.9 billion, representing a decrease of 2.4% year-on-year.

(7) Profit attributable to non-controlling interests of the Company

In the first half of 2024, profit attributable to non-controlling interests was RMB5.3 billion, representing a decrease of 3.0% year-on-year.

(8) Profit attributable to shareholders of the Company

In the first half of 2024, profit attributable to shareholders of the Company was RMB37.1 billion, representing an increase of 2.6% year-on-year.

2 RESULTS OF SEGMENT OPERATIONS

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

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

	Operating revenues Six-month period ended 30 June		As a percentage of consolidated operating revenues before elimination of inter-segment sales Six-month period ended 30 June		As a percentage of consolidated operating revenues after elimination of inter-segment sales Six-month period ended 30 June	
	2024	2023	**2024**	2023	**2024**	2023
	RMB million		(%)		(%)	
Exploration and Production Segment						
External sales*	94,559	91,864	3.4	3.3	6.0	5.8
Inter-segment sales	59,203	52,999	2.1	1.9		
Operating revenues	**153,762**	**144,863**	**5.5**	**5.2**		
Refining Segment						
External sales*	83,192	88,558	2.9	3.2	5.3	5.6
Inter-segment sales	666,473	640,999	23.7	22.9		
Operating revenues	**749,665**	**729,557**	**26.6**	**26.1**		
Marketing and Distribution Segment						
External sales*	859,389	861,757	30.5	30.8	54.5	54.1
Inter-segment sales	4,108	9,591	0.1	0.3		
Operating revenues	**863,497**	**871,348**	**30.6**	**31.1**		
Chemicals Segment						
External sales*	208,756	201,390	7.4	7.2	13.2	12.5
Inter-segment sales	48,495	42,910	1.7	1.5		
Operating revenues	**257,251**	**244,300**	**9.1**	**8.7**		
Corporate and Others						
External sales*	330,235	350,113	11.7	12.5	21.0	22.0
Inter-segment sales	466,333	460,405	16.5	16.4		
Operating revenues	**796,568**	**810,518**	**28.2**	**28.9**		
Operating revenue before elimination of inter-segment sales	**2,820,743**	**2,800,586**	**100.0**	**100.0**		
Elimination of inter-segment sales	**(1,244,612)**	**(1,206,904)**				
Consolidated operating revenues	**1,576,131**	**1,593,682**			**100.0**	**100.0**

* Other operating revenues are included.

The following table sets forth the operating revenues, operating expenses and operating profit/(loss) by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage change between the first half of 2024 and the first half of 2023.

	Six-month period ended 30 June		
	2024	2023	Change
	RMB million		(%)
Exploration and Production Segment			
Operating revenues	153,762	144,863	6.1
Operating expenses	124,614	119,455	4.3
Operating profit	**29,148**	**25,408**	**14.7**
Refining Segment			
Operating revenues	749,665	729,557	2.8
Operating expenses	742,540	718,147	3.4
Operating profit	**7,125**	**11,410**	**(37.6)**
Marketing and Distribution Segment			
Operating revenues	863,497	871,348	(0.9)
Operating expenses	848,849	854,379	(0.6)
Operating profit	**14,648**	**16,969**	**(13.7)**
Chemicals Segment			
Operating revenues	257,251	244,300	5.3
Operating expenses	260,415	247,658	5.2
Operating losses	**(3,164)**	**(3,358)**	**(5.8)**
Corporate and Others			
Operating revenues	796,568	810,518	(1.7)
Operating expenses	792,264	806,961	(1.8)
Operating profit	**4,304**	**3,557**	**21.0**
Elimination	**(1,040)**	**(290)**	**–**

(1) Exploration and Production Segment

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

In the first half of 2024, operating revenue of the segment was RMB153.8 billion, representing an increase of 6.1% year-on-year. This was mainly due to the increase in crude oil price and sales volume of crude oil and natural gas products.

In the first half of 2024, the segment sold 17.46 million tonnes of crude oil, representing an increase of 1.7% year-on-year. Natural gas sales volume was 16.9 bcm, representing an increase of 2.4% year-on-year. Regasified LNG sales volume was 8.55 bcm, representing a decrease of 0.1% year-on-year. LNG sales volume was 1.195 million tonnes, representing an increase of 125.0% year-on-year. Average realised prices of crude oil, natural gas, regasified LNG, and LNG were RMB3,923 per tonne, RMB1,894 per thousand cubic meters, RMB3,378 per thousand cubic meters, and RMB3,747 per tonne respectively, representing an increase of 8.2%, a decrease of 3.1%, a decrease of 12.6% and a decrease of 13.8% year-on-year respectively.

In the first half of 2024, the operating expenses of the segment were RMB124.6 billion, representing an increase of 4.3% year on year. That was mainly due to the following: Taxes including special oil gain levy and resource tax increased by RMB3.0 billion year-on-year. Depreciation, depletion and amortization increased by RMB2.4 billion year-on-year. Personnel expense increased by RMB1.1 billion year-on-year. LNG procurement cost decreased by RMB2.8 billion year-on-year.

In the first half of 2024, the oil and gas lifting cost was RMB753.4 per tonne, representing a decrease of 0.4% year-on-year.

In the first half of 2024, this segment seized the opportunity of relative high crude oil prices, spared no efforts to increase reserves, boost production, cut cost, achieved good performance, strengthened the optimization of the whole natural gas industry chain, and realised an operating profit of RMB29.1 billion, representing an increase of RMB3.7 billion or 14.7% year-on-year.

(2) Refining Segment

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

In the first half of 2024, operating revenues of the segment were RMB749.7 billion, representing an increase of 2.8% year-on-year. This was mainly due to the increased price of refined oil products and others year-on-year resulting from increased price of international crude oil.

The following table sets forth the sales volumes, average realised prices and the respective changes of the Company's major refined oil products of the segment in the first half of 2024 and that of the same period of 2023.

	Sales Volume (thousand tonnes) Six-month period ended 30 June		Change	Average realised price (VAT excluded) (RMB/tonne) Six-month period ended 30 June		Change
	2024	2023	(%)	**2024**	2023	(%)
Gasoline	31,356	29,444	6.5	8,572	8,256	3.8
Diesel	28,230	30,833	(8.4)	6,854	6,639	3.2
Kerosene	11,741	11,208	4.8	5,765	5,623	2.5
Chemical feedstock	19,292	20,743	(7.0)	4,741	4,401	7.7
Other refined petroleum products	32,158	32,583	(1.3)	3,933	3,856	2.0

In the first half of 2024, the sales revenue of gasoline was RMB268.8 billion, representing an increase of 10.6% year-on-year, accounting for 35.9% of the segment's operating revenues.

In the first half of 2024, the sales revenue of diesel was RMB193.5 billion, representing a decrease of 5.5% year-on-year, accounting for 25.8% of the segment's operating revenues.

In the first half of 2024, the sales revenue of kerosene was RMB67.7 billion, representing an increase of 7.4% year-on-year, accounting for 9.0% of the segment's operating revenues.

In the first half of 2024, the sales revenue of chemical feedstock was RMB91.5 billion, representing an increase of 0.2% year-on-year, accounting for 12.2% of the segment's operating revenues.

In the first half of 2024, the sales revenue of refined petroleum products other than gasoline, diesel, kerosene and chemical feedstock was RMB126.5 billion, representing an increase of 0.7% year-on-year, accounting for 16.9% of the segment's operating revenues.

In the first half of 2024, the segment's operating expenses were RMB742.5 billion, representing an increase of 3.4% year-on-year, which was mainly attributable to the increase in the crude oil and refining feedstock procurement cost year on year.

In the first half of 2024, the average processing cost of refining feedstock was RMB4,534 per tonne, representing an increase of 5.6% year-on-year. Total refining feedstock throughput was 127.96 million tonnes (excluding volume processed for third parties), representing a decrease of 0.9% year-on-year. In the first half of 2024, the total processing cost for refining feedstock was RMB580.2 billion, representing an increase of 4.7% year-on-year, accounting for 78.1% of the segment's operating expenses.

In the first half of 2024, the refining margin was RMB316 per tonne, decreased by RMB38 per tonne year-on-year, representing a decrease of 10.7% year-on-year. This was mainly due to the decrease in purchase discount of imported crude oil year-on-year due to geopolitical factors, the decrease in processing margins of domestic gasoline and diesel under high crude oil prices condition, and the decreased margins of refinery by-products such as petroleum coke and LPG due to weak demand.

In the first half of 2024, the unit refining cash operating cost (defined as operating expenses less cost of crude oil and refining feedstock, depreciation and amortisation, taxes other than income tax and other operating expenses, divided by the throughput of crude oil and refining feedstock) was RMB195.4 per tonne, representing a decrease of 4.5% year-on-year, which was mainly due to the decrease in costs of power and fuels resulting from enhancing cost control.

In the first half of 2024, the segment focused on optimisation and integration of production and marketing, flexibly and timely adjusted the utilisation rate and product structure following the market demand, made every effort to reduce the impact of rising crude oil procurement costs and weak market demand, and realised an operating profit of RMB7.1 billion, decreased by RMB4.3 billion or 37.6% year-on-year.

(3) Marketing and Distribution Segment

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

In the first half of 2024, the operating revenues of this segment were RMB863.5 billion, decreased by 0.9% year-on-year. This was mainly attributable to decreased demand and sales volume for diesel year-on-year. Among them, the sales revenues of gasoline were RMB421.6 billion, increased by 3.9% year-on-year, the sales revenues of diesel were RMB271.7 billion, decreased by 7.6% year-on-year and the sales revenues of kerosene were RMB77.6 billion, increased by 9.6% year-on-year.

The following table sets forth the sales volume, average realised prices and respective changes of the segment's four major refined oil products in the first half of 2024 and 2023, including the detailed information about the retail, direct sales and distribution of gasoline and diesel.

	Sales volume (thousand tonnes) Six-month period ended 30 June			Average realised price (VAT excluded) (RMB/tonne) Six-month period ended 30 June		
	2024	2023	Change (%)	**2024**	2023	Change (%)
Gasoline	**46,619**	**46,506**	**0.2**	**9,043**	**8,727**	**3.6**
Retail	32,834	32,915	(0.2)	9,542	9,184	3.9
Direct sales and distribution	13,785	13,591	1.4	7,854	7,620	3.1
Diesel	**38,774**	**41,588**	**(6.8)**	**7,008**	**7,073**	**(0.9)**
Retail	15,521	18,014	(13.8)	7,582	7,528	0.7
Direct sales and distribution	23,253	23,574	(1.4)	6,625	6,726	(1.5)
Kerosene	**13,369**	**12,433**	**7.5**	**5,805**	**5,696**	**1.9**
Fuel oil	**14,172**	**16,143**	**(12.2)**	**4,006**	**3,780**	**6.0**

In the first half of 2024, the operating expense of this segment was RMB848.8 billion, representing a decrease of RMB5.5 billion or 0.6% year-on-year. This was mainly due to a year-on-year decreased procurement cost of refined oil products.

In the first half of 2024, the segment's marketing cash operating cost (defined as the operating expenses less the purchase costs, taxes other than income tax, depreciation and amortization, divided by sales volume) was RMB185.0 per tonne, up by 1.1% year-on-year. This was mainly due to the increase in unit costs resulting from the decrease in sales volume of refined oil products.

In the first half of 2024, the operating revenues of non-fuel business of this segment were RMB19.2 billion, representing a decrease of RMB2.4 billion year-on-year, among which, the operating revenue of EV battery charging business was RMB0.43 billion, representing a significant increase year on year. The profit of non-fuel business was RMB2.6 billion, representing a decrease of RMB0.09 billion year-on-year.

In the first half of 2024, the segment persisted in integrating and collaborating to achieve profits, spared no effort to expand market and increasing sales volume, but impacted by factors including new energy and LNG substitution, the segment realised an operating profit of RMB14.6 billion, representing a decrease of RMB2.3 billion year-on-year, down by 13.7% year-on-year.

(4) Chemicals segment

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

In the first half of 2024, the operating revenues of this segment were RMB257.3 billion, increased by 5.3% year-on-year. This was mainly due to increase in sales volume and prices of chemical products year-on-year.

In the first half of 2024, the operating revenue generated by the segment's six major categories of chemical products (namely basic organic chemicals, synthetic resin, synthetic fiber monomer and polymer, synthetics fibre, synthetic rubber and chemical fertiliser) was RMB238.8 billion, increased by 5.7% year-on-year, accounting for 92.8% of the operating revenues of the segment.

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

	Sales volume (thousand tonnes) Six-month period ended 30 June		Change	Average realised price (VAT excluded) (RMB/tonne) Six-month period ended 30 June		Change
	2024	2023	(%)	**2024**	2023	(%)
Basic organic chemicals	24,172	23,589	2.5	6,006	5,669	5.9
Synthetic fibre monomer and polymer	3,395	2,967	14.4	5,924	5,581	6.1
Synthetic resin	8,078	8,504	(5.0)	7,453	7,420	0.4
Synthetics fibre	631	536	17.7	7,724	7,901	(2.2)
Synthetic rubber	670	691	(3.0)	11,726	10,443	12.3
Chemical fertiliser	255	401	(36.4)	2,217	2,608	(15.0)

In the first half of 2024, the operating expense of this segment was RMB260.4 billion, increased by 5.2% year-on-year, mainly due to increased procurement cost of chemical feedstock including naphtha, etc.

In the first half of 2024, the segment closely followed the market demand, enhanced integration of production, marketing, research in all aspects, dynamically measured product marginal profit, vigorously optimised the structure of feedstock, facilities and products, made efforts to increase production of high value-added products, enhanced cost control and realised an operating loss of RMB3.2 billion, which narrowed by RMB0.2 billion year-on-year.

(5) Corporate and others

The business activities of corporate and others mainly consist of import and export business activities of Sinopec Corp.'s subsidiaries, research and development activities of the Company, and managerial activities of the headquarters.

In the first half of 2024, the operating revenue generated from the corporate and others was RMB796.6 billion, decreased by 1.7% year-on-year, mainly due to a decrease in the trading volume of crude oil.

In the first half of 2024, the operating expense for corporate and others were RMB792.3 billion, decreased by 1.8% year-on-year.

In the first half of 2024, the operating profit for corporate and others was RMB4.3 billion.

3 ASSETS, LIABILITIES, EQUITY AND CASH FLOWS

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

(1) Assets, Liabilities and Equity **Unit：RMB million**

	As of 30 June 2024	As of 31 December 2023	Change
Total assets	2,140,524	2,024,696	115,828
Current assets	637,683	534,435	103,248
Non-current assets	1,502,841	1,490,261	12,580
Total liabilities	1,156,433	1,068,887	87,546
Current liabilities	753,350	647,076	106,274
Non-current liabilities	403,083	421,811	(18,728)
Total equity attributable to the shareholders of the Company	825,925	802,989	22,936
Share capital	121,740	119,349	2,391
Reserves	704,185	683,640	20,545
Non-controlling interests	158,166	152,820	5,346
Total equity	984,091	955,809	28,282

As of 30 June 2024, the Company's total assets were RMB2,140.5 billion, representing an increase of RMB115.8 billion compared with the 2023 year-end balance, of which:

Current assets were RMB637.7 billion, representing an increase of RMB103.2 billion compared with the 2023 year-end balance, mainly because inventory cost of crude oil and refined products increased along with the rise of crude oil prices, and inventory volume increased by RMB46.2 billion resulting from weak market demand, accounts receivable increased by RMB28.1 billion resulting from the increase in international crude oil price and the Company's overseas refined oil products and fuel oil products business scale, cash and cash equivalents including time deposits increased by RMB15.1 billion.

Non-current assets were RMB1,502.8 billion, representing an increase of RMB12.6 billion compared with the 2023 year-end balance, mainly because of the increased investments in refining and chemical bases construction, structural adjustment and new chemical materials business resulting from the Company's continuous efforts in promoting transition and upgrading, as a result, construction in progress increased by RMB11.5 billion.

As of 30 June 2024, the Company's total liabilities were RMB1,156.4 billion, representing an increase of RMB87.5 billion compared with the end of last year, of which:

Current liabilities were RMB753.3 billion, representing an increase of RMB106.3 billion compared with the 2023 year-end balance, mainly due to issuing super short-term commercial paper to meet the capital needs of operation activities, certain long-term loans being reclassified to loans maturing within one year and increase in short-term loans by RMB59.8 billion, accounts payable and bills payable increased by RMB28.5 billion resulting from the increase in international crude oil price and the Company's overseas refined oil products and fuel oil products business scale.

Non-current liabilities were RMB403.1 billion, representing a decrease of RMB18.7 billion compared with the 2023 year-end balance, mainly because long-term debt decreased by RMB17.7 billion.

As of 30 June 2024, total equity attributable to shareholders of Sinopec Corp. was RMB825.9 billion, representing an increase of RMB22.9 billion compared with the 2023 year-end balance.

(2) Cash Flows

The following table sets forth the major items in the consolidated cash flow statements for the first half of 2024 and of 2023:

Unit: RMB million

	Six-month period ended 30 June		
Major items of cash flows	**2024**	2023	Change
Net cash generated from operating activities	42,269	27,562	14,707
Net cash used in investing activities	(79,004)	(93,430)	14,426
Net cash generated from financing activities	36,862	66,861	(29,999)
Net increase in cash and cash equivalents	127	993	(866)

In the first half of 2024, net cash generated from operating activities was RMB42.3 billion, representing an increase of cash inflow of RMB14.7 billion year-on-year, mainly due to the decrease of occupation in working capital.

In the first half of 2024, the Company's net cash used in investing activities was RMB79.0 billion, representing a decrease of cash outflow of RMB14.4 billion year-on-year, mainly due to a year-on-year decrease of cash outflow of RMB29.9 billion in capital expenditures for the acquisition and construction of long-term assets, and an increase of cash outflow of RMB9.9 billion in time deposits with maturities over three months.

In the first half of 2024, the Company's net cash generated from financing activities was RMB36.9 billion, representing a decrease of cash inflow of RMB30.0 billion year-on-year, mainly due to a year-on-year decrease of cash inflow of RMB67.1 billion in net debts and loans, an increase of cash inflow of RMB12.0 billion from issuance of shares to the target subscriber and a decrease of cash outflow of RMB23.3 billion resulting from the decrease in cash dividends payment.

As of 30 June 2024, the Company's cash and cash equivalents were RMB122.1 billion.

(3) Contingent Liabilities

Please refer to "Material Guarantee Contracts and Their Performance" in the "Significant Events" section of this report.

(4) Capital Expenditure

Please refer to "Capital Expenditures" in the "Business Review and Prospects" section of this report.

(5) Research & Development and Environmental Expenditures

R&D expenditures include expenses and investment cost occurred in the period. In the first half of 2024, the expenditures for R&D were RMB9.8 billion, of which expense was RMB6.0 billion, and investment cost was RMB3.8 billion.

Environmental expenditures refer to the normal routine pollutant discharge fees paid by the Company, excluding capitalised cost of pollutant treatment properties. In the first half of 2024, the Company paid environmental expenditures of RMB6.5 billion.

(6) Measurement of Fair Values of Derivatives and Relevant System

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

Items relevant to measurement of main fair values **Unit: RMB million**

Items	Beginning of the period	End of the period	Profits and losses from variation of fair values in the current period	Accumulated variation of fair values recorded as equity	Impairment loss provision of the current period	Funding source	Purchase amount in the current period	Sell and redemption amount in the current period	Other changes
Financial assets held for trading	3	4	1	–	–	–	–	–	–
Fund	3	4	1	–	–	–	–	–	–
Derivative financial instruments	5,854	4,117	(1,539)	–	–	–	–	(198)	–
Cash flow hedges	1,115	640	817	(2,032)	–	–	–	740	–
Receivables financing	2,221	4,967	–	–	–	–	43,115	(40,369)	–
Other equity instrument investments	450	450	–	(1)	–	–	–	–	1
Total	**9,643**	**10,178**	**(721)**	**(2,033)**	**-**	**-**	**43,115**	**(39,827)**	**1**

Derivatives investment:

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

4 ANALYSIS OF FINANCIAL STATEMENTS PREPARED UNDER CASs

The major differences between the Company's financial statements prepared under CASs and IFRS Accounting Standards are set out in Section C of the financial statements of the Company on page 151 of this report.

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

	Six-month period ended 30 June **2024** RMB million	2023 RMB million
Operating income		
Exploration and Production Segment	153,762	144,863
Refining Segment	749,665	729,557
Marketing and Distribution Segment	863,497	871,348
Chemicals Segment	257,251	244,300
Corporate and Others	796,568	810,518
Elimination of inter-segment sales	(1,244,612)	(1,206,904)
Consolidated operating income	**1,576,131**	**1,593,682**
Operating profit/(loss)		
Exploration and Production Segment	26,834	21,828
Refining Segment	6,398	9,885
Marketing and Distribution Segment	14,529	16,751
Chemicals Segment	(3,649)	(4,181)
Corporate and Others	4,694	932
Elimination	(1,040)	(290)
Financial expenses, (Losses)/gains from changes in fair value, disposal income and investment income	234	845
Other income	3,505	4,896
Consolidated operating profit	**51,505**	**50,666**
Net profit attributable to equity shareholders of the Company	**35,703**	**35,111**

Operating profit: In the first half of 2024, the operating profit of the Company was RMB51.5 billion, representing an increase of 1.7% year-on-year.

Net profit attributable to equity shareholders of the Company: In the first half of 2024, net profit attributable to the equity shareholders of the Company was RMB35.7 billion, representing an increase of 1.7% year-on-year.

(2) Financial data prepared under CASs:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million	Change RMB million
Total assets	2,141,936	2,026,674	115,262
Non-current liabilities	402,241	420,943	(18,702)
Shareholders' equity	986,345	958,655	27,690

Changes analysis:

Total assets: As of 30 June 2024, the Company's total assets were RMB2,141.9 billion, representing an increase of RMB115.3 billion compared with the 2023 year-end balance. This was mainly because inventories increased by RMB46.2 billion due to increase in crude oil price, accounts receivables increased by RMB28.1 billion and cash at bank and on hand increased by RMB14.8 billion.

Non-current liabilities: As of 30 June 2024, the Company's non-current liabilities were RMB402.2 billion, representing a decrease of RMB18.7 billion compared with the 2023 year-end balance. This was mainly due to long-term loans decreased by RMB18.7 billion.

Shareholders' equity: As of 30 June 2024, total shareholders' equity of the Company was RMB986.3 billion, representing an increase of RMB27.7 billion compared with the 2023 year-end balance.

(3) The results of the principal operations by segments

Segments	Operating income (RMB million)	Operating cost (RMB million)	Gross profit margin* (%)	Increase/ decrease of operating income on a year-on-year basis (%)	Increase/ decrease of operating cost on a year-on-year basis (%)	Increase/ decrease of gross profit margin on a year-on-year basis (percentage points)
Exploration and Production	153,762	103,497	25.5	6.1	1.2	1.7
Refining	749,665	617,565	1.7	2.8	3.6	(0.7)
Marketing and Distribution	863,497	814,999	5.4	(0.9)	(0.7)	(0.3)
Chemicals	257,251	252,174	1.6	5.3	5.6	0.0
Corporate and Others	796,568	782,911	1.7	(1.7)	(2.1)	0.4
Elimination of inter-segment sales	(1,244,612)	(1,243,572)	–	–	–	–
Total	**1,576,131**	**1,327,574**	**7.4**	**(1.1)**	**(1.8)**	**0.2**

* Gross profit margin = (Operating income – operating cost – taxes and surcharges)/Operating income

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

For details, please refer to Note 3(27) to the financial statements prepared in accordance with CASs and Note 2 to the financial statement prepared in accordance with IFRS Accounting Standards.

1 IMPROVEMENTS IN CORPORATE GOVERNANCE

During the reporting period, Sinopec Corp. complied with the Articles of Association as well as domestic and overseas laws and regulations on securities, adhered to the standard operation, improved corporate governance, and constantly improved the quality of listed company. Sinopec Corp. elected the ninth session of the board of directors and the ninth session of the Supervisory Committee. The Board have achieved diversity on professional background, gender, working experience etc. The Board adjusted the composition of all special committees, appointed senior management. All of the above further improved the corporate governance structure. The Board and special committees of the Board performed their duties diligently, reviewed all resolutions with diligence. The Independent Non-executive Directors played a positive role through meeting and communicating with the Chairman without the presence of other directors on a regular basis, offering advice and suggestions on how to strengthen the development quality and to enhance profitability and transition of the company. The company strengthened internal management and risk control to continuously improve the compliance management. The company attached importance to shareholders' returns by continuously implementing the share repurchase, strengthening communication with stakeholders, and conducting information disclosure and management of investor relations with high quality. The company conducted all-round improvement in ESG management, carried out the annual Safety Management Strengthening Campaign, strengthened the prevention and treatment of environmental pollution, released the Second Phase Plan of the Green Enterprise Campaign, and steadily advanced the Action Plan for Carbon Dioxide Peaking, actively fulfilled corporate social responsibility.

2 GENERAL MEETINGS

During the reporting period, Sinopec Corp. convened annual general meeting for 2023 (AGM), the first A shareholders class meeting for 2024 and the first H shareholders class meeting for 2024 on 28 June 2024 in Beijing, China, in strict compliance with the relevant laws, regulations, and the notice requirement, convening and holding procedures under the Articles of Association, whereby the proposals in relation to the following matters were approved: (i) Report of the eighth session of the board of directors (including the Report of the board of directors for 2023); (ii) Report of the eighth session of the Supervisory Committee (including the Report of the Supervisory Committee for 2023); (iii) The financial reports of Sinopec Corp. for the year ended 31 December 2023 audited by KPMG Huazhen LLP and KPMG (KPMG); (iv) The profit distribution plan for 2023; (v) To authorise the Board to determine the interim profit distribution plan for 2024; (vi) To re-appoint KPMG as the external auditors of Sinopec Corp. for the year 2024, and to authorise the Board to determine their remunerations; (vii) To change of the Registered Capital and Amendments to the Articles of Association, the Rules and Procedures for the Board Meetings and the Rules and Procedures for the Supervisory Committee Meeting; (viii) To authorise the Board to determine the proposed plan for issuance of debt financing instrument(s); (ix) To grant to the Board a general mandate to issue new domestic shares and/or overseas-listed foreign shares of Sinopec Corp.; (x) To grant to the Board a mandate to buy back domestic shares and/or overseas-listed foreign shares of Sinopec Corp.; (xi) The service contracts (including the remuneration terms) for the directors of the ninth session of the Board and the supervisors of the ninth session of the Supervisory Committee of Sinopec Corp.; (xii) The election of directors (excluding independent non-executive directors); (xiii) The election of independent non-executive directors; and (xiv) The election of supervisors (excluding employee representative supervisors). For details of the meetings, please refer to the poll results announcements published on China Securities Journal, Shanghai Securities News, and Securities Times and on the websites of Shanghai Stock Exchange and Hong Kong Stock Exchange after the meetings.

3 DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

(1) Information on Appointment or Resignation

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

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

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

On 28 June, 2024, the members of the ninth session of the Board and the ninth session of the Supervisory Committee were elected at the 2023 AGM. On the same day, the first meeting of the ninth session of the Board was convened and the Chairman of the Board was elected and senior management were appointed; the first meeting of the ninth session of the Supervisory Committee was convened and the Chairman of the Supervisory Committee was elected. Changes in directors, supervisors and senior management were as follows:

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

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

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

(2) Equity Interests of Directors, Supervisors, and Other Senior Management

As of 30 June, 2024, none of the Directors, Supervisors and senior management of Sinopec Corp. and their respective associates had any interests or short positions (including any interests or short positions that are regarded or treated as being held in accordance with the SFO) in any shares, underlying shares or debentures of Sinopec Corp. or any associated corporations (as defined in Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (Model Code) contained in the Hong Kong Listing Rules.

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

4 DIVIDEND

(1) Dividend distribution for the year ended 31 December 2023

As approved at its annual general meeting for 2023, Sinopec Corp. distributed the final cash dividend of RMB0.2 per share (tax inclusive) for 2023. The final dividend for 2023 has been distributed on or before 26 July 2024 to shareholders whose names appeared on the register of members of Sinopec Corp. on 15 July 2024. Combined with the interim cash dividend of RMB0.145 per share (tax inclusive) for 2023, the total cash dividend for the whole year of 2023 amounted to RMB0.345 per share (tax inclusive).

(2) Interim dividend distribution plan for the six months ended 30 June 2024

As approved at the 2nd meeting of the ninth session of the Board, the interim dividend of RMB0.146 per share (tax inclusive) for the six months ended 30 June 2024 will be distributed based on the total number of shares as of 12 September 2024 (record date) in cash.

The 2024 interim dividend distribution plan of Sinopec Corp., having considered the interests of shareholders and development of the Company, is in compliance with the Articles of Association and consideration and approval procedures. The interim dividend will be distributed on or before 26 September 2024 to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of 12 September 2024. In order to be qualified for the interim dividend, holders of H shares shall lodge their share certificates and transfer documents with Hong Kong Registrars Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration, no later than 4:30 p.m. on 6 September 2024. The register of members of H shares of Sinopec Corp. will be closed from 7 September 2024 to 12 September 2024 (both days inclusive). The dividend will be denominated and declared in RMB and distributed to domestic shareholders and shareholders under Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Program in RMB and to the overseas shareholders in Hong Kong Dollars. The exchange rate for dividend to be paid in Hong Kong Dollars is based on the average benchmark exchange rate of Hong Kong Dollar against RMB as published by the People's Bank of China one week ahead of the date of declaration of the interim dividend (1 Hong Kong Dollar=RMB0.916674).

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, Sinopec Corp. is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of Sinopec Corp. when distributing the cash dividends or issuing bonus shares by way of capitalisation from retained earnings. Any H shares which are not registered under the name of an individual shareholder, including those registered under HKSCC Nominees Limited, other agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. On such basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares intend to change their shareholder status, please enquire about the relevant procedures with your agents or trustees. Sinopec Corp. will strictly comply with the law or the requirements of the relevant government authorities to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of Sinopec Corp. as at the record date. If the individual holders of H shares are residents of Hong Kong, Macau or other countries which had an agreed tax rate of 10% for cash dividends or bonus shares by way of capitalisation from retained earnings with China under the relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. If the individual holders of H shares are residents of countries which had an agreed tax rate of less than 10% with China under relevant tax agreement, Sinopec Corp. shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H shares wish to reclaim the extra amount withheld, Sinopec Corp. would apply for the relevant agreed tax treatment pursuant to the relevant tax agreement provided that the shareholders submit the evidence required by the notice of the tax agreement to the share register of H shares of Sinopec Corp. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. If the individual holders of H shares are residents of countries which had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, Sinopec Corp. shall withhold and pay the individual income tax on behalf of the relevant shareholders at the agreed actual tax rate in accordance with the relevant tax agreements. If the individual holders of H shares are residents of countries which had an agreed tax rate of 20% with China under the tax agreement, or which had not entered into any tax agreement with China, or otherwise, Sinopec Corp. shall withhold and pay the individual income tax on behalf of the relevant shareholders at a rate of 20%. Pursuant to the Notice on the Tax Policies related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關税收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) (Caishui [2016] No. 127): For dividend of domestic investors investing in the H shares of Sinopec Corp. through Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Program, Sinopec Corp. shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. The Company will not withhold or pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends of investors of the Hong Kong market (including enterprises and individuals) investing in the A shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect Program, Sinopec Corp. will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the competent tax authorities for the withholding. For investors who are tax residents of other countries which have entered into tax treaties with China stipulating a dividend tax rate of lower than 10%, the enterprises and individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaties either by themselves or by entrusting a withholding agent. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaties will be refunded.

5 THE COMPANY'S EMPLOYEES

As of 30 June 2024, the Company has a total of 357,495 employees. Each of Sinopec Marketing Company Limited and China International United Petroleum and Chemical Company Limited, the principal subsidiaries of Sinopec Corp., has 117,277 and 617 employees respectively.

6 REMUNERATION POLICY

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

7 TRAINING PROGRAMS

During the reporting period, the Company strengthened coordination and the top-level design for training programs, improved the high-quality training system, and conducted training programs for all types of talents. The headquarter trained 1,153 key talents of various types in the first half of 2024. Focusing on serving corporate strategy, the training for managers, experts, technical personnel, and international talents improved the comprehensive quality and performance ability of all kinds of talents with emphasis on the combination of theory and practice. The Company enhanced the intelligent and accurate level of training by promoting the application of Sinopec Network College. The Sinopec Network College trained a total of more than 30 million hours in the first half of 2024.

8 DETAILED IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME

Sinopec Corp. and its subsidiaries did not implement any share incentive scheme during the reporting period.

9 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

10 REVIEW OF THE INTERIM REPORT

The Audit Committee of the Board of Sinopec Corp. has reviewed and confirmed the Interim Report.

1 WORK CONDUCTED IN ECOLOGICAL PROTECTION, POLLUTION PREVENTION AND ENVIRONMENTAL RESPONSIBILITIES PERFORMANCE

In the reporting period, the Company deepened the campaign of pollution prevention, strictly implemented the requirements of the national action plan for the continuous improvement of air quality, persistently strengthened ecological and environmental protection in the Yangtze and Yellow River basins, vigorously implemented the energy efficiency improvement plan. The sewage COD and sulphur dioxide emissions decreased by 4% and 3% respectively, and the solid waste was 100% properly disposed.

2 MEASURES TAKEN TO MITIGATE CARBON EMISSION AND ITS EFFECT

In the reporting period, the Company orderly promoted the adjustment and optimization of industrial structure and energy consumption structure, strengthened the development and application of key green and low-carbon technologies, accelerated the promoting of carbon footprint management for key products, launched and implemented the "Ten Thousand Power Stations in the Sunshine" initiative, strengthened the control of CO_2 and methane emissions and achieved good results in carbon emission reduction. The Company decreased GHG emissions by 2.149 million tonnes of CO_2 equivalent through energy conservation and consumption reduction, 1.062 million tonnes of CO_2 were recycled, used 0.363 million tonnes of carbon dioxide for EOR, and 470 million cubic meters of methane were recovered which was equivalent to reducing around 7.05 million tonnes of CO_2 emissions.

3 THE FIRST PHASE ACHIEVEMENTS AND THE SECOND PHASE PLAN OF THE GREEN ENTERPRISE CAMPAIGN

In 2018, the Company released the Green Enterprise Campaign, and had successfully achieved the targets of the first phase plan of Green Enterprise Campaign by the end of 2023. In 2023, Sinopec Corp. decreased carbon emission intensity by 23.8% compared with 2017, captured 1.75 million tonnes of CO_2, recovered 870 million cubic meters of methane, and the compliance rate of carbon emission trading reached 100%.

To build a green production system and enhance the green competitiveness, the Company formulated the Second Phase Plan of the Green Enterprise Campaign of Sinopec Corp. Focusing on efforts to cut carbon emissions, reduce pollution, increase efficiency and promote green development, the Company set the following main targets through 2028: Emission intensities of carbon dioxide and methane decrease by 5% and 20% respectively compared with 2023, capture and utilise 2.5 million tonnes carbon dioxide per year, 100% compliance rate of carbon emission trading; over 92% comprehensive utilisation rate of industrial solid waste, 100% compliance disposal rate of hazardous waste; comprehensive energy consumption per RMB10,000 of production output decreases by 5% compared with 2023, over 60% reuse rate of wastewater.

4 EXPLANATIONS ON ENVIRONMENTAL PROTECTION COMPANIES AND THEIR SUBSIDIARIES AS MAJOR POLLUTANT DISCHARGING COMPANIES IDENTIFIED BY ENVIRONMENTAL PROTECTION DEPARTMENTS

(1) Pollutant discharge information

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

(a) Discharge of air pollutants[1]

No.	Pollutant type	Number of vents involved[2]	Ways of discharge[3]	Discharge standards implemented[4]	Permitted concentration limit[5]	Actual average concentration in the first half of the year[6]	Approved actual discharge amount	Discharge compliance
1	SO_2	1,251	Continuous	Discharge Standards for Air Pollutants from Thermal Power Plants (GB 13223-2011) Discharge Standards for Air Pollutants from Boilers (GB13271-2014) Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	35-200 mg/m^3	5-50 mg/m^3	2,327 tonnes	The compliance rate of average data per hour is 99.99%, the details of which are subject to the announcement by the ecological authorities.
2	NO_X	1,243	Continuous	Discharge Standards for Air Pollutants from Thermal Power Plants (GB 13223-2011) Discharge Standards for Air Pollutants from Boilers (GB13271-2014) Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	50-240 mg/m^3	20-100 mg/m^3	9,177 tonnes	The compliance rate of average data per hour is 99.99%, the details of which are subject to the announcement by the ecological authorities.

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

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

Note 3: Intermittent discharge from some vents.

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

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

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

(b) Discharge of water pollutants[1]

No.	Pollutant type	Number of vents involved	Ways of discharge[2]	Discharge standards implemented[3]	Permitted concentration limit[4]	Actual average concentration in the first half of the year[5]	Approved actual discharge amount	Discharge compliance
1	COD	76	Continuous	Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	40-60mg/L	10-50 mg/L	1,829 tonnes	Daily average data has 100% compliance rate.
2	Ammonia and nitrogen	75	Continuous	Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	5-8mg/L	0.5-4 mg/L	24 tonnes	Daily average data has 100% compliance rate.

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

Note 2: Intermittent discharge from some vents.

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

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

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

(2) Construction and operation of pollution prevention facilities
In the reporting period, the Company built prevention and control facilities for sewage, flue gas, solid waste and noise in accordance with the requirements of the national and local pollution prevention and environmental protection standards, maintained effective and stable operation of pollution prevention and control facilities.

(3) Environmental influence evaluation for construction projects and other administrative permit for environmental protection
In the reporting period, the Company strictly standardized environmental protection management for construction projects, enforced whole process environmental protection management on construction and operation. With measures of the "simultaneous three" of the environmental protection implemented, all new projects have acquired approval for environmental evaluation from government.

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

(5) Scheme for environmental self-monitoring
In the reporting period, the Company improved its self-monitoring scheme in accordance with the industry guidelines on self-monitoring, enforced the requirements for sewage, flue gas and noise monitoring, and disclosed the monitor information as required.

(6) Administrative penalties due to environmental problems in the reporting period
In the reporting period, to the knowledge of the Company, Sinopec Corp. and its subsidiaries were subject to the environmental administrative penalty of RMB0.3585 million. The details of administrative penalties were published on the websites of local ecological and environmental authorities.

(7) Other environmental information to be disclosed
In the reporting period, for subsidiaries not listed as major pollution units, the Company has acquired related permissions from national and local government, and enforced environmental protection measures. Those subsidiaries are not obliged to make disclosure in accordance with the requirements of national and local ecological environment authorities.

5 CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY-ALLEVIATION AND RURAL REVITALIZATION

During the reporting period, the Company actively promoted rural revitalization for new achievements, deepened education assistance, further improved the quality of education of 59 supported schools in a targeted manner, and organized "Academician's lecture" in Yuexi County. The Company effectively implemented the industrial assistance, optimized the key projects such as "Dongxiang Quinoa" and "Yuexi Cuilan Tealeaf", steadily proceeded "one county, one industry chain" industrial assistance, strengthened consumption assistance and achieved consumption support value of RMB1.02 billion.

1 MAJOR PROJECTS IN THE REPORTING PERIOD

(1) Zhenhai Refining & Chemical Expansion Project (phase 2)

The project mainly consists of building 11,000,000 tpa refinery project and 600,000 tpa propane dehydrogenation and downstream processing units, etc. The project began in June 2022 and mechanical completion is expected to be achieved in December 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB25.9 billion.

(2) Tianjin Nangang Ethylene and Downstream High-end New Material Industry Cluster Project

The project mainly consists of 1,200,000 tpa ethylene units and downstream processing units, etc. The project began in May 2021 and mechanical completion was achieved in the end of 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB14.5 billion.

(3) Yizheng PTA Project

The Yizheng 3,000,000 tpa PTA project mainly consists of oxidation units, purification units and auxiliary units, etc. The project started in July 2021 and was put into operation in April 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB4.9 billion.

(4) Longkou LNG Project

The project mainly consists of a wharf, terminal and power plant warm drainage and water intake. The designed LNG capacity in the first phase is 6 million tonnes per year. One LNG berth with 0.266 million cubic meters will be modified and four 0.22 million cubic meter storage tanks will be newly built up. The project started in November 2021 and is expected to be put into operation by the end of 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB4.8 billion.

(5) Chuanxi Natural Gas Project (phase 1)

The project mainly consists of 1.77 billion cubic meter per year purified gas capacity and 16 wells. The project started in 2019 and was put into operation in January 2024. The project investment consists of the Company's self-owned fund, joint stock company's fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB6.3 billion.

(6) Shengli Shale Oil Project

The project mainly launches shale oil exploration and development in Jiyang depression, planning to build a new production capacity of 1 million tonnes per year in the 14th Five Year Plan. The project started in 2019, has built 132 wells and generated capacity of 0.72 million tonnes per year. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB11.5 billion.

(7) Zhenhai 1,500,000 tpa Ethylene and Downstream High-end New Material Industry Cluster Project

The project mainly consists of 1,500,000 tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project began in November 2023 and mechanical completion is expected to finish in 2026. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB2.8 billion.

(8) Maoming Ethylene Upgrading Project

The project mainly consists of 3,000,000 tpa RTC united plant, 1,000,000 tpa ethylene unit, supporting utilities and auxiliary facilities, etc. The project began in June 2023 and mechanical completion is expected to finish in 2026. The project investment consists of the self-owned fund and bank loan. As of 30 June 2024, the aggregate amount invested was RMB2.2 billion.

2 CORE COMPETITIVENESS ANALYSIS

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

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

The Company enjoys a favourable positioning with its operations located close to the consumer markets. The steady growth in the Chinese economy is helpful to the development of both refined oil business and chemical business of the Company; through continuously promoting specialised marketing, the Company's capability in international operations and market expansion has been further enhanced.

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

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

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

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

3 ACTUAL CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BY THE COMPANY DURING THE REPORTING PERIOD

The Company and Sinopec Group entered into a number of continuing connected transactions agreements, including the mutual supply agreement, the land use rights leasing agreement, the properties leasing agreement, the intellectual property license agreement and safety production insurance fund document.

In the reporting period, purchases expenses of the actual continuing connected transactions of the Company were RMB122.708 billion, representing 7.68% of the total amount of this type of transactions, including purchases of products and services (procurement, storage, transportation, exploration and development services, and production-related services) of RMB116.060 billion, payment of property rent of RMB549 million (the annual value of right-of-use assets relating to property lease included in the continuing connected transactions of RMB524 million), payment of land rent of RMB5.464 billion (the annual value of right-of-use assets relating to land lease included in the continuing connected transactions of RMB5.216 billion), and interest expenses of RMB635 million. The sales income amounted to RMB80.489 billion, representing 4.90% of the total amount of this type of transactions, including sales of products of RMB78.866 billion, agency commission income of RMB27 million, and interest income of RMB1.596 billion. In addition, entrusted loan provided by the Company to the connected subsidiaries was RMB1 million. For definitions, please refer to the announcements and circular published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and on the website of Shanghai Stock Exchange on 30 August 2021 and on the website of Hong Kong Stock Exchange on 29 August 2021 and 3 September 2021, respectively.

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

4 FUNDS PROVIDED BETWEEN RELATED PARTIES

Unit: RMB million

Related Parties	Relations	Funds to related parties: Balance at the beginning of the reporting period	Funds to related parties: Amount incurred	Funds to related parties: Balance at the end of the reporting period	Funds from related parties: Balance at the beginning of the reporting period	Funds from related parties: Amount incurred	Funds from related parties: Balance at the end of the reporting period
Sinopec Group	Parent company and affiliated companies*	12,776	2,100	14,876	17,417	287	17,704
Other related parties	Associates and joint ventures	8,242	(265)	7,977	5,759	428	6,187
Total		**21,018**	**1,835**	**22,853**	**23,176**	**715**	**23,891**
Reason for provision of funds between related parties		Loans and other accounts receivable and payable					
Impacts of the provision of funds on the Company's operating results and financial situations		No material negative impact					

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

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

On 22 March 2024, the Board of Sinopec Corp. approved the daily related transaction cap in relation to refined oil pipeline transportation services between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation for the period from 1 January 2024 to 31 December 2024. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of Shanghai Stock Exchange on 25 March 2024 and on the website of Hong Kong Stock Exchange on 22 March 2024 respectively. The actual executed amount of the daily related transactions between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation regarding refined oil pipeline transportation services from 1 January 2024 to 30 June 2024 was RMB2.721 billion.

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

In the reporting period, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation (Issuance). New shares issued thereunder had completed trusteeship registration and lock-up procedures in China Securities Registration and Clearing Company Limited Shanghai Branch Company on 18 March 2024. These shares shall not be transferred within 36 months from the completion date of the Issuance. After the completion of the Issuance, the total share capital of Sinopec Corp. changed from 119,349,251,646 shares to 121,739,689,893 shares. For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the Shanghai Stock Exchange on 16 March 2024 and 20 March 2024 and on the website of The Stock Exchange of Hong Kong Limited on 19 March 2024, respectively.

(1) Use of the proceeds

Unit: RMB million

Source of proceeds	Receiving time of proceeds	Total amount of proceeds	Net amount of proceeds after deducting issuance fees	Proposed amount of proceeds to be invested in the offering circular	Accumulated amount of used proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Amount used in the year	% of amount used in the year
The issuance of shares to the targeted subscriber	12 March 2024	12,000	11,987	11,987	1,303	11	1,303	11

Note: The amount used in the year is the amount used during the reporting period.

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

(2) Detail of investment projects
Detailed use of the proceeds

Unit: RMB million

Source of proceeds	Name of projects	Nature of projects	Whether the projects be mentioned in the prospectus or not	Whether the project be changed or not	Proposed amount of proceeds to be invested	Amount of used proceeds during the reporting period	Accumulated amount of used proceeds at the end of the reporting period	Amount of remaining proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Year of projects reaching expected conditions for use	Whether the project be finished or not	Whether the progress of investment is in line with the proposed schedule or not	Whether the feasibility of the project has significantly changed or not. If yes, please explain the specific situations.
The issuance of shares to the targeted subscriber	First Stage of Phase III of Tianjin LNG Project	Production and construction	Yes	No	4,500	254	254	4,246	6	2027	No	Yes	No
The issuance of shares to the targeted subscriber	Yanshan Branch Hydrogen Purification Facilities Improvement Project	Production and construction	Yes	No	187	46	46	141	25	2024	No	Yes	No
The issuance of shares to the targeted subscriber	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	Production and construction	Yes	No	4,800	45	45	4,755	1	2027	No	Yes	No
The issuance of shares to the targeted subscriber	Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project	Production and construction	Yes	No	900	510	510	390	57	2025	No	Yes	No
The issuance of shares to the targeted subscriber	ZhongKe (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project	Production and construction	Yes	No	1,600	448	448	1,152	28	2026	No	Yes	No
Total	-	-	-	-	11,987	1,303	1,303	10,684	11	-	-	-	-

(3) In the reporting period, there were no investment projects be changed or terminated.

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

On 28 April 2024, the 22nd meeting of the 8th session of the Board considered and approved Proposal on Replacing Pre-invested Self-raised Funds with Proceeds, approving the Company to use the proceeds of RMB1,215,422,591.73 to replace the pre-invested self-raised funds. For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the Shanghai Stock Exchange on 29 April 2024 and on the same day as this report, respectively.

7 SIGNIFICANT LITIGATION AND ARBITRATION RELATING TO THE COMPANY

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

8 CREDIBILITY OF THE COMPANY, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

During the reporting period, the Company and its controlling shareholder did not have any unperformed court's effective judgments which should be performed or any large amount of debt which should be repaid.

9 MATERIAL CONTRACTS AND THEIR PERFORMANCE

During the reporting period, the Company did not enter into any material contracts subject to disclosure obligations.

10 SIGNIFICANT EQUITY INVESTMENT

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

11 SIGNIFICANT DISPOSAL OF ASSETS OR EQUITY

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

12 BUSINESS WITH SINOPEC FINANCE CO. AND CENTURY BRIGHT

(1) DEPOSIT BUSINESS

Unit: RMB million

Related party	Related party relationship	Daily Cap	Interest rate range	Balance at beginning	Transaction amount Total deposit	Total withdrawn	Net changes in demand deposits	Balance in the end
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	RMB80.0 billion by Sinopec Finance Co. and Century Bright	Current：0.35%-1.35%；Time deposit：1.35%-7.4%	7,493	6,369	6,081	9,338	17,119
Century Bright	China Petrochemical Corporation 100%		Current：0-0.5%；Time deposit：0.5%-6.27%	58,474	238,204	241,758	(168)	54,752

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

(2) LOAN BUSINESS

Unit: RMB million

Related party	Related party relationship	Loan Cap	Interest rate range	Balance at beginning	Transaction amount Total loan	Total withdrawn	Balance in the end
Century Bright	China Petrochemical Corporation 100%	113,597	2.55%-6.39%	1,424	176,306	171,206	6,524
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	58,472	2.55%-4.50%	35,824	40,162	48,144	27,842

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

(3) CREDIT BUSINESS AND OTHER FINANCE BUSINESS

Unit: RMB million

Related party	Related party relationship	Business nature	Balance in the end	Transaction amount
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	Issued the acceptance bills	11,680	14,796
		Discounted bills	–	3,412

Note: The transaction amount includes the newly issued bills and discounts for the six-month period ended 30 June 2024.

Significant Events

13 MATERIAL GUARANTEE CONTRACTS AND THEIR PERFORMANCE

Unit: RMB million

External guarantees of the Company (excluding guarantees for controlled subsidiaries)													
Guarantor	Relationship with the Company	Name of guaranteed company	Amount*1	Transaction date (date of signing)	Period of guarantee	Type	Principal debt condition	Guaranty	Whether completed or not	Whether overdue or not	Amount of overdue guarantee	Counter-guaranteed	Whether guaranteed for connected parties (yes or no)*2
Sinopec Corp.	The listed company itself	Zhong An United Coal Chemical Co., Ltd.	4,615	April 2018	April 2018-December 2031	Joint and several liability guarantee	Normal performance	None	No	No	None	No	No
Sinopec Corp.	The listed company itself	Russian Amur Natural Gas Chemical Integrated LLC	3,758*3	December 2021	December 2021-December 2035 (the mature date is estimated)	Joint and several liability guarantee	Normal performance	None	No	No	None	No	No
Total amount of guarantees provided during the reporting period*4													23
Total amount of guarantees outstanding at the end of reporting period*4 (A)													8,373
Guarantees by the Company to the controlled subsidiaries													
Total amount of guarantee provided to controlled subsidiaries during the reporting period													–
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)													3,563
Total amount of guarantees by the Company (including those provided to controlled subsidiaries)													
Total amount of guarantees (A+B)													11,936
The proportion of the total amount of guarantees to the Sinopec Corp.'s net assets (%)													1.4
Among which:													
Guarantees provided for shareholders, de facto controller and its related parties (C)													–
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio over 70% (D)													8,373
The amount of guarantees in excess of 50% of the net assets (E)													–
Total amount of the above three guarantee items (C+D+E)													8,373
Statement of guarantee undue that might be involved in any joint and several liabilities													None
Statement of guarantee status													None

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

*2: As defined in the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

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

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

14 PERFORMANCE OF THE UNDERTAKINGS BY RELEVANT ENTITIES

Background	Type of undertaking	Party	Contents	Date of undertaking	Whether bears deadline or not	Term for performance	Whether strictly performed or not
Undertakings related to Initial Public Offerings (IPOs)	IPOs	China Petrochemical Corporation	1. Compliance with the connected transaction agreements; 2. Solving the issues regarding the legality of land-use rights certificates and property ownership rights certificates within a specified period of time; 3. Implementation of the Reorganisation Agreement (please refer to the definition of Reorganisation Agreement in the H share prospectus of Sinopec Corp.); 4. Granting licenses for intellectual property rights; 5. Avoiding competition within the same industry; 6. Abandonment of business competition and conflicts of interest with Sinopec Corp.	From 22 June 2001	No	–	Yes
Other undertakings	Other	China Petrochemical Corporation	Given that China Petrochemical Corporation engages in the same or similar businesses as Sinopec Corp. with regard to the exploration and production of overseas petroleum and natural gas, China Petrochemical Corporation hereby grants a 10-year option to Sinopec Corp. with the provision, that in relation to the overseas oil and gas assets acquired by China Petrochemical Corporation after the issuance of the undertaking, within 10 years of the completion of such acquisition, after a thorough analysis from political, economic and other perspectives, Sinopec Corp. is entitled to require China Petrochemical Corporation to sell these assets to Sinopec Corp. China Petrochemical Corporation undertakes to transfer the assets as required by Sinopec Corp., provided that the exercise of such option complies with applicable laws and regulations, contractual obligations and other procedural requirements.	28 April 2014[1]	Yes	Within 10 years after the date when China Petrochemical Corporation acquires the assets	Yes
Undertaking related to refinancing	Restricted sale of shares	China Petrochemical Corporation	China Petrochemical Corporation undertook not to transfer its subscribed A-shares within 36 months from the completion of the Issuance.	March 2023	Yes	36 months from the completion of the Issuance	Yes
	No reduction	China Petrochemical Corporation	China Petrochemical Corporation undertook that within six months after the completion of the Issuance, China Petrochemical Corporation and its controlled enterprises will not reduce their shareholdings of Sinopec Corp.'s stocks.	March 2023	Yes	Within six months after the completion of the Issuance	Yes

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

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

15 STRUCTURED ENTITY CONTROLLED BY THE COMPANY

None.

16 REPURCHASE, SALES AND REDEMPTION OF SHARES

(1) Progress in the implementation of share repurchase of Sinopec Corp.

On 30 May 2023, shareholders at the Annual General Meeting for 2022, the First A Shareholders Class Meeting for 2023 and the First H Shareholders Class Meeting for 2023 of Sinopec Corp. considered and approved the Resolution to Grant to the Board a Mandate to Buy Back Domestic Shares and/or Overseas-listed Foreign Shares of Sinopec Corp., authorizing the Board (or the director authorised by the Board) to buy back A shares or H shares not exceeding 10% of the issued number of A shares or H shares of Sinopec Corp.

During the reporting period, Sinopec Corp. has repurchased 39,866,000 H shares in aggregation, accounting for approximately 0.03% of the total issued shares of Sinopec Corp. on 30 June 2024, and the total amount paid was HK$176,703,167.40 (exclusive of transaction fees). On 2 July 2024, all of the H shares repurchased during the reporting period were cancelled by Sinopec Corp.

H Share Repurchase

Month	Repurchase Amount	Price per share Highest (HK$/share)	Price per share Lowest (HK$/share)	Total Amount (HK$)
March 2024	39,866,000	4.48	4.36	176,703,167.40

(2) Progress in the implementation of share repurchase of subsidiaries

During the reporting period, Sinopec Shanghai Petrochemical Company Limited, as a subsidiary of the Sinopec Corp. repurchased its H shares. For details, please refer to the interim report dated 22 August 2024 on website of the Shanghai Stock Exchange and interim results announcement dated 21 August 2024 on website of the Hong Kong Stock Exchange disclosed by Sinopec Shanghai Petrochemical Company Limited.

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

17 INFORMATION ON MAJOR SUBSIDIARIES OR THE ASSOCIATES OR JOINT VENTURES

During the reporting period, the net profit from the following subsidiary or investment income from the following associate or joint venture accounts for more than 10% of the Company's net profit:

Unit: RMB million

Company name	Registered capital	Percentage of share held by Sinopec Corp. (%)	Total Assets	Net Assets	Net Profit	Revenue	Operating Profit	Principal Business
Sinopec Marketing Co., Ltd.	28,403	70	554,414	265,597	12,406	861,719	15,841	Sales of refined oil products
China International United Petroleum and Chemical Company Limited	5,000	100	255,160	65,305	6,926	801,149	8,352	Trading of crude oil and petrochemical products

18 RISK FACTORS

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

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

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

Risks from the macro policies and government regulation: Although the Chinese government is gradually liberalizing the market entry regulations on petroleum and petrochemicals sector, the petroleum and petrochemical industries in China are still subject to entry regulations to a certain degree, which include: issuing exploration and mining permits in relation to crude oil and natural gas, issuing licenses in relation to exploration and development of crude oil and natural gas, issuing business licenses for retailing of refined oil, setting caps for retail prices of gasoline, diesel and other refined oil products, the imposition of the special oil income levy; the approval of refined oil export quotas, the formulation and promulgation of measures for the administration of the refined oil market, the formulation of safety, environmental protection and quality standards and the formulation of energy conservation policies, restrictions on high energy consumption and high pollution projects, etc. In addition, the changes which have occurred or might occur in macro and industry policies such as further opening up of crude oil import licenses and the right of tenure and the continuous control of export quota of refined oil; deepening the reform and improvement in pricing mechanism of natural gas, accelerating the exploration of upstream and downstream price linkage mechanisms, cost supervision of gas pipeline and equal access to third party and accelerating the establishment of a uniform gas energy metering and pricing system; affected by the increase in the penetration rate of new energy vehicles, the scale of substitution of refined oil products has expanded; reforming in resource tax and environmental tax; and the introduction of measures for energy conservation and carbon reduction in key areas to improve energy efficiency; and the introduction of transforming policy from "double control" of energy consumption to "double control" of carbon emissions and intensity, etc. Such factors might further impact the industry development and market environment and the operations and profitability of the Company.

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

Risks from the uncertainties of obtaining additional oil and gas resources: The future sustainable development of the Company is dependent on our abilities in continuously discovering or acquiring additional oil and natural gas resources to a certain extent. To obtain oil and natural gas resources, the Company faces some inherent risks associated with exploration and development and/or with acquisition activities of oil and gas resources, and the Company has to invest a large amount of money with no guarantee of certainty. If the Company fails to increase the reserves of crude oil and natural gas through further exploration, development and acquisition, the oil and natural gas reserves and production of the Company may decline over time which may adversely affect the Company's financial situation and operation performance.

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

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

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

Risks with regard to overseas business development and management: The Company engages in oil and gas exploration, refining and chemical, warehouse logistics and international trading businesses in some countries and regions overseas. The Company's overseas businesses and assets are subject to the jurisdiction of the host country's laws and regulations. In light of the complicated factors such as changes in international geopolitics, uncertainty of economic recovery, imbalance of national and regional economy, competitiveness of industry and trade structure, exclusiveness of regional trading blocs, polarisation of benefits distribution in trade, and politicisation of economic and trade issues, and political, economic, social, safety, legal, environmental and other risks in the country where overseas business and assets are located, including sanctions, barriers to entry, instability in the financial and taxation policies, contract defaults, tax dispute, the Company's risks with regard to overseas business development and management could be increased.

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

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

1 CHANGES IN THE SHARE CAPITAL

Unit: share

	Before change		Change (+, –)		After change	
	Amount	Percentage (%)	Issuance of new shares[1]	Subtotal	Amount	Percentage (%)
I. Shares subject to selling restriction	–	–	2,390,438,247	2,390,438,247	2,390,438,247	1.96
1. State-owned shares	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	2,390,438,247	2,390,438,247	2,390,438,247	1.96
3. Shares held by other domestic investors	–	–	–	–	–	–
Among which: domestic non-state-owned legal persons	–	–	–	–	–	–
domestic natural persons	–	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–	–
Among which: foreign legal persons	–	–	–	–	–	–
foreign natural persons	–	–	–	–	–	–
II. Shares not subject to selling restriction	119,349,251,646	100	–	–	119,349,251,646	98.04
1. RMB-denominated ordinary shares	94,971,971,046	79.57	–	–	94,971,971,046	78.01
2. Domestically listed foreign shares	–	–	–	–	–	–
3. Overseas listed foreign shares	24,377,280,600	20.43	–	–	24,377,280,600	20.03
4. Others	–	–	–	–	–	–
III. Total	119,349,251,646	100	2,390,438,247	2,390,438,247	121,739,689,893	100

Note 1: During the reporting period, 2,390,438,247 A shares with lock-up restriction were issued by Sinopec Corp. to the controlling shareholder China Petrochemical Corporation. During the reporting period, there was no stock dividends or conversion of capital reserve into shares.

2 THE IMPACT OF CHANGES IN SHARE CAPITAL ON FINANCIAL INDICATORS SUCH AS BASIC AND DILUTED EARNINGS PER SHARE, NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS FOR THE LAST YEAR AND THIS REPORTING PERIOD

In the first half of 2024, 2,390,438,247 A shares were issued by Sinopec Corp. to China Petrochemical Corporation, and a total proceeds of RMB11,999,999,999.94 was raised. Sinopec Corp. repurchased 39,866,000 H shares through centralized bidding, with a total amount of HK$176,703,167.40. Taking these items into account, basic and diluted earnings per share and net assets per share attributable to ordinary shareholders of the Company for the latest year and the latest period decreased accordingly.

3 NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

As of 30 June 2024, the total number of shareholders of Sinopec Corp. was 384,213, including 378,836 holders of A shares and 5,377 holders of H shares. Sinopec Corp. has complied with requirement for public float under the Hong Kong Listing Rules.

(1) The shareholdings of top ten shareholders, top ten shareholders with tradable shares (or shareholders with non-restricted shares) and shareholders with restricted shares as of 30 June 2024

Unit: share

Name of shareholder	Change of shareholding[1]	Total number of shares held at the end of reporting period	Percentage (%)	Number of restricted shares held[3]	Shares subject to pledges, marked or freezing: Status	Shares subject to pledges, marked or freezing: Amount	Nature of Shareholders
The shareholdings of top ten shareholders[2]							
China Petrochemical Corporation[4]	2,423,696,007	83,057,524,296	68.23	2,390,438,247	None	–	State-owned share
HKSCC Nominees Limited[5]	11,178,221	24,237,777,920	19.91	–	Unknown	Unknown	H share
中國證券金融股份有限公司	–	2,325,374,407	1.91	–	None	–	A share
中國石油天然氣集團有限公司	–	2,165,749,530	1.78	–	None	–	A share
香港中央結算有限公司	150,748,752	1,379,623,720	1.13	–	None	–	A share
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滬	-145,545,257	458,399,835	0.38	–	None	–	A share
中央匯金資產管理有限責任公司	–	315,223,600	0.26	–	None	–	A share
國新投資有限公司	71,067,272	314,381,861	0.26	–	None	–	A share
國信證券股份有限公司	-789,390	236,755,134	0.19	–	None	–	A share
中國工商銀行－上證50交易型開放式指數證券投資基金	2,361,041	235,865,255	0.19	–	None	–	A share
Description of the special repurchase account among the top ten shareholders	None						
Description of the voting rights entrusted by or to, or waived by the above-mentioned shareholders	None						
Statement on related parties or parties acting in concert among the above-mentioned shareholders	Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned top ten shareholders.						
Description of the shareholders holding preference shares with restored voting rights and their shareholding	None						

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

Note 2： There was no change in the above-mentioned top ten shareholders of Sinopec Corp. since the end of 2023.

Note 3： In the reporting period, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation. For details, please refer to item "THE ISSUANCE OF A SHARES BY SINOPEC CORP. TO THE TARGET SUBSCRIBER" in the Chapter "Significant Events".

Note 4： Due to confidence in Sinopec Corp.'s development prospects, the controlling shareholder China Petrochemical Corporation planned to increase its shareholdings of A shares and H shares of Sinopec Corp. by itself and its wholly-owned subsidiary, by an amount of not less than RMB1.0 billion (inclusive) and not more than RMB2.0 billion (inclusive) in aggregation within 12 months since 11 November 2023 (Shareholding Increase Plan). As of 30 June 2024, China Petrochemical Corporation and its wholly-owned subsidiary increased their shareholdings by 244,626,656 shares of the Company in aggregation. The Shareholding Increase Plan was not complete, and China Petrochemical Corporation would continue to increase its shareholdings when appropriate according to the Shareholding Increase Plan. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, the website of Shanghai Stock Exchange on 11 November 2023, 6 December 2023 and 20 January 2024, on the website of Hong Kong Stock Exchange on 10 November 2023 and 18 December 2023.

Note 5： Century Bright, an overseas wholly-owned subsidiary of China Petrochemical Corporation, held 917,624,000 H shares, accounting for 0.75% of the total issued share capital of Sinopec Corp. Those shareholdings were included in the total number of the shares held by HKSCC Nominees Limited.

Unit: share

The shareholdings of top ten shareholders with non-restricted shares[1]			
Name of shareholder	Number of non-restricted shares held	Class and number of shares: Class	Amount
China Petrochemical Corporation	80,667,086,049	RMB ordinary share	80,667,086,049
HKSCC Nominees Limited	24,237,777,920	Overseas listed foreign share	24,237,777,920
中國證券金融股份有限公司	2,325,374,407	RMB ordinary share	2,325,374,407
中國石油天然氣集團有限公司	2,165,749,530	RMB ordinary share	2,165,749,530
香港中央結算有限公司	1,379,623,720	RMB ordinary share	1,379,623,720
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滬	458,399,835	RMB ordinary share	458,399,835
中央匯金資產管理有限責任公司	315,223,600	RMB ordinary share	315,223,600
國新投資有限公司	314,381,861	RMB ordinary share	314,381,861
國信證券股份有限公司	236,755,134	RMB ordinary share	236,755,134
中國工商銀行－上證50交易型開放式指數證券投資基金	235,865,255	RMB ordinary share	235,865,255

Note 1： There was no change in the above-mentioned top ten shareholders with non-restricted shares of Sinopec Corp. since the end of 2023.

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

Unit: share

The shareholdings of shareholders with restricted shares					
			Trading of restricted shares		
No.	Name of shareholders with restricted shares	Number of restricted shares held	Trading day	Amount	Undertakings
1	China Petrochemical Corporation	2,390,438,247	18 March 2027	2,390,438,247	Lock-up period of 36 months since the issuance of new shares
Statement on related parties or parties acting in concert among the above-mentioned shareholders		None			

(2) Information disclosed by the shareholders of H shares in accordance with the SFO as of 30 June 2024

Name of shareholders	Status of shareholders	Number of shares interested	% of Sinopec Corp.'s issued voting shares (H Share)
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,473,470,076(L)	6.04(L)
		2,290,000(S)	0.01(S)
Schroders PLC	Investment manager	1,247,104,477(L)	5.12(L)

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

4 CHANGES IN THE CONTROLLING SHAREHOLDER AND THE DE FACTO CONTROLLER

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

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

Bond name	The first medium-term notes in 2021	The second medium-term notes in 2021	The first green medium-term notes in 2021	The first super short-term commercial papers in 2024	The second super short-term commercial papers in 2024
Abbreviation	21中石化MTN001	21中石化MTN002	21中石化GN001	24中石化SCP001	24中石化SCP002
Code	102101386	102101480	132100172	012480785	012480776
Issuance date	2021/7/23	2021/8/5	2021/12/27	2024/3/7	2024/3/7
Interest commencement date	2021/7/27	2021/8/6	2021/12/28	2024/3/8	2024/3/8
Maturity date	2026/7/27	2024/8/6	2024/12/28	2024/12/3	2024/9/4
Amount issued (RMB billion)	5.0	2.0	2.55	12.0	2.0
Outstanding balance (RMB billion)	5.0	2.0	2.55	12.0	2.0
Interest rate (%)	3.2	2.95	2.5	1.97	1.9
Principal and interest repayment	Interest is paid once a year. The principal will be paid at maturity with last instalment of interest.				
Investor Qualification Arrangement	Nationwide inter-bank bond market institutional investors				
Applicable trading mechanism	Circulated and transferred in nationwide inter-bank bond market				
Risk of suspension for listed trading (if any), and countermeasures	—				
Trading market	Nationwide inter-bank bond market				
Use of proceeds	Proceeds from the above-mentioned corporate bonds have been used for their designated purpose as disclosed in the corporate bond prospectus. All the proceeds have been completely used till now.				
Credit rating	—				
Special terms for issuer or investor option or investor protection, whether triggered or executed	—				
Guarantee, repayment scheme and other related events during the reporting period	No guarantee. No change on the repayment scheme.				
Convening of corporate bond holders' meeting	During the reporting period, no bondholders' meeting was convened.				
Performance of corporate bonds trustee	Corporate bonds trustee has performed its duties in accordance with regulatory requirements.				

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

Accounting data and financial indicators of the Company at the end of reporting period

Principal data	At the end of the reporting period	At the end of last year	Change	Reasons for change
Current ratio	0.85	0.83	0.02	Increase in inventory
Quick ratio	0.45	0.44	0.01	Increase in quick asset
Liability-to-asset ratio	54.0%	52.7%	1.3 percentage points	Increase in current liabilities such as short-term borrowings
Loan repayment rate	100%	100%	–	–

	The reporting period for 2024 (January-June)	The reporting period for 2023 (January-June)	Change	Reason for change
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses (RMB Million)	35,582	33,655	1,927	Increase in the profit of E&P business and decrease in the loss of chemical business
Net profit excluding extraordinary gains and losses (RMB Million)	40,729	38,705	2,024	Increase in the profit of E&P business and decrease in the loss of chemical business
EBITDA-to-total debt ratio	0.33	0.34	(0.01)	Increase in short-term borrowings
EBITDA-to-interest coverage ratio	11.37	11.63	(0.26)	Increase in interest expense
Interest coverage ratio	6.18	6.48	(0.30)	Increase in interest expense
Cash interest coverage ratio	14.09	9.81	4.28	Net cash flow from operating activities increased year-on-year.
Interest payment rate	100%	100%	–	–

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

During the reporting period, the Company paid in full and on time the interest accrued for the other bonds and debt financing instruments. As at 30 June 2024, the standby credit line provided by several domestic financial institutions to the Company was RMB561.4 billion in total, facilitating the Company to get such amount of unsecured loans. The Company has fulfilled all the relevant undertakings in the bond offering circular and had no significant matters which could influence the Company's operation and debt repayment ability.

On 18 April 2013, Sinopec Capital (2013) Limited, a wholly-owned overseas subsidiary of Sinopec Corp., issued senior notes guaranteed by the Company with four different maturities, 3 years, 5 years, 10 years and 30 years. The 3-year notes principal totalled USD750 million, with an annual interest rate of 1.250% and had been repaid and delisted; the 5-year notes principal totalled USD1.0 billion, with an annual interest rate of 1.875% and had been repaid and delisted; the 10-year notes principal totalled USD1.25 billion, with an annual interest rate of 3.125% and had been repaid and delisted; and the 30-year notes principal totalled USD500 million, with an annual interest rate of 4.250%. These notes were listed on the Hong Kong Stock Exchange on 25 April 2013, with interest payable semi-annually. The first payment of interest was made on 24 October 2013. During the reporting period, the Company has paid in full the current-period interests of the 30-year notes.

To the Shareholders of China Petroleum & Chemical Corporation,

We have reviewed the accompanying interim financial statements of China Petroleum & Chemical Corporation ("Sinopec Corp."), which comprise the consolidated and company balance sheets as of 30 June 2024, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the period from 1 January 2024 to 30 June 2024, and the notes to the financial statements. Management of Sinopec Corp. is responsible for the preparation of these interim financial statements. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with China Standard on Review No. 2101 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company 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 of Sinopec Corp. are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs"), and do not present fairly, in all material respects, the consolidated and the company's financial position of Sinopec Corp. as at 30 June 2024, and the consolidated and the company's financial performance and cash flows for the period from 1 January 2024 to 30 June 2024.

KPMG Huazhen LLP

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

Yang Jie (Engagement Partner)

Beijing, China

He Shu

23 August 2024

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Assets			
Current assets			
Cash at bank and on hand	5	179,730	164,960
Financial assets held for trading		4	3
Derivative financial assets	6	6,817	9,721
Accounts receivable	7	76,746	48,652
Receivables financing	8	4,967	2,221
Prepayments	9	9,090	5,067
Other receivables	10	33,300	26,089
Inventories	11	297,099	250,898
Other current assets		29,930	26,824
Total current assets		**637,683**	**534,435**
Non-current assets			
Long-term equity investments	12	243,733	234,608
Other equity instrument investments		450	450
Fixed assets	13	683,620	690,957
Construction in progress	14	191,780	180,250
Right-of-use assets	15	171,327	174,529
Intangible assets	16	136,751	138,181
Goodwill	17	6,477	6,472
Long-term deferred expenses	18	12,242	13,199
Deferred tax assets	19	20,052	20,110
Other non-current assets	20	37,821	33,483
Total non-current assets		**1,504,253**	**1,492,239**
Total assets		**2,141,936**	**2,026,674**
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	22	63,710	59,815
Derivative financial liabilities	6	2,060	2,752
Bills payable	23	35,721	29,122
Accounts payable	24	251,741	229,878
Contract liabilities	25	124,512	127,239
Employee benefits payable	26	21,284	13,941
Taxes payable	27	37,584	40,008
Other payables	28	111,645	93,031
Non-current liabilities due within one year	29	71,766	30,457
Other current liabilities	30	33,327	20,833
Total current liabilities		**753,350**	**647,076**
Non-current liabilities			
Long-term loans	31	160,693	179,347
Debentures payable	32	8,536	8,513
Lease liabilities	33	160,803	163,864
Provisions	34	49,624	48,269
Deferred tax liabilities	19	8,046	7,817
Other non-current liabilities	35	14,539	13,133
Total non-current liabilities		**402,241**	**420,943**
Total liabilities		**1,155,591**	**1,068,019**
Shareholders' equity			
Share capital	36	121,740	119,349
Capital reserve	37	126,299	117,273
Less: treasury shares		161	–
Other comprehensive income	38	2,008	3,060
Specific reserve	39	3,384	2,597
Surplus reserves	40	223,134	223,134
Retained earnings		351,736	340,381
Total equity attributable to shareholders of the Company		**828,140**	**805,794**
Non-controlling interests		**158,205**	**152,861**
Total shareholders' equity		**986,345**	**958,655**
Total liabilities and shareholders' equity		**2,141,936**	**2,026,674**

These financial statements have been approved for issue by the board of directors on 23 August 2024.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

UNAUDITED BALANCE SHEET

As at 30 June 2024

	Note	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Assets			
Current assets			
Cash at bank and on hand		71,332	65,753
Financial assets held for trading		4	3
Derivative financial assets		1,266	482
Accounts receivable	7	22,685	27,878
Receivables financing		1,921	367
Prepayments	9	1,944	1,760
Other receivables	10	51,771	50,940
Inventories		78,315	67,922
Other current assets		34,918	33,852
Total current assets		**264,156**	**248,957**
Non-current assets			
Long-term equity investments	12	431,020	413,572
Other equity instrument investments		15	14
Fixed assets	13	294,701	305,494
Construction in progress	14	78,636	70,306
Right-of-use assets	15	82,982	84,589
Intangible assets		8,081	8,312
Long-term deferred expenses		4,053	4,652
Deferred tax assets		5,882	6,567
Other non-current assets		54,724	47,004
Total non-current assets		**960,094**	**940,510**
Total assets		**1,224,250**	**1,189,467**
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		38,031	39,413
Derivative financial liabilities		209	251
Bills payable		3,781	5,014
Accounts payable		83,444	81,628
Contract liabilities		11,123	9,079
Employee benefits payable		12,286	8,366
Taxes payable		20,025	22,103
Other payables		258,457	250,472
Non-current liabilities due within one year		49,171	16,100
Other current liabilities		14,741	912
Total current liabilities		**491,268**	**433,338**
Non-current liabilities			
Long-term loans		78,577	108,427
Debentures payable		4,994	4,993
Lease liabilities		84,980	86,399
Provisions		41,228	40,077
Other non-current liabilities		1,621	1,684
Total non-current liabilities		**211,400**	**241,580**
Total liabilities		**702,668**	**674,918**
Shareholders' equity			
Share capital		121,740	119,349
Capital reserve		70,827	61,814
Less: treasury shares		161	–
Other comprehensive income		1,151	700
Specific reserve		2,020	1,673
Surplus reserves		223,134	223,134
Retained earnings		102,871	107,879
Total shareholders' equity		**521,582**	**514,549**
Total liabilities and shareholders' equity		**1,224,250**	**1,189,467**

These financial statements have been approved for issue by the board of directors on 23 August 2024.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Note	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Operating income	41	**1,576,131**	**1,593,682**
Less: Operating costs	41	1,327,574	1,351,561
Taxes and surcharges	42	132,612	127,261
Selling and distribution expenses	45	29,664	29,174
General and administrative expenses	46	26,304	27,487
Research and development expenses	47	6,003	5,992
Financial expenses	43	6,275	4,790
Including: Interest expenses		9,654	9,049
Interest income		3,252	3,239
Exploration expenses, including dry holes	48	4,542	4,882
Add: Other income	49	3,505	4,896
Investment income	50	7,565	3,291
Including: Income from investment in associates and joint ventures		6,732	2,611
(Losses)/gains from changes in fair value	51	(1,275)	1,475
Credit impairment reversals/(losses)		23	(35)
Impairment losses	52	(1,689)	(2,365)
Asset disposal gains		219	869
Operating profit		**51,505**	**50,666**
Add: Non-operating income	53	660	940
Less: Non-operating expenses	54	1,297	960
Profit before taxation		**50,868**	**50,646**
Less: Income tax expense	55	9,931	10,170
Net profit		**40,937**	**40,476**
Classification by continuity of operations:			
Net profit from continuing operations		40,937	40,476
Net profit from discontinued operations		–	–
Classification by ownership:			
Shareholders of the Company		35,703	35,111
Non-controlling interests		5,234	5,365
Basic earnings per share (RMB/share)	65	**0.296**	**0.293**
Diluted earnings per share (RMB/share)	65	**0.296**	**0.293**
Other comprehensive income	38		
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		150	(3,454)
Items that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		1	(1)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		1,013	(4,210)
Cash flow hedges		(1,411)	(2,688)
Foreign currency translation differences		547	3,445
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		429	(1,640)
Total other comprehensive income net of tax		**579**	**(5,094)**
Total comprehensive income		**41,516**	**35,382**
Attributable to:			
Shareholders of the Company		35,853	31,657
Non-controlling interests		5,663	3,725

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	Note	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Operating income	41	**546,308**	**587,285**
Less: Operating costs	41	436,985	473,949
Taxes and surcharges		74,522	77,502
Selling and distribution expenses		746	773
General and administrative expenses		9,816	11,691
Research and development expenses		5,427	5,117
Financial expenses		6,002	5,666
Including: Interest expenses		7,042	6,960
Interest income		1,043	1,002
Exploration expenses, including dry holes		3,978	4,091
Add: Other income		2,620	3,908
Investment income	50	11,928	19,381
Including: Income from investment in associates and joint ventures		2,432	2,531
Gains from changes in fair value		66	182
Credit impairment reversals/(losses)		28	(8)
Impairment losses		(1,425)	(1,389)
Asset disposal (losses)/gains		(1)	713
Operating profit		**22,048**	**31,283**
Add: Non-operating income		145	277
Less: Non-operating expenses		806	482
Profit before taxation		**21,387**	**31,078**
Less: Income tax expense		2,048	2,033
Net profit		**19,339**	**29,045**
Classification by continuity of operations:			
Net profit from continuing operations		19,339	29,045
Net profit from discontinued operations		–	–
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of other equity instrument investments		–	–
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		(9)	(50)
Cash flow hedges		902	(1,870)
Total other comprehensive income net of tax		**893**	**(1,920)**
Total comprehensive income		**20,232**	**27,125**

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	Note	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		1,746,492	1,683,597
Refund of taxes and levies		3,399	5,978
Other cash received relating to operating activities		63,818	84,423
Sub-total of cash inflows		**1,813,709**	**1,773,998**
Cash paid for goods and services		(1,460,197)	(1,430,242)
Cash paid to and for employees		(43,837)	(42,437)
Payments of taxes and levies		(167,855)	(150,683)
Other cash paid relating to operating activities		(99,551)	(123,074)
Sub-total of cash outflows		**(1,771,440)**	**(1,746,436)**
Net cash flow from operating activities	57(a)	**42,269**	**27,562**
Cash flows from investing activities:			
Cash received from disposal of investments		40	391
Cash received from returns on investments		3,093	2,969
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,436	3,584
Other cash received relating to investing activities	57(d)	42,787	41,454
Sub-total of cash inflows		**47,356**	**48,398**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(58,134)	(87,581)
Cash paid for acquisition of investments		(2,948)	(2,741)
Other cash paid relating to investing activities	57(e)	(65,278)	(51,506)
Sub-total of cash outflows		**(126,360)**	**(141,828)**
Net cash flow from investing activities		**(79,004)**	**(93,430)**
Cash flows from financing activities:			
Cash received from capital contributions		12,883	279
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries		888	279
Cash received from borrowings	57(g)	331,320	365,988
Other cash received relating to financing activities		1,295	56
Sub-total of cash inflows		**345,498**	**366,323**
Cash repayments of borrowings		(292,145)	(259,716)
Cash paid for dividends, profits distribution or interest		(4,789)	(29,860)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders		(953)	(2,830)
Other cash paid relating to financing activities	57(f)	(11,702)	(9,886)
Sub-total of cash outflows		**(308,636)**	**(299,462)**
Net cash flow from financing activities		**36,862**	**66,861**
Effects of changes in foreign exchange rate		**248**	**443**
Net increase in cash and cash equivalents	57(b)	**375**	**1,436**
Add: Cash and cash equivalents at the beginning of the year		121,759	93,438
Cash and cash equivalents at the end of the period	57(c)	**122,134**	**94,874**

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	Note	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		604,569	650,715
Refund of taxes and levies		2,163	4,464
Other cash received relating to operating activities		27,425	22,012
Sub-total of cash inflows		**634,157**	**677,191**
Cash paid for goods and services		(438,690)	(495,163)
Cash paid to and for employees		(20,196)	(20,978)
Payments of taxes and levies		(88,961)	(77,260)
Other cash paid relating to operating activities		(46,862)	(38,805)
Sub-total of cash outflows		**(594,709)**	**(632,206)**
Net cash flow from operating activities		**39,448**	**44,985**
Cash flows from investing activities:			
Cash received from disposal of investments		15,074	4,123
Cash received from returns on investments		4,948	9,490
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		263	139
Other cash received relating to investing activities		7,133	33,819
Sub-total of cash inflows		**27,418**	**47,571**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(25,155)	(37,344)
Cash paid for acquisition of investments		(22,207)	(17,139)
Other cash paid relating to investing activities		(53,632)	(42,270)
Sub-total of cash outflows		**(100,994)**	**(96,753)**
Net cash flow from investing activities		**(73,576)**	**(49,182)**
Cash flows from financing activities:			
Cash received from investors		11,995	–
Cash received from borrowings		82,519	137,604
Other cash received relating to financing activities		133,958	100,198
Sub-total of cash inflows		**228,472**	**237,802**
Cash repayments of borrowings		(67,168)	(51,254)
Cash paid for dividends or interest		(3,658)	(27,029)
Other cash paid relating to financing activities		(123,125)	(133,014)
Sub-total of cash outflows		**(193,951)**	**(211,297)**
Net cash flow from financing activities		**34,521**	**26,505**
Effects of changes in foreign exchange rate		**–**	**68**
Net increase in cash and cash equivalents		**393**	**22,376**
Add: Cash and cash equivalents at the beginning of the year		64,471	23,228
Cash and cash equivalents at the end of the period		**64,864**	**45,604**

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	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Non-controlling interests RMB million	Total shareholders' equity RMB million
Balance at 1 January 2023	119,896	118,875	–	3,072	2,813	218,009	325,806	788,471	151,986	940,457
Change for the period										
1. Net profit	–	–	–	–	–	–	35,111	35,111	5,365	40,476
2. Other comprehensive income (Note 38)	–	–	–	(3,454)	–	–	–	(3,454)	(1,640)	(5,094)
Total comprehensive income	–	–	–	(3,454)	–	–	35,111	31,657	3,725	35,382
Amounts transferred to initial carrying amount of hedged items	–	–	–	(1,023)	–	–	–	(1,023)	(13)	(1,036)
Transactions with owners, recorded directly in shareholders' equity:										
3. Appropriations of profits:										
– Distributions to shareholders (Note 56)	–	–	–	–	–	–	(23,380)	(23,380)	–	(23,380)
4. Contributions to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	472	472
5. Transactions with non-controlling interests	–	(5)	–	–	–	–	–	(5)	(158)	(163)
6. Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(3,185)	(3,185)
Total transactions with owners, recorded directly in shareholders' equity	–	(5)	–	–	–	–	(23,380)	(23,385)	(2,871)	(26,256)
7. Net increase in specific reserve for the period	–	–	–	–	984	–	–	984	107	1,091
8. Other equity movements under the equity method	–	(171)	–	–	–	–	–	(171)	–	(171)
9. Others	–	31	–	–	–	–	(2)	29	(15)	14
Balance at 30 June 2023	**119,896**	**118,730**	**–**	**(1,405)**	**3,797**	**218,009**	**337,535**	**796,562**	**152,919**	**949,481**
Balance at 1 January 2024	119,349	117,273	–	3,060	2,597	223,134	340,381	805,794	152,861	958,655
Change for the period										
1. Net profit	–	–	–	–	–	–	35,703	35,703	5,234	40,937
2. Other comprehensive income (Note 38)	–	–	–	150	–	–	–	150	429	579
Total comprehensive income	–	–	–	150	–	–	35,703	35,853	5,663	41,516
Amounts transferred to initial carrying amount of hedged items	–	–	–	(1,202)	–	–	–	(1,202)	(41)	(1,243)
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' contributions and decrease of capital										
– Contribution by ordinary shares (Note 36)	2,391	9,597	–	–	–	–	–	11,988	–	11,988
– Purchase of ownshares (Note 36)	–	–	(161)	–	–	–	–	(161)	–	(161)
4. Appropriations of profits:										
– Distributions to shareholders (Note 56)	–	–	–	–	–	–	(24,347)	(24,347)	–	(24,347)
5. Non-controlling shareholders' contribution and decrease of capital	–	–	–	–	–	–	–	–	(375)	(375)
6. Transactions with non-controlling interests	–	(1,050)	–	–	–	–	–	(1,050)	1,276	226
7. Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(1,100)	(1,100)
Total transactions with owners, recorded directly in shareholders' equity	2,391	8,547	(161)	–	–	–	(24,347)	(13,570)	(199)	(13,769)
8. Net increase in specific reserve for the period	–	–	–	–	787	–	–	787	76	863
9. Other equity movements under the equity method	–	156	–	–	–	–	–	156	–	156
10. Others	–	323	–	–	–	–	(1)	322	(155)	167
Balance at 30 June 2024	**121,740**	**126,299**	**(161)**	**2,008**	**3,384**	**223,134**	**351,736**	**828,140**	**158,205**	**986,345**

These financial statements have been approved for issue by the board of directors on 23 August 2024.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves shareholders' equity RMB million	Retained earnings RMB million	Total shareholders' equity RMB million
Balance at 1 January 2023	119,896	63,628	–	827	1,745	218,009	102,522	506,627
Change for the period								
1. Net profit	–	–	–	–	–	–	29,045	29,045
2. Other comprehensive income	–	–	–	(1,920)	–	–	–	(1,920)
Total comprehensive income	–	–	–	(1,920)	–	–	29,045	27,125
Amounts transferred to initial carrying amount of hedged items	–	–	–	(550)	–	–	–	(550)
Transactions with owners, recorded directly in shareholders' equity:								
3. Appropriations of profits:								
– Distributions to shareholders (Note 56)	–	–	–	–	–	–	(23,380)	(23,380)
Total transactions with owners, recorded directly in shareholders' equity	–	–	–	–	–	–	(23,380)	(23,380)
4. Net increase in specific reserve for the period	–	–	–	–	542	–	–	542
5. Other equity movements under the equity method	–	(181)	–	–	–	–	–	(181)
Balance at 30 June 2023	**119,896**	**63,447**	**–**	**(1,643)**	**2,287**	**218,009**	**108,187**	**510,183**
Balance at 1 January 2024	119,349	61,814	–	700	1,673	223,134	107,879	514,549
Change for the period								
1. Net profit	–	–	–	–	–	–	19,339	19,339
2. Other comprehensive income	–	–	–	893	–	–	–	893
Total comprehensive income	–	–	–	893	–	–	19,339	20,232
Amounts transferred to initial carrying amount of hedged items	–	–	–	(442)	–	–	–	(442)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' contributions and decrease of capital								
– Contribution by ordinary shares (Note 36)	2,391	9,597	–	–	–	–	–	11,988
– Purchase of own shares (Note 36)	–	–	(161)	–	–	–	–	(161)
4. Appropriations of profits:								
– Distributions to shareholders (Note 56)	–	–	–	–	–	–	(24,347)	(24,347)
Total transactions with owners, recorded directly in shareholders' equity	2,391	9,597	(161)	–	–	–	(24,347)	(12,520)
5. Net increase in specific reserve for the period	–	–	–	–	347	–	–	347
6. Other equity movements under the equity method	–	13	–	–	–	–	–	13
7. Others	–	(597)	–	–	–	–	–	(597)
Balance at 30 June 2024	**121,740**	**70,827**	**(161)**	**1,151**	**2,020**	**223,134**	**102,871**	**521,582**

These financial statements have been approved for issue by the board of directors on 23 August 2024.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

1 STATUS OF THE COMPANY

China Petroleum & Chemical Corporation (the "Company") was established on 25 February 2000 as a joint stock limited company. The company is registered in Beijing, the People's Republic of China, and the headquarter is located in Beijing, the People's Republic of China. The approval date of the financial report is 23 August 2024.

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

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

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

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

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

(1) the exploration, development and production of crude oil and natural gas;

(2) the refining, transportation, storage and marketing of crude oil and petroleum product; and

(3) the production and sale of chemical.

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

2 BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises – Basic Standards, specific standards and relevant regulations (hereafter referred as CASs collectively) issued by the MOF on or after 15 February 2006. These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for Financial Reports" revised in 2023 by the China Securities Regulatory Commission ("CSRC"). These financial statements present truly and completely the consolidated and company financial position as at 30 June 2024, and the consolidated and company financial performance and the consolidated and company cash flows for the six-month period ended 30 June 2024.

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

(2) Accounting period

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

(3) Measurement basis

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

– Financial assets held for trading (see Note 3(11))

– Other equity instrument investments (see Note 3(11))

– Derivative financial instruments (see Note 3(11))

– Receivables financing (see Note 3(11))

(4) Functional currency and presentation currency

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

2 BASIS OF PREPARATION *(Continued)*

(5) Materiality criteria: Determination method and selection basis

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

(a) Business combination involving entities under common control

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

(b) Business combination involving entities not under common control

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

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

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

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

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

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

Foreign currency transactions are, on initial recognition, translated into Renminbi at the spot exchange rates at the transaction dates.

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

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

(3) Cash and cash equivalents

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(4) Inventories

(a) Inventories categories

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

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

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

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

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

(c) Inventory system

Inventories are recorded by perpetual method.

(5) Long-term equity investments

(a) Investment in subsidiaries

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(b) Investment in joint ventures and associates

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

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(6) Leases

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

(a) As Lessee

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

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

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

(b) As Lessor

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

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

(7) Fixed assets and construction in progress

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(7) Fixed assets and construction in progress *(Continued)*

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

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

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

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

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

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

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

(8) Oil and gas properties

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(8) Oil and gas properties *(Continued)*

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

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

(9) Intangible assets

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

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

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

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

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

When an enterprise sells products or by-products produced in the course of research and development, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

(10) Goodwill

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

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

(11) Financial Instruments

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

(a) Financial assets

(i) Classification and measurement

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement *(Continued)*

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

– Measured at amortised cost:

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

– Measured at fair value through other comprehensive income:

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

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

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

(ii) Impairment

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

- *Allowance for doubtful accounts on receivables*

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

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

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

(iii) Derecognition

The Group derecognises a financial asset when (1) the contractual right to receive cash flows from the financial asset expires; (2) the Group transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset; (3) the financial assets have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but the Group has not retained control.

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

(b) Financial liabilities

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

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

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

Financial guarantee liabilities

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

(b) Financial liabilities *(Continued)*

Financial guarantee liabilities *(Continued)*
Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. A financial guarantee liability is measured at the higher of:

- the amount of the loss allowance determined in accordance with the impairment policies for financial instruments; and
- the amount initially recognised less the cumulative amount of income.

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

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

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

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

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

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

(1) There is an economic relationship between the hedged item and the hedging instrument, which share a risk and that gives rise to opposite changes in fair value that tend to offset each other.

(2) The effect of credit risk does not dominate the value changes that result from that economic relationship.

(3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

– ***Cash flow hedges***

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

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

– ***Cash flow hedges*** *(Continued)*

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

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

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

– ***Fair value hedges***

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

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

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

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

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

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

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

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is recognised as an impairment loss in profit or loss. A provision for impairment loss of the asset is recognised accordingly. Impairment losses related to an asset unit or a set of asset units first reduce the carrying amount of any goodwill allocated to the asset unit or set of asset units, and then reduce the carrying amount of the other assets in the asset unit or set of asset units on a pro rata basis. However, the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(13) Long-term deferred expenses

Long-term deferred expenses are amortised on a straight-line basis over their beneficial periods.

(14) Employee benefits

Employee benefits are all forms of considerations and compensation given in exchange for services rendered by employees, including short-term compensation, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term compensation

Short-term compensation includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, work-related injury insurance premium, maternity insurance premium, contributions to housing fund, unions and education fund and short-term absence with payment etc. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the short-term compensation actually incurred as a liability and charge to the cost of an asset or to profit or loss in the same period, and non-monetary benefits are valued with the fair value.

(b) Post-employment benefits

The Group classifies post-employment benefits into either Defined Contribution Plan (DC plan) or Defined Benefit Plan (DB plan). DC plan means the Group only contributes a fixed amount to an independent fund and no longer bears other payment obligation; DB plan is post-employment benefits other than DC plan. In this reporting period, the post-employment benefits of the Group primarily comprise basic pension insurance and unemployment insurance and both of them are DC plans.

Basic pension insurance

Employees of the Group participate in the social insurance system established and managed by local labor and social security department. The Group makes basic pension insurance to the local social insurance agencies every month, at the applicable benchmarks and rates stipulated by the government for the benefits of its employees. After the employees retire, the local labor and social security department has obligations to pay them the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charge to the cost of an asset or to profit or loss in the same period.

(c) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss under the conditions of both the Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly; and the Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

(15) Income tax

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

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

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

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

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

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

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(15) Income tax *(Continued)*

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

- the taxable entity has a legally enforceable right to offset current tax assets and current tax liabilities; and
- 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 realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

(16) Provisions

Provisions are recognised when the Group has a present obligation as a result of a contingent event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

Provisions for future dismantlement costs are initially recognised based on the present value of the future costs expected to be incurred in respect of the Group's expected dismantlement and abandonment costs at the end of related oil and gas exploration and development activities. Any subsequent change in the present value of the estimated costs, other than the change due to passage of time which is regarded as interest costs, is reflected as an adjustment to the provision of oil and gas properties.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(17) Specific reserve

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

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. When the safety fund is subsequently used for the construction or acquisition of fixed assets, the Group recognises the capitalised expenditure incurred as the cost of the fixed assets when the related assets are ready for their intended use. In such cases, the specific reserve is reduced by the amount that corresponds to the cost of the fixed assets and the credit side is recognised in the accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

(18) Revenue recognition

Revenue arises in the course of the Group's ordinary activities, and increases in economic benefits in the form of inflows that result in an increase in equity, other than those relating to contributions from equity participants.

The Group sells crude oil, natural gas, petroleum and chemical products, etc. Revenue is recognised according to the expected consideration amount, when a customer obtains control over the relevant goods or services. To determine whether a customer obtains control of a promised asset, the Group shall consider indicators of the transfer of control, which include, but are not limited to:

- the Group has a present right to payment for the asset;
- the Group has transferred physical possession of the asset to the customer;
- the customer has the significant risks and rewards of ownership of the asset;
- the customer has accepted the asset.

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(18) Revenue recognition *(Continued)*

The circumstances in which the Group is able to control the goods before transferring them to customers include:

- The Group acquires control of the goods or other assets from a third party and then transfers them to the customer;
- The Group is able to lead third parties to provide services to customers on behalf of the Group;
- After the Group acquires control of a product from a third party, it transfers the product to a customer by integrating the product with other products into a combination of products through the provision of significant services.

In determining whether the Group has control over the Goods before the transfer of the Goods to the Customer, the Group takes into account all relevant facts and circumstances, including:

- The Group bears the primary responsibility for the transfer of goods to customers;
- The Group assumes the inventory risk of the goods before or after the transfer of the goods;
- The Group reserves the right to determine the price of the products it trades at its own discretion.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

Government grants are recognised when there is reasonable assurance that the grants will be received and the Group is able to comply with the conditions attaching to them. Government grants in the form of monetary assets are recorded based on the amount received or receivable, whereas non-monetary assets are measured at fair value.

Government grants received in relation to assets are recorded as deferred income, and recognised evenly in profit or loss over the assets' useful lives. Government grants received in relation to revenue are recorded as deferred income, and recognised as income in future periods as compensation when the associated future expenses or losses arise; or directly recognised as income in the current period as compensation for past expenses or losses.

(20) Borrowing costs

Borrowing costs incurred on borrowings for the acquisition, construction or production of qualified assets are capitalised into the cost of the related assets in the capitalisable period.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

(21) Repairs and maintenance expenses

Repairs and maintenance (including overhauling expenses) expenses are recognised in profit or loss when incurred.

(22) Environmental expenditures

Environmental expenditures that relate to current ongoing operations or to conditions caused by past operations is expensed as incurred. Liabilities related to future remediation costs are recorded when environmental assessments and/or cleanups are probable and the costs can be reliably estimated. As facts concerning environmental contingencies become known to the Group, the Group reassesses its position both with respect to accrued liabilities and other potential exposures.

(23) Research and development costs

Research costs and development costs that cannot meet the capitalisation criteria are recognised in profit or loss when incurred.

(24) Dividends

Dividends and distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date and are separately disclosed in the notes to the financial statements. Dividends are recognised as a liability in the period in which they are declared.

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(25) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control, joint control from another party, they are considered to be related parties, except for the two parties significantly influenced by a party. Related parties may be individuals or enterprises. Where enterprises are subject to state control but are otherwise unrelated, they are not related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(26) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

– engage in business activities from which it may earn revenues and incur expenses;

– whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and

– for which financial information regarding financial position, results of operations and cash flows are available.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(27) Changes in significant accounting policies

In 2024, the Group has adopted the revised accounting requirements and guidance under CASs newly issued by the Ministry of Finance ("MOF") as follows:

"The provision on the Classification of Liabilities as Current or Non-current" in CAS Bulletin No. 17 (Caikuai [2023] No. 21) ("CAS Bulletin No. 17").

In accordance with CAS Bulletin No. 17, when classifying the liquidity of liabilities, the Group only considers whether it has a substantial right to defer the settlement of liabilities to more than one year after the balance sheet date ("Right to Defer the Settlement of Liabilities") at the balance sheet date, without taking into account the subjective likelihood of the Group exercising such rights.

For liabilities arising from the Group's loan arrangements, if the Group's Right to Defer the Settlement of Liabilities depends on whether the Group has complied with the conditions stipulated in the loan arrangements ("Contractual Conditions"), the Group classifies the liquidity of the relevant liabilities by considering only the impact of the Contractual Conditions to be followed by the Group on or before the balance sheet date, without considering the impact of Contractual Conditions that the Group should comply with after the balance sheet date.

For liabilities settled by the Group through the delivery of its own equity instruments at the option of the counterparty, if the Group classifies such options as equity instruments and recognises them separately as equity components of compound financial instruments in accordance with the provisions of CAS No. 37 – Presentation of Financial Instruments, the liquidity classification of such liability will not be affected. Conversely, if such options cannot be classified as equity instruments, the liquidity classification of the liability will be affected.

The adoption of this provision does not have a material impact on the Group's financial position and results of operations.

4 TAXATION

Major types of tax applicable to the Group are value-added tax, resources tax, consumption tax, corporate income tax, crude oil special gain levy, levy for mineral rights concessions, city maintenance and construction tax, education surcharge and local education surcharge.

Tax rates of products are presented as below:

Type of taxes	Tax rate	Tax basis and method
Value Added Tax (the "VAT")	13%, 9%, 6%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	6%	Based on the revenue from sales of crude oil and natural gas.
Consumption Tax	RMB2,109.76 per tonnage for Gasoline, RMB1,411.20 per tonnage for Diesel, RMB2,105.20 per tonnage for Naphtha, RMB1,948.64 per tonnage for Solvent oil, RMB1,711.52 per tonnage for Lubricant oil, RMB1,218.00 per tonnage for Fuel oil, and RMB1,495.20 per tonnage for Jet fuel oil.	Based on quantities.
Corporate Income Tax	5% to 50%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
Levy for Mineral Rights Concessions (礦業權出讓收益)	Oil, gas, shale gas, Natural gas hydrates 0.8% onshore, 0.6% offshore, coal bed methane 0.3%, mineral salts (rock salt) 2.8%	Based on revenue from sales of mineral products.
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual paid VAT and consumption tax.
Education surcharges	3%	Based on the actual paid VAT and consumption tax.
Local Education surcharges	2%	Based on the actual paid VAT and consumption tax.

5 CASH AT BANK AND ON HAND

The Group

	At 30 June 2024			At 31 December 2023		
	Original currency million	**Exchange rates**	**RMB million**	Original currency million	Exchange rates	RMB million
Cash on hand						
Renminbi			1			1
Cash at bank						
Renminbi			84,687			87,278
US Dollar	2,675	7.1268	19,066	1,169	7.0827	8,277
Hong Kong Dollar	4,094	0.9127	3,736	3,584	0.9062	3,248
Others			369			189
			107,859			**98,993**
Deposits at related parities						
Renminbi			17,250			7,602
US Dollar	7,557	7.1268	53,857	8,196	7.0827	58,050
EUR	49	7.6617	373	10	7.8592	76
Others			391			239
			71,871			**65,967**
Total			**179,730**			**164,960**

Deposits at related parties represent deposits placed at Sinopec Finance Company Limited and Sinopec Century Bright Capital Investment Limited. Deposits interest is calculated based on market rate.

At 30 June 2024, time deposits with maturities over three months in financial institutions of the Group amounted to RMB56,507 million (31 December 2023: RMB41,778 million), security deposit and other restricted deposits totally amounted to RMB1,089 million (31 December 2023: RMB1,423 million), which was not reported as cash and cash equivalents.

6 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and hedge accounting. See Note 64 for commodity price risk.

	30 June 2024 RMB Million		31 December 2023 RMB Million	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Cash flow hedge instruments	1,405	765	2,883	1,768
Other derivatives	5,412	1,295	6,838	984
	6,817	**2,060**	**9,721**	**2,752**

7 ACCOUNTS RECEIVABLE

	The Group		The Company	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Accounts receivable	80,799	52,668	22,748	27,949
Less: Allowance for doubtful accounts	4,053	4,016	63	71
Total	**76,746**	**48,652**	**22,685**	**27,878**

Ageing analysis on accounts receivable is as follows:

	The Group							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %
Within one year	76,378	94.5	75	0.1	48,261	91.6	74	0.2
Between one and two years	246	0.3	37	15.0	326	0.6	47	14.4
Between two and three years	161	0.2	59	36.6	116	0.3	62	53.4
Over three years	4,014	5.0	3,882	96.7	3,965	7.5	3,833	96.7
Total	**80,799**	**100.0**	**4,053**		**52,668**	**100.0**	**4,016**	

	The Company							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %
Within one year	22,293	98.0	3	–	27,387	98.0	4	–
Between one and two years	181	0.8	–	–	319	1.1	1	0.3
Between two and three years	59	0.3	2	3.4	24	0.1	5	20.8
Over three years	215	0.9	58	27.0	219	0.8	61	27.9
Total	**22,748**	**100.0**	**63**		**27,949**	**100.0**	**71**	

At 30 June 2024 and 31 December 2023, the total amounts of the top five accounts receivable of the Group are set out below:

	At 30 June 2024	At 31 December 2023
Total amount (RMB million)	21,069	15,137
Percentage to the total balance of accounts receivable	26.1%	28.7%
Allowance for doubtful accounts	2,218	2,204

As at 30 June 2024, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB15,051 million (31 December 2023: RMB12,767 million).

7 ACCOUNTS RECEIVABLE *(Continued)*

Sales are generally on cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from China Petrochemical Corporation ("Sinopec Group Company") and fellow subsidiaries are repayable under the same terms.

Accounts receivable (net of allowance for doubtful accounts) primarily represent receivables that are neither past due nor impaired. These receivables relate to a wide range of customers for whom there is no recent history of default. Information about the impairment of accounts receivable and the Group exposure to credit risk can be found in Note 64.

During for the six-month periods ended 30 June 2024 and 2023, the Group and the Company had no individually significant accounts receivable been fully or substantially provided allowance for doubtful accounts.

During for the six-month periods ended 30 June 2024 and 2023, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

Ageing started from the overdue date of accounts receivable. The Group always measured the provision for impairment of accounts receivable based on the amount equivalent to the expected credit loss during the entire duration. The ECLs were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of ECL rates by the operating segment and geographical location.

30 June 2024	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount RMB million	Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted-average loss rate	Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	76,378	17,015	4	0.1%	71	75
1 to 2 years past due	246	133	1	31.9%	36	37
2 to 3 years past due	161	19	1	40.8%	58	59
Over 3 years past due	4,014	3,649	3,517	100.0%	365	3,882
Total	**80,799**	**20,816**	**3,523**		**530**	**4,053**

31 December 2023	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount RMB million	Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted-average loss rate	Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	48,261	8,958	4	0.2%	70	74
1 to 2 years past due	326	139	1	24.6%	46	47
2 to 3 years past due	116	34	25	45.1%	37	62
Over 3 years past due	3,965	3,599	3,467	100.0%	366	3,833
Total	**52,668**	**12,730**	**3,497**		**519**	**4,016**

8 RECEIVABLES FINANCING

Receivables financing represents mainly the bills of acceptance issued by banks for sales of goods and products.The business model of receivables financing is to collect contract cash flow and sell it.

At 30 June 2024, the Group considers that its bills of acceptance issued by banks do not pose a significant credit risk and will not cause any significant loss due to the default of drawers.

At 30 June 2024, the Group's derecognised but outstanding bills due to endorsement or discount amounted to RMB40,369 million (31 December 2023: RMB49,616 million).

9 PREPAYMENTS

	The Group		The Company	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Prepayments	9,246	5,242	1,955	1,767
Less: Allowance for doubtful accounts	156	175	11	7
Total	**9,090**	**5,067**	**1,944**	**1,760**

Ageing analysis of prepayments is as follows:

	The Group							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	**Percentage to total prepayments %**	**Allowance RMB million**	**Percentage of allowance to prepayments balance %**	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	8,402	90.9	–	–	4,373	83.4	–	–
Between one and two years	506	5.4	66	13.0	568	10.8	86	15.1
Between two and three years	116	1.3	24	20.7	112	2.1	24	21.4
Over three years	222	2.4	66	29.7	189	3.7	65	34.4
Total	**9,246**	**100.0**	**156**		**5,242**	**100.0**	**175**	

	The Company							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	**Percentage to total prepayments %**	**Allowance RMB million**	**Percentage of allowance to prepayments balance**	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	1,814	92.8	–	–	1,726	97.7	–	–
Between one and two years	129	6.6	4	3.1	29	1.6	–	–
Between two and three years	–	–	–	–	–	–	–	–
Over three years	12	0.6	7	58.3	12	0.7	7	58.3
Total	**1,955**	**100.0**	**11**		**1,767**	**100.0**	**7**	

At 30 June 2024 and 31 December 2023, the total amounts of the top five prepayments of the Group are set out below:

	At 30 June 2024	At 31 December 2023
Total amount (RMB million)	1,818	1,041
Percentage to the total balance of prepayments	19.7%	19.9%

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10 OTHER RECEIVABLES

	The Group		The Company	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Other receivables	34,940	27,761	52,650	51,843
Less: Allowance for doubtful accounts	1,640	1,672	879	903
Total	**33,300**	**26,089**	**51,771**	**50,940**

Other receivables mainly include security deposits and deposits.

Ageing analysis of other receivables is as follows:

	The Group							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	24,428	69.9	12	0.1	17,121	61.7	13	0.1
Between one and two years	288	0.8	43	14.9	313	1.1	34	10.9
Between two and three years	93	0.3	25	26.9	152	0.5	43	28.3
Over three years	10,131	29.0	1,560	15.4	10,175	36.7	1,582	15.5
Total	**34,940**	**100.0**	**1,640**		**27,761**	**100.0**	**1,672**	

	The Company							
	At 30 June 2024				At 31 December 2023			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	37,066	70.5	–	–	36,754	70.9	–	–
Between one and two years	4,281	8.1	5	0.1	6,676	12.9	5	0.1
Between two and three years	5,606	10.6	3	0.1	2,118	4.1	3	0.1
Over three years	5,697	10.8	871	15.3	6,295	12.1	895	14.2
Total	**52,650**	**100.0**	**879**		**51,843**	**100.0**	**903**	

At 30 June 2024 and at 31 December 2023, the total amounts of the top five other receivables of the Group are set out below:

	At 30 June 2024	At 31 December 2023
Total amount (RMB million)	22,401	14,545
Ageing	Within one year, between one and two years, between two and three years and over three years	Within one year, between one and two years, between two and three years and over three years
Percentage to the total balance of other receivables	64.1%	52.4%
Allowance for doubtful accounts	72	72

During the six-month periods ended 30 June 2024 and 2023, the Group and the Company had no individually significant other receivables been fully or substantially provided allowance for doubtful accounts.

During the six-month periods ended 30 June 2024 and 2023, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

11 INVENTORIES

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Raw materials	155,809	138,143
Work in progress	21,272	20,375
Finished goods	121,121	95,227
Spare parts and consumables	3,638	2,994
	301,840	**256,739**
Less: Provision for diminution in value of inventories	4,741	5,841
Total	**297,099**	**250,898**

During the six-month period ended 30 June 2024, the provision for diminution in value of inventories of the Group was primarily due to the costs of finished products and raw materials were higher than net realisable value.

12 LONG-TERM EQUITY INVESTMENTS

The Group

	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2024	74,399	164,129	(3,920)	234,608
Additions for the period	2,445	1,142	–	3,587
Share of profits less losses under the equity method	(62)	6,794	–	6,732
Change of other comprehensive income under the equity method	878	345	–	1,223
Other equity movements under the equity method	(1)	157	–	156
Dividends declared	(1,025)	(1,553)	–	(2,578)
Disposals for the period	(70)	(158)	–	(228)
Foreign currency translation differences	118	132	(14)	236
Other movements	(5)	–	2	(3)
Balance at 30 June 2024	**76,677**	**170,988**	**(3,932)**	**243,733**

The Company

	Investments in subsidiaries RMB million	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2024	320,406	23,604	77,491	(7,929)	413,572
Additions for the period	15,687	155	481	–	16,323
Share of profits less losses under the equity method	–	(65)	2,497	–	2,432
Change of other comprehensive income under the equity method	–	–	(9)	–	(9)
Other equity movements under the equity method	–	(3)	16	–	13
Dividends declared	–	(512)	(759)	–	(1,271)
Disposals for the period	(40)	–	–	–	(40)
Balance at 30 June 2024	**336,053**	**23,179**	**79,717**	**(7,929)**	**431,020**

For the six-month period ended 30 June 2024, the Group and the Company had no individually significant long-term investment impairment.

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

12 LONG-TERM EQUITY INVESTMENTS *(Continued)*

Principal joint ventures and associates of the Group are as follows:

(a) Principal joint ventures and associates

Name of investees	Principal place of business	Register location	Legal representative	Principal activities	Registered Capital RMB million	Percentage of equity/voting right directly or indirectly held by the Company
1. Joint ventures						
Fujian Refining & Petrochemical Company Limited ("FREP")	PRC	PRC	Zhang Xiguo	Manufacturing refining oil products	14,758	50.00%
BASF-YPC Company Limited ("BASF-YPC")	PRC	PRC	Gu Yuefeng	Manufacturing and distribution of petrochemical products	13,141	40.00%
Taihu Limited ("Taihu")	Russia	Cyprus	NA	Crude oil and natural gas extraction	25,000 USD	49.00%
Sinopec SABIC Tianjin Petrochemical Company Limited ("Sinopec SABIC Tianjin")	PRC	PRC	ALSHAIKH, AHMED TRAIS S	Manufacturing and distribution of petrochemical products	10,520	50.00%
Shanghai SECCO Petrochemical Co., Ltd. ("Shanghai SECCO")	PRC	PRC	Wang Jingyi	Manufacturing and distribution of petrochemical products	3,115	50.00%
2. Associates						
National Petroleum Pipe Network Group Co., Ltd. ("National Pipe Network Group") (i)	PRC	PRC	Zhang Wei	Operation of natural gas pipelines and auxiliary facilities	500,000	14.00%
Sinopec Finance Company Limited ("Sinopec Finance")	PRC	PRC	Jiang Yongfu	Provision of non-banking financial services	18,000	49.00%
Sinopec Capital Co., Ltd. ("Sinopec Capital")	PRC	PRC	Zhou Meiyun	Project management, equity investment management, investment consulting, self-owned equity management	10,000	49.00%
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic Energy")	PRC	PRC	Meng Wei	Mining coal and manufacturing of coal-chemical products	17,516	38.75%
China National Aviation Fuel Supply Co., Ltd. ("Aviation Fuel")	PRC	PRC	Zhang Zhicheng	Wholesale of gasoline, kerosene, and diesel within the civil aviation system	3,800	29.00%

Joint ventures and associates above are limited companies.

Note:

(i) Sinopec is able to exercise significant influence in PipeChina since Sinopec has a member in PipeChina's board of directors and is entitled to substantial decision-making power.

(b) Major financial information of principal joint ventures

Summarised balance sheet and reconciliation to their carrying amounts in respect of the Group's principal joint ventures:

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Current assets										
Cash and cash equivalents	4,560	3,258	2,176	2,051	1,258	654	1,678	2,974	1,253	1,563
Other current assets	13,407	13,017	4,787	4,615	4,329	4,864	3,234	2,455	3,188	3,106
Total current assets	**17,967**	**16,275**	**6,963**	**6,666**	**5,587**	**5,518**	**4,912**	**5,429**	**4,441**	**4,669**
Non-current assets	**11,643**	**11,752**	**8,583**	**9,000**	**14,275**	**12,254**	**16,596**	**17,345**	**26,820**	**26,386**
Current liabilities										
Current financial liabilities	(654)	(827)	(9)	(25)	(39)	(42)	(3,524)	(3,900)	(2,305)	(3,582)
Other current liabilities	(14,974)	(12,115)	(1,747)	(1,963)	(2,259)	(2,243)	(2,699)	(2,262)	(2,078)	(2,256)
Total current liabilities	**(15,628)**	**(12,942)**	**(1,756)**	**(1,988)**	**(2,298)**	**(2,285)**	**(6,223)**	**(6,162)**	**(4,383)**	**(5,838)**
Non-current liabilities										
Non-current financial liabilities	(2,106)	(2,738)	–	–	(132)	(139)	(4,526)	(5,152)	(6,524)	(4,303)
Other non-current liabilities	(258)	(223)	(97)	(123)	(978)	(914)	(580)	(603)	(911)	(1,097)
Total non-current liabilities	**(2,364)**	**(2,961)**	**(97)**	**(123)**	**(1,110)**	**(1,053)**	**(5,106)**	**(5,755)**	**(7,435)**	**(5,400)**
Net assets	**11,618**	**12,124**	**13,693**	**13,555**	**16,454**	**14,434**	**10,179**	**10,857**	**19,443**	**19,817**
Net assets attributable to shareholders of the Company	11,618	12,124	13,693	13,555	16,000	14,034	10,179	10,857	19,443	19,817
Net assets attributable to non-controlling interests	–	–	–	–	454	400	–	–	–	–
Share of net assets from joint ventures	5,809	6,062	5,477	5,422	7,840	6,876	5,090	5,429	9,722	9,909
Carrying amounts	**5,809**	**6,062**	**5,477**	**5,422**	**7,840**	**6,876**	**5,090**	**5,429**	**9,722**	**9,909**

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12 LONG-TERM EQUITY INVESTMENTS *(Continued)*

(b) Major financial information of principal joint ventures *(Continued)*

Summarised income statement

Six-month period ended 30 June	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Turnover	28,351	28,443	10,063	9,775	8,606	5,469	11,789	11,064	10,641	8,352
Interest income	80	72	16	32	351	21	36	65	12	37
Interest expense	(156)	(160)	(1)	(3)	(24)	(104)	(83)	(104)	(99)	(97)
(Loss)/profit before taxation	(680)	(356)	185	294	1,246	17	(681)	(935)	(497)	(1,466)
Tax expense	174	95	(47)	(74)	(260)	(3)	3	(15)	123	366
(Loss)/profit for the period	(506)	(261)	138	220	986	14	(678)	(950)	(374)	(1,100)
Other comprehensive income	–	–	–	–	1,034	(8,619)	–	–	–	–
Total comprehensive income	**(506)**	**(261)**	**138**	**220**	**2,020**	**(8,605)**	**(678)**	**(950)**	**(374)**	**(1,100)**
Dividends from joint ventures	–	–	–	532	–	–	–	–	–	–
Share of net (loss)/profit from joint ventures	(253)	(131)	55	88	470	6	(339)	(475)	(187)	(550)
Share of other comprehensive income from joint ventures	–	–	–	–	494	(4,159)	–	–	–	–

The share of profit and other comprehensive income for the six-month period ended 30 June 2024 in all individually immaterial joint ventures accounted for using equity method in aggregate was RMB192 million (six-month period ended 30 June 2023: loss RMB2,628 million) and RMB384 million (six-month period ended 30 June 2023: loss RMB833 million) respectively. As at 30 June 2024, the carrying amount of all individually immaterial joint ventures accounted for using equity method in aggregate was RMB39,651 million (31 December 2023: RMB37,621 million).

(c) Major financial information of principal associates

Summarised balance sheet and reconciliation to their carrying amounts in respect of the Group's principal associates:

	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	At 30 June 2024	At 31 December 2023	**At 30 June 2024**	At 31 December 2023	**At 30 June 2024**	At 31 December 2023	**At 30 June 2024**	At 31 December 2023	**At 30 June 2024**	At 31 December 2023
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Current assets	120,725	118,631	149,642	148,026	17,317	15,098	3,745	3,672	29,329	25,394
Non-current assets	820,052	821,864	69,687	66,093	555	409	46,993	48,615	15,200	14,158
Current liabilities	(105,200)	(130,331)	(184,633)	(179,459)	(246)	(74)	(5,413)	(7,464)	(20,677)	(17,200)
Non-current liabilities	(230,941)	(225,296)	(790)	(906)	(2,640)	(1,275)	(16,746)	(17,563)	(1,805)	(1,533)
Net assets	**604,636**	**584,868**	**33,906**	**33,754**	**14,986**	**14,158**	**28,579**	**27,260**	**22,047**	**20,819**
Net assets attributable to shareholders of the Company	554,240	536,607	33,906	33,754	14,986	14,158	28,579	27,260	19,599	18,488
Net assets attributable to non-controlling interests	50,396	48,261	–	–	–	–	–	–	2,448	2,331
Share of net assets from associates	77,594	75,125	16,614	16,539	7,343	6,937	11,074	10,563	5,684	5,362
Carrying amounts	**77,594**	**75,125**	**16,614**	**16,539**	**7,343**	**6,937**	**11,074**	**10,563**	**5,684**	**5,362**

Summarised income statement

Six-month period ended 30 June	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Turnover	60,708	60,583	3,015	2,883	2	2	8,469	7,884	95,285	80,790
Profit for the period	18,979	20,393	1,171	1,145	223	789	1,319	1,317	1,228	329
Other comprehensive income	–	–	(19)	(104)	–	–	–	–	–	–
Total comprehensive income	**18,979**	**20,393**	**1,152**	**1,041**	**223**	**789**	**1,319**	**1,317**	**1,228**	**329**
Dividends declared by associates	–	–	490	490	174	188	–	–	–	–
Share of net profit from associates	2,404	2,489	574	561	109	387	511	510	322	86
Share of other comprehensive income from associates	–	–	(9)	(51)	–	–	–	–	–	–

12 LONG-TERM EQUITY INVESTMENTS *(Continued)*

(c) Major financial information of principal associates *(Continued)*

Summarised income statement *(Continued)*

The share of profit and other comprehensive loss of the Group for the six-month period ended 30 June 2024 in all individually immaterial associates accounted for using equity method in aggregate was RMB2,874 million (six-month period ended 30 June 2023: RMB2,268 million) and RMB354 million (six-month period ended 30 June 2023: loss RMB1,481 million) respectively. As at 30 June 2024, the carrying amount of all individually immaterial associates accounted for using equity method in aggregate was RMB51,835 million (31 December 2023: RMB48,763 million).

13 FIXED ASSETS

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Fixed assets (a)	683,476	690,897
Fixed assets pending for disposal	144	60
Total	**683,620**	**690,957**

(a) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2024	158,385	896,453	1,171,364	2,226,202
Additions for the period	327	1,090	1,551	2,968
Transferred from construction in progress	1,779	17,382	18,048	37,209
Reclassifications	1,171	(395)	(776)	–
Decreases for the period	(285)	(137)	(5,221)	(5,643)
Exchange adjustments	18	282	21	321
Balance at 30 June 2024	**161,395**	**914,675**	**1,184,987**	**2,261,057**
Less: Accumulated depreciation:				
Balance at 1 January 2024	71,761	676,150	687,220	1,435,131
Additions for the period	2,601	16,725	27,020	46,346
Reclassifications	719	(360)	(359)	–
Decreases for the period	(56)	(103)	(2,775)	(2,934)
Exchange adjustments	9	258	13	280
Balance at 30 June 2024	**75,034**	**692,670**	**711,119**	**1,478,823**
Less: Provision for impairment losses:				
Balance at 1 January 2024	4,690	53,396	42,088	100,174
Additions for the period	26	–	47	73
Reclassifications	4	(4)	–	–
Decreases for the period	(37)	(3)	(1,466)	(1,506)
Exchange adjustments	–	17	–	17
Balance at 30 June 2024	**4,683**	**53,406**	**40,669**	**98,758**
Net book value:				
Balance at 30 June 2024	**81,678**	**168,599**	**433,199**	**683,476**
Balance at 31 December 2023	**81,934**	**166,907**	**442,056**	**690,897**

13 FIXED ASSETS *(Continued)*

The Company

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Fixed assets (b)	294,641	305,439
Fixed assets pending for disposal	60	55
Total	**294,701**	**305,494**

(b) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2024	51,178	720,488	506,242	1,277,908
Additions for the period	–	799	107	906
Transferred from construction in progress	180	12,788	4,396	17,364
Reclassifications	681	(332)	(349)	–
Transferred from subsidiaries	–	53	–	53
Transferred to subsidiaries	(1,932)	(1,379)	(12,448)	(15,759)
Decreases for the period	(113)	(65)	(3,309)	(3,487)
Balance at 30 June 2024	**49,994**	**732,352**	**494,639**	**1,276,985**
Less: Accumulated depreciation:				
Balance at 1 January 2024	28,542	544,606	329,340	902,488
Additions for the period	721	12,601	10,056	23,378
Reclassifications	424	(305)	(119)	–
Transferred from subsidiaries	–	39	–	39
Transferred to subsidiaries	(1,179)	–	(8,516)	(9,695)
Decreases for the period	(72)	(62)	(1,746)	(1,880)
Balance at 30 June 2024	**28,436**	**556,879**	**329,015**	**914,330**
Less: Provision for impairment losses:				
Balance at 1 January 2024	2,439	45,711	21,831	69,981
Reclassifications	1	(1)	–	–
Transferred to subsidiaries	(118)	–	(526)	(644)
Decreases for the period	(22)	(2)	(1,299)	(1,323)
Balance at 30 June 2024	**2,300**	**45,708**	**20,006**	**68,014**
Net book value:				
Balance at 30 June 2024	**19,258**	**129,765**	**145,618**	**294,641**
Balance at 31 December 2023	**20,197**	**130,171**	**155,071**	**305,439**

The additions to oil and gas properties of the Group and the Company for the six-month period ended 30 June 2024 included RMB1,090 million (six-month period ended 30 June 2023: RMB750 million) (Note 34) and RMB799 million (six-month period ended 30 June 2023: RMB593 million), respectively of the estimated dismantlement costs for site restoration.

At 30 June 2024 and 31 December 2023, the Group and the Company had no individually significant fixed assets which were temporarily idle or pending for disposal, or individually significant fully depreciated fixed assets which were still in use.

14 CONSTRUCTION IN PROGRESS

	The Group RMB million	The Company RMB million
Cost:		
Balance at 1 January 2024	182,991	70,703
Additions for the period	53,378	28,628
Dry hole costs written off	(2,924)	(2,748)
Transferred to fixed assets	(37,209)	(17,364)
Reclassification to other assets	(1,717)	(186)
Exchange adjustments	11	–
Balance at 30 June 2024	**194,530**	**79,033**
Less: Provision for impairment losses:		
Balance at 1 January 2024	2,741	397
Exchange adjustments	9	–
Balance at 30 June 2024	**2,750**	**397**
Net book value:		
Balance at 30 June 2024	**191,780**	**78,636**
Balance at 31 December 2023	**180,250**	**70,306**

At 30 June 2024, major construction projects of the Group are as follows:

Project name	Budgeted amount RMB million	Balance at 1 January 2024 RMB million	Net change for the period RMB million	**Balance at 30 June 2024 RMB million**	Percentage of project investment to budgeted amount	Source of funding	**Accumulated interest capitalised at 30 June 2024 RMB million**
Zhenhai Refining and Chemical Refining and High-end Synthetic New Material Project	41,639	17,512	7,973	25,485	58.95%	Bank loans & self-financing	226
West Sichuan Gas Field Leikoupo Group Gas Reservoir Development and Construction Project	8,591	4,886	(582)	4,304	72.75%	Bank loans & self-financing	47
Chaozhou Huaying Liquefied Natural Gas Receiving Station Project	6,118	3,575	475	4,050	66.62%	Bank loans & self-financing	55

15 RIGHT-OF-USE ASSETS

The Group

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2024	170,102	57,643	227,745
Additions for the period	2,364	4,915	7,279
Decreases for the period	(2,776)	(1,952)	(4,728)
Balance at 30 June 2024	**169,690**	**60,606**	**230,296**
Less: Accumulated depreciation:			
Balance at 1 January 2024	27,423	25,793	53,216
Additions for the period	3,330	4,632	7,962
Decreases for the period	(588)	(1,621)	(2,209)
Balance at 30 June 2024	**30,165**	**28,804**	**58,969**
Net book value:			
Balance at 30 June 2024	**139,525**	**31,802**	**171,327**
Balance at 31 December 2023	**142,679**	**31,850**	**174,529**

15 RIGHT-OF-USE ASSETS *(Continued)*

The Company

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2024	96,340	4,578	100,918
Additions for the period	71	1,196	1,267
Decreases for the period	(811)	(633)	(1,444)
Balance at 30 June 2024	**95,600**	**5,141**	**100,741**
Less: Accumulated depreciation:			
Balance at 1 January 2024	13,542	2,787	16,329
Additions for the period	1,612	722	2,334
Decreases for the period	(297)	(607)	(904)
Balance at 30 June 2024	**14,857**	**2,902**	**17,759**
Net book value:			
Balance at 30 June 2024	**80,743**	**2,239**	**82,982**
Balance at 31 December 2023	**82,798**	**1,791**	**84,589**

Depreciation of the right-of-use assets of the Group and Company charged for the six-month period ended 30 June 2024 are RMB7,856 million and RMB2,334 million respectively.

16 INTANGIBLE ASSETS

The Group

	Land use rights RMB million	Patents RMB million	Non-patent technology RMB million	Operation rights RMB million	Others RMB million	Total RMB million
Cost:						
Balance at 1 January 2024	124,341	5,235	5,974	54,186	25,445	215,181
Additions for the period	1,828	114	115	97	492	2,646
Decreases for the period	(201)	(20)	(1)	(166)	(351)	(739)
Balance at 30 June 2024	**125,968**	**5,329**	**6,088**	**54,117**	**25,586**	**217,088**
Less: Accumulated amortisation:						
Balance at 1 January 2024	34,558	3,940	4,312	27,641	5,305	75,756
Additions for the period	1,841	100	128	1,068	620	3,757
Decreases for the period	(61)	(12)	–	(71)	(272)	(416)
Balance at 30 June 2024	**36,338**	**4,028**	**4,440**	**28,638**	**5,653**	**79,097**
Less: Provision for impairment losses:						
Balance at 1 January 2024	258	485	123	361	17	1,244
Additions for the period	–	–	–	–	2	2
Decreases for the period	(1)	–	–	(3)	(2)	(6)
Balance at 30 June 2024	**257**	**485**	**123**	**358**	**17**	**1,240**
Net book value:						
Balance at 30 June 2024	**89,373**	**816**	**1,525**	**25,121**	**19,916**	**136,751**
Balance at 31 December 2023	**89,525**	**810**	**1,539**	**26,184**	**20,123**	**138,181**

Amortisation of the intangible assets of the Group charged for the six-month period ended 30 June 2024 is RMB3,357 million (six-month period ended 30 June 2023: RMB3,370 million).

17 GOODWILL

Goodwill is allocated to the following Group's cash-generating units:

Name of investees	Principal activities	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Sinopec Zhenhai Refining and Chemical Branch	Manufacturing of intermediate petrochemical products and petroleum products	4,043	4,043
Other units without individual significant goodwill		2,434	2,429
Total		**6,477**	**6,472**

Goodwill represents the excess of the cost of purchase over the fair value of the underlying assets and liabilities.

18 LONG-TERM DEFERRED EXPENSES

Long-term deferred expenses primarily represent catalysts expenditures and improvement expenditures of leased fixed assets.

19 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before offset are attributable to the items detailed in the table below:

	Deferred tax assets		Deferred tax liabilities	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Receivables and inventories	3,903	3,721	(1)	(20)
Payables	2,906	2,715	–	–
Cash flow hedges	42	16	(674)	(1,142)
Fixed assets	17,575	17,965	(31,171)	(26,669)
Tax value of losses carried forward	12,470	9,036	–	–
Other equity instrument investments	137	137	(6)	(7)
Intangible assets	1,268	1,084	(94)	(92)
Lease liabilities and Right of use assets	42,895	44,334	(38,734)	(40,422)
Others	2,747	2,792	(1,257)	(1,155)
Deferred tax assets/(liabilities)	**83,943**	**81,800**	**(71,937)**	**(69,507)**

The offsetting amount between deferred tax assets and liabilities are as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Deferred tax assets	63,891	61,690
Deferred tax liabilities	63,891	61,690

Deferred tax assets and liabilities after the offsetting adjustments are as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Deferred tax assets	20,052	20,110
Deferred tax liabilities	8,046	7,817

At 30 June 2024, certain subsidiaries of the Company did not recognise deferred tax of deductible loss carried forward of RMB26,746 million (at 31 December 2023: RMB24,783 million), of which RMB1,983 million (during the six-month period ended 30 June 2023: RMB3,050 million) was incurred for the six-month period ended 30 June 2023, because it was not probable that the related tax benefit will be realised. These deductible losses carried forward of RMB1,636 million, RMB3,349 million, RMB5,310 million, RMB8,972 million, RMB5,496 million and RMB1,983 million will expire in 2024, 2025, 2026, 2027, 2028, 2029 and after, respectively.

Periodically, management performed assessment on the probability that future taxable profit will be available over the period which the deferred tax assets can be realised or utilised. In assessing the probability, both positive and negative evidence was considered, including whether it is probable that the operations will have sufficient future taxable profits over the periods which the deferred tax assets are deductible or utilised and whether the tax losses result from identifiable causes which are unlikely to recur.

20 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent long-term receivables, prepayments for construction projects, purchases of equipment and time deposits with maturities over one year.

21 DETAILS OF IMPAIRMENT LOSSES

At 30 June 2024, impairment losses of the Group are analysed as follows:

	Note	Balance at 31 December 2023 RMB million	Provision for the period RMB million	Written back for the period RMB million	Written off for the period RMB million	Other increase/ (decrease) RMB million	**Balance at 30 June 2024 RMB million**
Allowance for doubtful accounts							
Included: Accounts receivable	7	4,016	688	(680)	(1)	30	4,053
Prepayments	9	175	10	(43)	–	14	156
Other receivables	10	1,672	20	(51)	(1)	–	1,640
Other non-current assets		899	–	–	–	7	906
		6,762	**718**	**(774)**	**(2)**	**51**	**6,755**
Inventories	11	5,841	1,784	(59)	(2,822)	(3)	4,741
Long-term equity investments	12	3,920	–	–	(2)	14	3,932
Fixed assets	13	100,174	–	–	(1,501)	85	98,758
Construction in progress	14	2,741	–	–	(1)	10	2,750
Intangible assets	16	1,244	–	–	(4)	–	1,240
Goodwill		7,861	–	–	–	–	7,861
Others		63	–	(3)	–	(3)	57
Total		**128,606**	**2,502**	**(836)**	**(4,332)**	**154**	**126,094**

The reasons for recognising impairment losses are set out in the respective notes of respective assets.

22 SHORT-TERM LOANS

The Group's short-term loans represent:

	At 30 June 2024			At 31 December 2023		
	Original currency million	**Exchange rates**	**RMB million**	Original currency million	Exchange rates	RMB million
Short-term bank loans			**53,866**			**51,175**
– Renminbi loans			53,866			51,175
Short-term loans from Sinopec Group Company and fellow subsidiaries			**9,844**			**8,640**
– Renminbi loans			4,232			7,628
– US Dollar loans	766	7.1268	5,458	143	7.0827	1,012
– GB Pound loans	14	9.0430	128	–	9.0411	–
– Other loans	5	5.2790	26	–	5.3803	–
Total			**63,710**			**59,815**

At 30 June 2024, the Group's interest rates on short-term loans were from interest 1.45% to 6.23% (at 31 December 2023: from interest 1.08% to 6.39%) per annum. The majority of the above loans are by credit.

At 30 June 2024 and 31 December 2023, the Group had no significant overdue short-term loans.

23 BILLS PAYABLE

Bills payable primarily represented bank accepted bills for the purchase of material, goods and products. Bills payable were due within one year.

At 30 June 2024 and 31 December 2023 the Group had no overdue unpaid bills.

24 ACCOUNTS PAYABLE

At 30 June 2024 and 31 December 2023, the Group had no individually significant accounts payable aged over one year.

25 CONTRACT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group's contract liabilities primarily represent advances from customers. Related performance obligations are satisfied and revenue is recognised within one year.

26 EMPLOYEE BENEFITS PAYABLE

(1) Employee benefits payable:

	At 31 December 2023 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2024 RMB million**
Short-term employee benefits	13,891	45,727	(38,414)	21,204
Post-employment benefits – defined contribution plans	44	7,400	(7,369)	75
Termination benefits	6	81	(82)	5
	13,941	**53,208**	**(45,865)**	**21,284**

(2) Short-term employee benefits

	At 31 December 2023 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2024 RMB million**
Salaries, bonuses, allowances	11,585	33,307	(25,861)	19,031
Staff welfare	1,625	3,231	(3,223)	1,633
Social insurance	334	3,526	(3,533)	327
Included: Medical insurance	331	3,177	(3,184)	324
Work-related injury insurance	2	287	(287)	2
Maternity insurance	1	62	(62)	1
Housing fund	35	3,711	(3,696)	50
Labour union fee, staff and workers' education fee	275	826	(976)	125
Other short-term employee benefits	37	1,126	(1,125)	38
	13,891	**45,727**	**(38,414)**	**21,204**

(3) Post-employment benefits – defined contribution plans

	At 31 December 2023 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2024 RMB million**
Basic pension insurance	35	4,895	(4,869)	61
Unemployment insurance	1	192	(192)	1
Annuity	8	2,313	(2,308)	13
	44	**7,400**	**(7,369)**	**75**

27 TAXES PAYABLE

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Value-added tax payable	2,383	2,989
Consumption tax payable	16,748	18,275
Income tax payable	2,131	1,455
Mineral resources compensation fee payable	2	2
Levy for mineral rights concessions	7,981	7,385
Other taxes	8,339	9,902
Total	**37,584**	**40,008**

28 OTHER PAYABLES

At 30 June 2024 and 31 December 2023, other payables of the Group over one year primarily represented payables for constructions.

29 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

The Group's non-current liabilities due within one year represent:

	At 30 June 2024			At 31 December 2023		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans						
– Renminbi loans			45,955			2,813
Long-term loans from Sinopec Group Company and fellow subsidiaries						
– Renminbi loans			615			3,797
Long-term loans due within one year			**46,570**			**6,610**
Debentures payable due within one year						
– Renminbi debentures			4,549			4,546
Lease liabilities due within one year			**18,510**			**17,536**
Others			**2,137**			**1,765**
Non-current liabilities due within one year			**71,766**			**30,457**

At 30 June 2024 and 31 December 2023, the Group had no significant overdue long-term loans.

30 OTHER CURRENT LIABILITIES

As at 30 June 2024, other current liabilities mainly represent RMB14,000 million (31 December 2023: Nil) short-term bonds payable and RMB12,384 million (31 December 2023: RMB13,310 million) output VAT to be transferred.

The total amount of the 180-day corporate bonds issued by the Group on 8 March 2024 is RMB2,000 million with a fixed rate at 1.90% per annum; the total amount of the 270-day corporate bonds issued by the Group on 8 March 2024 is RMB12,000 million with a fixed rate at 1.97% per annum.

31 LONG-TERM LOANS

Long-term loans are primarily unsecured, and carried at amortised costs.The Group's long-term loans represent:

		At 30 June 2024			At 31 December 2023		
	Interest rate and final maturity	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans							
– Renminbi loans	Interest rates ranging from interest 1.08% to 4.50% per annum at 30 June 2024 (2023:1.08% to 4.80%) with maturities through 2039			182,693			157,298
– US Dollar loans	Interest rates at 0.00% per annum at 30 June 2024 (2023: 0.00%) with maturities through 2038	7	7.1268	48	7	7.0827	51
Less: Portion due within one year (note 29)				(45,955)			(2,813)
Long-term bank loans				**136,786**			**154,536**
Long-term loans from Sinopec Group Company and fellow subsidiaries							
– Renminbi loans	Interest rates ranging from interest 2.70% to 4.99%) per annum at 30 June 2024 (2023: 1.08% to 4.99%) with maturities through 2038			24,522			28,608
Less: Portion due within one year (note 29)				(615)			(3,797)
Long-term loans from Sinopec Group Company and fellow subsidiaries				**23,907**			**24,811**
Total				**160,693**			**179,347**

31 LONG-TERM LOANS *(Continued)*

The maturity analysis of the Group's long-term loans is as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Between one and two years	70,300	66,265
Between two and five years	53,123	84,656
After five years	37,270	28,426
Total	**160,693**	**179,347**

32 DEBENTURES PAYABLE

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Debentures payable:		
– Corporate Bonds (i)	13,085	13,059
Less: Portion with one year (note 29)	4,549	4,546
Total	**8,536**	**8,513**

Note:

(i) These corporate bonds are carried at amortised cost. At 30 June 2024, USD denominated corporate bonds were equivalent to RMB3,542 million, and RMB denominated corporate bonds were RMB9,543 million (31 December 2023: USD denominated corporate bonds of RMB3,520 million, and RMB denominated corporate bonds of RMB9,541 million).

33 LEASE LIABILITIES

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Lease liabilities	179,313	181,400
Less: Portion of lease liabilities due within one year (note 29)	18,510	17,536
Total	**160,803**	**163,864**

34 PROVISIONS

Provisions primarily represent provision for future dismantlement costs of oil and gas properties. The Group has established certain standardised measures for the dismantlement of its retired oil and gas properties by making reference to the industry practices and is thereafter constructively obligated to take dismantlement measures of its retired oil and gas properties. Movement of provision of the Group's obligations for the dismantlement of its retired oil and gas properties is as follows:

	The Group RMB million
Balance at 1 January 2024	45,222
Provision for the period	1,090
Accretion expenses	504
Decrease for the period	(226)
Exchange adjustments	14
Balance at 30 June 2024	**46,604**

35 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities primarily represent long-term payables, special payables and deferred income.

36 SHARE CAPITAL

The Group

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Registered, issued and fully paid:		
97,362,409,293 listed A shares (31 December 2023: 94,971,971,046) of RMB1.00 each	97,363	94,972
24,377,280,600 listed H shares (31 December 2023: 24,377,280,600) of RMB1.00 each	24,377	24,377
Total	**121,740**	**119,349**

The Company was established on 25 February 2000 with a registered capital of 68.8 billion domestic state-owned shares with a par value of RMB1.00 each. Such shares were issued to Sinopec Group Company in consideration for the assets and liabilities transferred to the Company (Note 1).

Pursuant to the resolutions passed at an Extraordinary General Meeting held on 25 July 2000 and approvals from relevant government authorities, the Company is authorised to increase its share capital to a maximum of 88.3 billion shares with a par value of RMB1.00 each and offer not more than 19.5 billion shares with a par value of RMB1.00 each to investors outside the PRC. Sinopec Group Company is authorised to offer not more than 3.5 billion shares of its shareholdings in the Company to investors outside the PRC. The shares sold by Sinopec Group Company to investors outside the PRC would be converted into H shares.

In October 2000, the Company issued 15,102,439,000 H shares with a par value of RMB1.00 each, representing 12,521,864,000 H shares and 25,805,750 American Depositary Shares ("ADSs", each representing 100 H shares), at prices of HKD1.59 per H share and USD20.645 per ADS, respectively, by way of a global initial public offering to Hong Kong SAR and overseas investors. As part of the global initial public offering, 1,678,049,000 state-owned ordinary shares of RMB1.00 each owned by Sinopec Group Company were converted into H shares and sold to Hong Kong SAR and overseas investors.

In July 2001, the Company issued 2.8 billion listed A shares with a par value of RMB1.00 each at RMB4.22 by way of a public offering to natural persons and institutional investors in the PRC.

During the year ended 31 December 2010, the Company issued 88,774 listed A shares with a par value of RMB1.00 each, as a result of exercise of 188,292 warrants entitled to the Bonds with Warrants.

During the year ended 31 December 2011, the Company issued 34,662 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2012, the Company issued 117,724,450 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

On 14 February 2013, the Company issued 2,845,234,000 listed H shares ("the Placing") with a par value of RMB1.00 each at the Placing Price of HKD8.45 per share. The aggregate gross proceeds from the Placing amounted to approximately HKD24,042,227,300.00 and the aggregate net proceeds (after deduction of the commissions and estimated expenses) amounted to approximately HKD23,970,100,618.00.

In June 2013, the Company issued 21,011,962,225 listed A shares and 5,887,716,600 listed H shares as a result of bonus issues of 2 shares converted from the retained earnings, and 1 share transferred from capital reserve for every 10 existing shares.

During the year ended 31 December 2013, the Company issued 114,076 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2014, the Company issued 1,715,081,853 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2015, the Company issued 2,790,814,006 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

36 SHARE CAPITAL *(Continued)*

The Group *(Continued)*

During the year ended 31 December 2022, the Company repurchased 442,300,000 listed A shares and 732,502,000 listed H shares respectively at a price of RMB4.06 per share to RMB4.50 per share for the repurchase of listed A shares, with a total amount of RMB1,888,163,981.61, and a price of HKD3.06 per share to HKD3.75 per share for the repurchase of listed H shares, with a total amount of HKD2,499,261,860.00, which had been cancelled in the year ended 31 December 2022.

During the year ended 31 December 2023, the Company repurchased 143,500,000 listed A shares and 403,656,000 listed H shares respectively at a price of RMB5.29 per share to RMB6.17 per share for the repurchase of listed A shares, with a total amount of RMB816,009,269.44, and a price of HKD3.78 per share to HKD4.56 per share for the repurchase of listed H shares, with a total amount of HKD1,646,392,242.20, which had been cancelled in the year ended 31 December 2023.

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110 (證監許可[2024]110 號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

During the period ended 30 June 2024, the Company repurchased 39,866,000 listed H shares at a price of HKD4.36 per share to HKD4.48 per share for the repurchase of listed H shares, with a total amount of HKD176,703,167.40, which had not been cancelled in the six-month period ended 30 June 2024.

All A shares and H shares rank pari passu in all material aspects.

Capital management

Management optimises the structure of the Group's capital, which comprises of equity and debts and bonds. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2024, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 17.0% (31 December 2023: 18.9%) and 54.0% (31 December 2023: 52.7%), respectively.

The schedule of the contractual maturities of loans, debentures payable and commitments are disclosed in Notes 31, 32 and 61, respectively.

There were no changes in the management's approach to capital management of the Group during the period. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

37 CAPITAL RESERVE

The movements in capital reserve of the Group are as follows:

	RMB million
Balance at 1 January 2024	117,273
Contribution by ordinary shares	9,597
Other equity movements under the equity method	156
Transactions with non-controlling interests	(1,050)
Others	323
Balance at 30 June 2024	**126,299**

Capital reserve represents mainly: (a) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation; (b) share premiums derived from issuances of H shares and A shares by the Company and excess of cash paid by investors over their proportionate shares in share capital, the proportionate shares of unexercised portion of the Bond with Warrants at the expiration date, and the amount transferred from the proportionate liability component and the derivative component of the converted portion of the 2011 Convertible Bonds; (c) difference between consideration paid for the combination of entities under common control and the transactions with non-controlling interests over the carrying amount of the net assets acquired.

38 OTHER COMPREHENSIVE INCOME

The Group

(a) The changes of other comprehensive income in consolidated income statement

	Six-month period ended 30 June 2024		
	Before-tax amount RMB million	**Tax effect RMB million**	**Net-of-tax amount RMB million**
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the period	(2,032)	350	(1,682)
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	(414)	88	(326)
Subtotal	**(1,618)**	**262**	**(1,356)**
Changes in fair value of other equity instrument investments	1	–	1
Other comprehensive loss that can be reclassified to profit or loss under the equity method	1,223	–	1,223
Foreign currency translation differences	711	–	711
Other comprehensive income	**317**	**262**	**579**

	Six-month period ended 30 June 2023		
	Before-tax amount RMB million	Tax effect RMB million	Net-of-tax amount RMB million
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the period	(1,399)	489	(910)
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	2,017	(289)	1,728
Subtotal	**(3,416)**	**778**	**(2,638)**
Changes in fair value of other equity instrument investments	(1)	–	(1)
Other comprehensive income that can be reclassified to profit or loss under the equity method	(6,524)	–	(6,524)
Foreign currency translation differences	4,069	–	4,069
Other comprehensive income	**(5,872)**	**778**	**(5,094)**

38 OTHER COMPREHENSIVE INCOME *(Continued)*

The Group *(Continued)*

(b) The change of each item in other comprehensive income

	Equity attributable to shareholders of the company							
	Other comprehensive income that can be reclassified to profit or loss under the equity method RMB million	Changes in fair value of other equity instrument investments RMB million	Cost of hedging reserve RMB million	Cash flow hedges RMB million	Foreign currency translation differences RMB million	Subtotal RMB million	Non-controlling interests RMB million	Total other comprehensive income RMB million
1 January 2023	(4,155)	(83)	294	3,024	3,992	3,072	(1,051)	2,021
Change for the period	(4,210)	(1)	–	(3,711)	3,445	(4,477)	(1,653)	(6,130)
30 June 2023	(8,365)	(84)	294	(687)	7,437	(1,405)	(2,704)	(4,109)
1 January 2024	(8,442)	(91)	294	5,656	5,643	3,060	(3,105)	(45)
Change for the period	1,013	1	–	(2,613)	547	(1,052)	388	(664)
30 June 2024	(7,429)	(90)	294	3,043	6,190	2,008	(2,717)	(709)

As at 30 June 2024, cash flow hedge reserve amounted to a gain of RMB3,159 million (31 December 2023: a gain of RMB5,758 million), of which a gain of RMB3,043 million was attributable to shareholders of the Company (31 December 2023: a gain of RMB5,656 million).

39 SPECIFIC RESERVE

In accordance with the Administrative Measures for the Extraction and Use of Production Safety Expenses of Enterprises issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC, the Group mainly extracts a certain percentage of production safety expenses from its net profit on a monthly basis based on the operating revenues of the businesses to which the Measures are applicable or the output of raw minerals mined in the PRC, which is included in the special reserve. Production safety expenses are specifically used to perfect and improve the production safety conditions of the enterprise or project, and any expenditure that is in line with the scope of use of production safety expenses shall be charged to the production safety expenses withdrawn. The assets formed by the use of production safety expenses are included in the relevant asset management. The balance of the current year's production safety expenses is carried forward for use in the following year.

40 SURPLUS RESERVES

Movements in surplus reserves are as follows:

	The Group		
	Statutory surplus reserve RMB million	Discretionary surplus reserves RMB million	Total RMB million
Balance at 1 January 2024	106,134	117,000	223,134
Appropriation	–	–	–
Balance at 30 June 2024	**106,134**	**117,000**	**223,134**

The PRC Company Law and Articles of Association of the Company have set out the following profit appropriation plans:

(a) 10% of the net profit is transferred to the statutory surplus reserve. In the event that the reserve balance reaches 50% of the registered capital, no transfer is needed;

(b) After the transfer to the statutory surplus reserve, a transfer to discretionary surplus reserve can be made upon the passing of a resolution at the shareholders' meeting.

41 OPERATING INCOME AND OPERATING COSTS

	Six-month period ended 30 June			
	The Group		The Company	
	2024	2023	**2024**	2023
	RMB million	RMB million	**RMB million**	RMB million
Income from principal operations	1,545,920	1,561,502	533,583	572,545
Income from other operations	30,211	32,180	12,725	14,740
Total	**1,576,131**	**1,593,682**	**546,308**	**587,285**
Operating costs	**1,327,574**	**1,351,561**	**436,985**	**473,949**

The income from principal operations mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas. The income from other operations mainly represents revenue from sale of materials, service, rental income and others.

Operating costs primarily represent the products cost related to the principal operations. The Group's segmental information is set out in Note 63.

The detailed information about the Group's operating income is as follows:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Income from principal operations	**1,545,920**	**1,561,502**
Included: Gasoline	439,583	422,630
Diesel	326,697	341,682
Crude oil	206,141	248,764
Chemical feedstock	19,840	20,448
Basic organic chemicals	109,901	99,556
Synthetic resin	60,186	63,087
Kerosene	119,133	95,860
Natural gas	42,077	41,690
Synthetic fiber monomers and polymers	20,011	16,413
Others (i)	202,351	211,372
Income from other operations	**30,211**	**32,180**
Included: Sale of materials and others	29,564	31,563
Rental income	647	617
Total	**1,576,131**	**1,593,682**

Notes:

(i) Others are primarily liquefied petroleum gas and other refinery and chemical byproducts and joint products and so on.

(ii) The above operating incomes, except rental income, are all income from contracts.

42 TAXES AND SURCHARGES

The Group

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Consumption tax	105,801	104,049
City construction tax	8,959	8,302
Special oil income levy	3,446	2,321
Education surcharge	6,542	6,096
Resources tax	4,342	3,936
Levy for mineral rights concessions	753	–
Others	2,769	2,557
Total	**132,612**	**127,261**

The applicable tax rate of the taxes and surcharges are set out in Note 4.

43 FINANCIAL EXPENSES

The Group

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Interest expenses incurred	5,395	4,745
Less: Capitalised interest expenses	666	752
Add: Interest expense on lease liabilities	4,421	4,492
Net interest expenses	9,150	8,485
Accretion expenses (Note 34)	504	564
Interest income	(3,252)	(3,239)
Net foreign exchange gain	(127)	(1,020)
Total	**6,275**	**4,790**

The interest rates per annum at which borrowing costs were capitalised during the six-month period ended 30 June 2024 by the Group ranged from 1.80% to 3.45% (six-month period ended 30 June 2023: 1.66% to 3.35%).

44 CLASSIFICATION OF EXPENSES BY NATURE

The operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses and exploration expenses (including dry holes) in consolidated income statement classified by nature are as follows:

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Purchased crude oil, products and operating supplies and expenses	1,254,213	1,282,882
Personnel expenses	50,290	49,949
Depreciation, depletion and amortisation	59,418	55,239
Exploration expenses (including dry holes)	4,542	4,882
Other expenses	25,624	26,144
Total	**1,394,087**	**1,419,096**

45 SELLING AND DISTRIBUTION EXPENSES

Selling expenses mainly include wages and salaries of sales staff, depreciation and amortization of sales equipment and related systems, etc.

46 GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses mainly include wages and salaries of administrative personnel, depreciation and amortization of office facilities, office systems and software, and repair costs.

47 RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenditures are mainly used for the replacement of resources in upstream, optimising structure and operation upgrades in refining segment, structured adjustment of materials and products in chemical segment.

48 EXPLORATION EXPENSES

Exploration expenses include geological and geophysical expenses and written-off of unsuccessful dry hole costs.

49 OTHER INCOME

Classified by characteristic	2024 RMB million	2023 RMB million
Government grants	3,319	4,775
Others	186	121
Total	**3,505**	**4,896**

Other income are mainly the government grants related to the business activities.

50 INVESTMENT INCOME

	Six-month period ended 30 June			
	The Group		The Company	
	2024	2023	**2024**	2023
	RMB million	RMB million	**RMB million**	RMB million
Income from investment of subsidiaries accounted for under cost method	–	–	8,790	16,447
Income from investment accounted for under equity method	6,732	2,611	2,432	2,531
Investment income from disposal of long-term equity investments	1	21	–	1
Dividend income from holding of other equity instrument investments	2	3	–	–
Investment gain/(loss) from disposal/holding of financial assets and liabilities and derivative financial instruments at fair value through profit or loss	222	(205)	–	236
Gain/(loss) from ineffective portion of cash flow hedges	332	636	109	(447)
Others	276	225	597	613
Total	**7,565**	**3,291**	**11,928**	**19,381**

51 (LOSSES)/GAINS FROM CHANGES IN FAIR VALUE

The Group

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Net fair value (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	(1,760)	804
Unrealised gains from ineffective portion cash flow hedges, net	485	671
Total	**(1,275)**	**1,475**

52 IMPAIRMENT LOSSES

The Group

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Prepayments	(33)	7
Inventories	1,725	2,329
Fixed assets	–	34
Others	(3)	(5)
Total	**1,689**	**2,365**

53 NON-OPERATING INCOME

The Group

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Government grants	239	275
Others	421	665
Total	**660**	**940**

54 NON-OPERATING EXPENSES

The Group

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Fines, penalties and compensation	339	22
Donations	40	15
Asset scrap, damage loss	168	264
Others	750	659
Total	**1,297**	**960**

55 INCOME TAX EXPENSE

The Group

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Provision for income tax for the period	8,473	7,474
Deferred taxation	1,130	4,065
Under-provision for income tax in respect of preceding year	328	(1,369)
Total	**9,931**	**10,170**

Reconciliation between actual income tax expense and accounting profit at applicable tax rates is as follows:

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Profit before taxation	**50,868**	**50,646**
Expected income tax expense at a tax rate of 25%	12,717	12,662
Tax effect of non-deductible expenses	1,258	1,589
Tax effect of non-taxable income	(2,666)	(1,162)
Tax effect of preferential tax rate (i)	(1,483)	(1,572)
Effect of income taxes at foreign operations	(608)	(754)
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(121)	(29)
Tax effect of tax losses not recognised	496	763
Write-down of deferred tax assets	10	42
Adjustment for under provision for income tax in respect of preceding years	328	(1,369)
Actual income tax expense	**9,931**	**10,170**

Note:

(i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group in western regions in the PRC are taxed at preferential income tax rate of 15%. According to Announcement [2020] No. 23 of the MOF "Announcement of the MOF, the State Taxation Administration and the National Development and Reform Commission on continuation of the income tax policy of western development enterprises", the preferential income tax rate extends from 1 January 2021 to 31 December 2030.

56 DIVIDENDS

(a) Dividends of ordinary shares declared after the balance sheet date

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 23 August 2024, the directors authorised to declare the interim dividends for the year ended 31 December 2024 of RMB0.146 (2023: RMB0.145) per share totalling RMB17,768 million (2023: RMB17,380 million). Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

(b) Dividends of ordinary shares declared during the period

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2024, a final dividend of RMB0.200 per share totaling RMB24,340 million according to total shares on 15 July 2024 was approved. All dividends have been paid in July 2024.

Pursuant to the shareholders' approval at the Annual General Meeting on 30 May 2023, a final dividend of RMB0.195 per share totaling RMB23,380 million according to total shares on 20 June 2023 was approved. All dividends have been paid in June 2023.

57 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT

The Group

(a) Reconciliation of net profit to cash flows from operating activities:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Net profit	40,937	40,476
Add: Impairment losses on assets	1,689	2,365
Credit impairment (reversals)/losses	(23)	35
Depreciation of right-of-use assets	7,856	6,902
Depreciation of fixed assets	46,346	42,989
Amortisation of intangible assets and long-term deferred expenses	5,216	5,348
Dry hole costs written off	2,924	3,094
Net gain on disposal of non-current assets	(51)	(605)
Fair value loss/(gain)	1,275	(1,475)
Financial expenses	6,402	5,810
Investment income	(7,565)	(3,291)
(Increase)/decrease in deferred tax assets	(1,879)	3,581
Increase in deferred tax liabilities	3,009	484
Increase in inventories	(46,201)	(40,263)
Safety fund reserve	863	1,091
Increase in operating receivables	(44,460)	(15,937)
Increase/(decrease) in operating payables	25,931	(23,042)
Net cash flow from operating activities	**42,269**	**27,562**

(b) Net change in cash:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Cash balance at the end of the period	122,134	94,874
Less: Cash at the beginning of the period	121,759	93,438
Net increase of cash	**375**	**1,436**

(c) The analysis of cash held by the Group is as follows:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Cash at bank and on hand		
– Cash on hand	1	2
– Demand deposits	122,133	94,872
Cash at the end of the period	**122,134**	**94,874**

57 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT *(Continued)*

The Group *(Continued)*

(d) Other cash received relating to investing activities:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Decrease in time deposits with maturities over three months	40,909	36,115
Interest income	1,459	4,700
Others	419	639
Total	**42,787**	**41,454**

(e) Other cash paid relating to investing activities:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Increase in time deposits with maturities over three months	(64,656)	(49,975)
Loans from fellow subsidiaries	(240)	(555)
Others	(382)	(976)
Total	**(65,278)**	**(51,506)**

(f) Other cash paid relating to financing activities:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Repayments of lease liabilities	(9,756)	9,703
Non-controlling shareholders' decrease of capital	(1,441)	–
Cash payments to purchase own shares	(161)	–
Others	(344)	(183)
Total	**(11,702)**	**9,886**

(g) Reconciliation of liabilities (excluding lease liabilities) arising from financial activities:

		Additions for the period		Decreases for the period		
	Balance at 1 January 2024 RMB million	Cash RMB million	Non-cash RMB million	Cash RMB million	Non-cash RMB million	**Balance at 30 June 2024 RMB million**
Long-term and Short-term loans and debentures payable	258,831	317,320	52,440	(295,834)	(48,699)	284,058
Other current liabilities – short-term debentures payable	–	14,000	–	–	–	14,000
Other non-current liabilities – loans to related parties	5,133	–	240	(75)	339	5,637
Total	**263,964**	**331,320**	**52,680**	**(295,909)**	**(48,360)**	**303,695**

The decrease in cash for the year includes interest actually paid RMB3,764 million.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Related parties having the ability to exercise control over the Group

The name of the company	:	China Petrochemical Corporation
Unified social credit identifier	:	9111000010169286X1
Registered address	:	No. 22, Chaoyangmen North Street, Chaoyang District, Beijing
Principal activities	:	Exploration, production, storage and transportation (including pipeline transportation), sales and utilisation of crude oil and natural gas; refining; wholesale and retail of gasoline, kerosene and diesel; production, sales, storage and transportation of petrochemical and other chemical products; industrial investment and investment management; exploration, construction, installation and maintenance of petroleum and petrochemical constructions and equipments; manufacturing electrical equipment; research, development, application and consulting services of information technology and alternative energy products; import & export of goods and technology.
Relationship with the Group	:	Ultimate holding company
Types of legal entity	:	State-owned
Authorised representative	:	Ma Yongsheng
Registered capital	:	RMB326,547 million

Sinopec Group Company is an enterprise controlled by the PRC government. Sinopec Group Company directly and indirectly holds 68.98% shareholding of the Company.

(2) Related parties not having the ability to exercise control over the Group

Related parties under common control of a parent company with the Company:
Sinopec Finance (Note)
Sinopec Shengli Petroleum Administration Bureau
Sinopec Zhongyuan Petroleum Exploration Bureau
Sinopec Assets Management Corporation
Sinopec Engineering Incorporation
Sinopec Century Bright Capital Investment Limited
Sinopec Petroleum Storage and Reserve Limited

Associates of the Group:
PipeChina
Sinopec Finance
Sinopec Capital
Zhongtian Synergetic Energy
Aviation Fuel

Joint ventures of the Group:
FREP
BASF-YPC
Taihu
Sinopec SABIC Tianjin
Shanghai SECCO

Note: Sinopec Finance is under common control of a parent company with the Company and is also the associate of the Group.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business, are as follows:

		The Group	
		Six-month period ended 30 June	
	Note	**2024**	2023
		RMB million	RMB million
Sales of goods	(i)	194,279	193,947
Purchases	(ii)	84,193	96,702
Transportation and storage	(iii)	12,668	14,582
Exploration and development services	(iv)	15,686	16,331
Production related services	(v)	15,069	17,064
Agency commission income	(vi)	72	93
Interest income	(vii)	1,593	1,053
Interest expense	(viii)	624	571
Net deposits (placed with)/withdrew from related parties	(vii)	(5,904)	1,785
Net funds obtained from related parties	(ix)	21,091	22,779

The amounts set out in the table above in respect of the six-month periods ended 30 June 2024 and 2023 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2024 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB64,184 million (six-month period ended 30 June 2023: RMB79,655 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB57,415 million (six-month period ended 30 June 2023: RMB72,989 million), lease charges for land, buildings and others paid by the Group of RMB5,464 million, RMB549 million and RMB132 million (six-month period ended 30 June 2023: RMB5,464 million, RMB517 million and RMB114 million), respectively and interest expenses of RMB624 million (six-month period ended 30 June 2023: RMB571 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB35,498 million (six-month period ended 30 June 2023: RMB38,565 million), comprising RMB33,878 million (six-month period ended 30 June 2023: RMB37,470 million) for sales of goods, RMB1,593 million (six-month period ended 30 June 2023: RMB1,053 million) for interest income and RMB27 million (six-month period ended 30 June 2023: RMB42 million) for agency commission income.

For the six-month period ended 30 June 2024, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group. The interest expense recognised for the six-month period ended 30 June 2024 on lease liabilities in respect of amounts due to Sinopec Group Company and fellow subsidiaries, associates and joint ventures was RMB3,754 million (six-month period ended 30 June 2023: RMB3,843 million).

For the six-month period ended 30 June 2024, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,467 million, RMB554 million and RMB157 million (six-month period ended 30 June 2023: RMB5,468 million, RMB518 million and RMB140 million).

As at 30 June 2024 and 31 December 2023, there was no guarantee given to banks by the Group in respect of banking facilities to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, except for the guarantees disclosed in Note 62(b). Guarantees given to banks by the Group in respect of banking facilities to associates and joint ventures are disclosed in Note 62(b).

Notes:

(i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.

(ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.

(iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.

(iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.

(v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management and environmental protection, and management services.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(3) The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business, are as follows: *(Continued)*

Notes: *(Continued)*

(vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.

(vii) Interest income represents interest received from deposits placed with Sinopec Finance and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate.

(viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.

(ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries.

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2024. The terms of these agreements are summarised as follows:

(a) The Company has entered into a non-exclusive "Agreement for Mutual Provision of Products and Ancillary Services" ("Mutual Provision Agreement") with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six months' notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:

- the government-prescribed price;
- where there is no government-prescribed price, the government-guidance price;
- where there is neither a government-prescribed price nor a government-guidance price, the market price; or
- where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.

(b) The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement. The term of the Cultural, Educational, Hygiene and Auxiliary Service Agreement expired on 31 December 2021, and is not renewed due to the significant decrease in the service scale after the separation and transfer of assets and business such as the Three Supplies and One Industry Assets etc. Cultural and educational services related or similar to training and auxiliary services thereunder have been incorporated into the Mutual Supply Agreement.

(c) The Company has entered into a number of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.

(d) The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.

(e) The Company has entered into a service station franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.

(f) On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Sixth Supplementary Agreement on 27 August 2021, which took effect on 1 January 2022 and made adjustment to "Mutual Supply Agreement" and "Buildings Leasing Contract".

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4) Balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

The balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures at 30 June 2024 and 31 December 2023 are as follows:

	The ultimate holding company		Other related companies	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Cash at bank and on hand	–	–	71,871	65,967
Accounts receivable	14	2	16,963	12,054
Receivables financing	–	–	103	101
Other receivables	73	74	16,310	14,487
Prepayments and other current assets	71	3	5,336	389
Other non-current assets	–	–	4,127	9,025
Bills payable	–	–	3,760	6,938
Accounts payable	34	16	13,208	13,017
Contract liabilities	10	25	4,162	4,377
Other payables and other current liabilities	16,903	64	24,808	25,988
Other non-current liabilities	–	–	5,637	5,133
Short-term loans	–	–	9,844	8,640
Long-term loans (including current portion)	–	–	24,522	28,608
Lease liabilities (including current portion)	63,899	65,228	88,446	88,823

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 22 and Note 31.

As at and for the six-month period ended 30 June 2024, and as at and for the year ended 31 December 2023, no individually significant impairment losses for bad and doubtful debts were recorded in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

(5) Key management personnel emoluments

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

	Six-month period ended 30 June	
	2024 RMB thousand	2023 RMB thousand
Short-term employee benefits	4,520	4,141
Retirement scheme contributions	238	274
Total	**4,758**	**4,415**

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that it believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The material accounting policies are set forth in Note 3. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Oil and gas properties and reserves

The accounting for the exploration and production segment's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. The Group has used the successful efforts method to account for oil and gas business activities. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense. These costs primarily include dry hole costs, seismic costs and other exploratory costs.

Engineering estimates of the Group's oil and gas reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Proved and proved developed reserves estimates are updated at least annually and take into account recent production and technical information about each field. In addition, as prices and cost levels change from year to year, the estimate of proved and proved developed reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates. Oil and gas reserves have a direct impact on the assessment of the recoverability of the carrying amounts of oil and gas properties reported in the financial statements. If proved reserves estimates are revised downwards, the Group's earnings could be affected by changes in depreciation expense or an immediate write-down of the carrying amount of oil and properties.

Future dismantlement costs for oil and gas properties are estimated with reference to engineering estimates after taking into consideration the anticipated method of dismantlement required in accordance with industry practices in the similar geographic area, with reference to the standard procedures and cost estimates of dismantlement of oil and gas properties and taking into consideration the estimation of economic life of oil and gas properties, technology and price level. The present values of these estimated future dismantlement costs are capitalised as oil and gas properties with equivalent amounts recognised as provisions for dismantlement costs.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expense, impairment expense and future dismantlement costs. Capitalised costs of proved oil and gas properties are amortised on a unit-of-production method based on volumes produced and reserves.

(b) Impairment for assets

If circumstances indicate that the net book value of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with "CASs 8 – Impairment of Assets". The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the fair value less costs of disposal and the present value of expected future cash flows. It is difficult to precisely estimate the fair value because quoted market prices for the Group's assets or cash-generating units are not readily available. Therefore, the Group determines the recoverable amount based on the present value of the expected future cash flows of assets. The expected future cash flows of assets are based on the most recent financial budget or forecast data approved by management, as well as stable or decreasing growth rates for years after the budget or forecast period. If the increasing growth rate is reasonable, then it should be based on the increasing growth rate. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Expected cash flows based on budgets or forecasts typically cover five years, and if a longer period is reasonable, it can cover a longer period. When estimating cash flows for years after the budget or forecast period, the growth rate used should not exceed the long-term average growth rate of the industry or market in which the products operated by the group are located, or the long-term average growth rate of the market in which the asset is located, unless it can prove that a higher growth rate is reasonable. In determining the discount rate, the weighted average cost of capital is usually used as the basis. In determining the value of expected future cash flows, expected cash flows generated by the asset or the cash-generating unit are discounted to their present value, which requires significant judgement relating to crude oil, natural gas, refined petroleum products and chemical products' sales volume, selling price, amount of operating costs and discount rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price, amount of operating costs and discount rate.

(c) Depreciation

Fixed assets other than oil and gas properties, are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets at least annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Measurement of expected credit losses

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

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

The Group regularly monitors and reviews the assumptions used for estimating expected credit losses.

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Allowance for diminution in value of inventories

If the costs of inventories become higher than their net realisable values, an allowance for diminution in value of inventories is recognised. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the finished goods, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories would be higher than estimated.

60 PRINCIPAL SUBSIDIARIES

The Company's principal subsidiaries have been consolidated into the Group's financial statements for the six-month period ended 30 June 2024. The following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group:

Full name of enterprise	Principal activities	Registered capital/ paid-up capital million	Actual investment at 30 June 2024 million	Percentage of equity interest/ voting right held by the Group %	Non-controlling Interests at 30 June 2024 RMB million
(a) Subsidiaries acquired through group restructuring:					
China Petrochemical International Company Limited	Trading of petrochemical products	RMB1,400	RMB1,856	100.00	9
China International United Petroleum and Chemical Company Limited	Trading of crude oil and petrochemical products	RMB5,000	RMB6,585	100.00	5,957
Sinopec Catalyst Company Limited	Production and sale of catalyst products	RMB1,500	RMB2,424	100.00	314
Sinopec Yangzi Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB15,651	RMB15,756	100.00	–
Sinopec Lubricant Company Limited	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials	RMB3,374	RMB3,374	100.00	72
Sinopec Yizheng Chemical Fibre Limited Liability Company	Production and sale of polyester chips and polyester fibres	RMB4,000	RMB7,437	100.00	–
Sinopec Marketing Co. Limited ("Marketing Company")	Sales of refined oil products	RMB28,403	RMB20,000	70.42	86,519
Sinopec Kantons Holdings Limited ("Sinopec Kantons")	Provision of pipeline transmission services	HKD248	HKD3,952	60.33	5,564
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical")	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products	RMB10,799	RMB5,820	51.14	12,210
Fujian Petrochemical Company Limited ("Fujian Petrochemical") (i)	Manufacturing of plastics, intermediate petrochemical products and petroleum products	RMB10,492	RMB5,246	50.00	4,736
(b) Subsidiaries established by the Group:					
Sinopec International Petroleum Exploration and Production Limited ("SIPL")	Investment in exploration, production and sale of petroleum and natural gas	RMB8,250	RMB8,250	100.00	5,543
Sinopec Overseas Investment Holding Limited ("SOIH")	Investment holding of overseas business	USD3,882	USD3,882	100.00	–
Sinopec Chemical Sales Company Limited	Marketing and distribution of petrochemical products	RMB1,000	RMB1,165	100.00	156
Sinopec Great Wall Energy & Chemical Company Limited	Coal chemical industry investment management, production and sale of coal chemical products	RMB22,761	RMB26,055	100.00	23
Sinopec Beihai Refining and Chemical Limited Liability Company	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products	RMB5,294	RMB5,240	98.98	135
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	Crude oil processing and petroleum products manufacturing	RMB6,397	RMB5,776	90.30	2,312
Sinopec Qingdao Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB5,000	RMB4,250	85.00	2,047
Sinopec-SK (Wuhan) Petrochemical Company Limited ("Sinopec-SK")	Production, sale, research and development of petroleum products, chemical products, ethylene and downstream byproducts	RMB7,193	RMB7,193	59.00	3,428
(c) Subsidiaries acquired through business combination under common control:					
Sinopec Hainan Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB9,606	RMB12,615	100.00	315
Sinopec Qingdao Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB1,595	RMB7,233	100.00	–
Sinopec Shanghai Gaoqiao Petrochemical Company Limited ("Gaoqiao Petrochemical")	Manufacturing of intermediate petrochemical products and petroleum products	RMB10,000	RMB4,804	55.00	9,907
Sinopec Hunan Petrochemical Co. Ltd. ("Hunan Petrochemical")	Crude oil processing and petroleum products manufacturing	RMB7,333	RMB7,333	74.69	4,417

* The non-controlling interests of subsidiaries which the Group holds 100% of equity interests at the end of the period are the non-controlling interests of their subsidiaries.

60 PRINCIPAL SUBSIDIARIES *(Continued)*

Except for Sinopec Kantons and SOIH, which are incorporated in Bermuda and Hong Kong SAR, respectively, all of the above principal subsidiaries are incorporated and operate their businesses principally in the PRC.

Note:

(i) The Group consolidated the financial statements of the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information which the amount before inter-company eliminations for each subsidiary whose non-controlling interests that are material to the Group.

Summarised consolidated balance sheet

	Marketing Company		SIPL		Shanghai Petrochemical		Fujian Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	At 30 June 2024 RMB million	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million	**At 30 June 2024 RMB million**	At 31 December 2023 RMB million
Current assets	235,425	202,333	19,426	19,529	22,128	15,455	2,717	3,729	6,151	6,118	21,599	18,521	9,404	4,161
Current liabilities	(233,706)	(217,315)	(1,206)	(936)	(17,918)	(14,573)	(783)	(1,841)	(141)	(207)	(10,077)	(7,107)	(15,094)	(12,706)
Net current assets/(liabilities)	**1,719**	**(14,982)**	**18,220**	**18,593**	**4,210**	**882**	**1,934**	**1,888**	**6,010**	**5,911**	**11,522**	**11,414**	**(5,690)**	**(8,545)**
Non-current assets	318,989	324,288	10,173	8,983	20,813	24,203	8,243	8,862	8,158	8,001	14,478	14,904	29,751	23,542
Non-current liabilities	(55,111)	(56,057)	(12,012)	(11,583)	(139)	(143)	(705)	(702)	(198)	(255)	(3,985)	(4,050)	(7,791)	(8,924)
Net non-current assets/(liabilities)	**263,878**	**268,231**	**(1,839)**	**(2,600)**	**20,674**	**24,060**	**7,538**	**8,160**	**7,960**	**7,746**	**10,493**	**10,854**	**21,960**	**14,618**

Summarised consolidated statement of comprehensive income and cash flow

Six-month period ended 30 June	Marketing Company		SIPL		Shanghai Petrochemical		Fujian Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2024 RMB million	2023 RMB million	**2024 RMBmillion**	2023 RMB million	**2024 RMB million**	2023 RMB million	**2024 RMB million**	2023 RMB million	**2024 RMB million**	2023 RMB million	**2024 RMB million**	2023 RMB million	**2024 RMB million**	2023 RMB million
Turnover	861,719	869,605	1,753	1,682	43,533	44,937	1,792	2,280	302	273	30,558	27,749	34,680	9,270
Net profit/(loss) for the period	12,406	13,874	1,253	2,029	31	(986)	(578)	(589)	626	658	(205)	(163)	(11)	(54)
Total comprehensive income	**12,742**	**14,744**	**1,809**	**(1,829)**	**28**	**(986)**	**(578)**	**(589)**	**652**	**820**	**(206)**	**(163)**	**(11)**	**(54)**
Comprehensive income attributable to non-controlling interests	4,610	5,084	760	(1,144)	15	(486)	(289)	(295)	261	325	(93)	(73)	(3)	(14)
Dividends paid to non-controlling interests	499	1,913	–	–	8	–	–	–	134	105	30	895	–	–
Net cash flow generated from/ (used in) operating activities	**9,603**	**(744)**	**1,082**	**980**	**342**	**(227)**	**(1,125)**	**992**	**(97)**	**(91)**	**(681)**	**(3,314)**	**1,718**	**808**

61 COMMITMENTS

Capital commitments

At 30 June 2024 and 31 December 2023, the capital commitments of the Group are as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Authorised and contracted for	114,965	177,809
Authorised but not contracted for	86,754	61,951
Total	**201,719**	**239,760**

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments. The investment commitments of the Group is RMB5,141 million (31 December 2023: RMB5,856 million).

61 COMMITMENTS *(Continued)*

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The maximum term of the Group's exploration licenses is 7 years, and may be renewed twice within 30 days prior to expiration of the original term with each renewal being for a two-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of the production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed.

Estimated future annual payments are as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Within one year	263	802
Between one and two years	178	175
Between two and three years	144	176
Between three and four years	97	172
Between four and five years	40	156
Thereafter	878	875
Total	**1,600**	**2,356**

The implementation of commitments in previous year and the Group's commitments did not have material discrepancy.

62 CONTINGENT LIABILITIES

(a) The Company has been advised by its PRC lawyers that, except for liabilities constituting or arising from or relating to the business assumed by the Company in the Reorganisation, no other liabilities were assumed by the Company, and the Company is not jointly and severally liable for other debts and obligations incurred by Sinopec Group Company prior to the Reorganisation.

(b) At 30 June 2024 and 31 December 2023, the guarantees by the Group in respect of credit facilities, supply agreement and engineering services agreement granted to the parties below are as follows:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Joint ventures (i)	8,373	8,563

Note:

(i) The Group provided a guarantee in respect to standby credit facilities granted to Zhongan United Coal Chemical Co., Ltd. ("Zhongan United") by banks amounting to RMB7,100 million (31 December 2023: RMB7,100 million). As at 30 June 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) by Zhongan United from banks and guaranteed by the Group was RMB4,615 million (31 December 2023: RMB4,828 million).

The Group provided a guarantee in respect to standby credit facilities granted to Amur Gas Chemical Complex Limited Liability Company ("Amur Gas") by banks amounting to RMB25,942 million (31 December 2023: RMB25,781 million), and secured by a pledge of its 40% equity interest in Amur Gas. As at 30 June 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) by Amur Gas from banks and guaranteed by the Group was RMB3,758 million (31 December 2023: RMB3,735 million).

The Group provided a guarantee in respect to payment obligation under the raw material supply agreement of Amur Gas amounting to RMB17,318 million (31 December 2023: RMB17,211 million). As at 30 June 2024, Amur Gas has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2023: Nil).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2024 and 31 December 2023, the Group estimates that there is no material liability has been accrued for ECLs related to the Group's obligation under these guarantee arrangements.

62 CONTINGENT LIABILITIES *(Continued)*

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group recognised normal routine pollutant discharge fees of approximately RMB6,500 million in the consolidated financial statements for the six-month period ended 30 June 2024 (six-month period ended 30 June 2023: RMB7,195 million).

Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

63 SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments. The format is based on the Group's management and internal reporting structure.

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

(i) Exploration and production — which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.

(ii) Refining — which processes and purifies crude oil, which is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.

(iii) Marketing and distribution — which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline and diesel) in the PRC through wholesale and retail sales networks.

(iv) Chemicals — which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products to external customers.

(v) Corporate and others — which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash at bank and on hand, long-term equity investments, deferred tax assets and other unallocated assets. Segment liabilities exclude short-term loans, non-current liabilities due within one year, long-term loans, debentures payable, deferred tax liabilities, other non-current liabilities and other unallocated liabilities.

63 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

Reportable information on the Group's operating segments is as follows:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Income from principal operations		
Exploration and production		
External sales	92,719	89,699
Inter-segment sales	59,203	52,999
	151,922	**142,698**
Refining		
External sales	81,434	86,748
Inter-segment sales	666,473	640,999
	747,907	**727,747**
Marketing and distribution		
External sales	838,994	839,360
Inter-segment sales	4,108	9,591
	843,102	**848,951**
Chemicals		
External sales	204,016	196,777
Inter-segment sales	48,495	42,910
	252,511	**239,687**
Corporate and others		
External sales	328,757	348,918
Inter-segment sales	466,333	460,405
	795,090	**809,323**
Elimination of inter-segment sales	(1,244,612)	(1,206,904)
Consolidated income from principal operations	**1,545,920**	**1,561,502**
Income from other operations		
Exploration and production	1,840	2,165
Refining	1,758	1,810
Marketing and distribution	20,395	22,397
Chemicals	4,740	4,613
Corporate and others	1,478	1,195
Consolidated income from other operations	**30,211**	**32,180**
Consolidated operating income	**1,576,131**	**1,593,682**

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Operating profit/(loss)		
By segment		
Exploration and production	26,834	21,828
Refining	6,398	9,885
Marketing and distribution	14,529	16,751
Chemicals	(3,649)	(4,181)
Corporate and others	4,694	932
Elimination	(1,040)	(290)
Total segment operating profit	**47,766**	**44,925**
Investment income		
Exploration and production	1,826	1,065
Refining	(220)	17
Marketing and distribution	2,095	1,213
Chemicals	478	(3,403)
Corporate and others	3,386	4,399
Total segment investment income	**7,565**	**3,291**
Less: Financial expenses	6,275	4,790
Add: Other income	3,505	4,896
(Losses)/gains from changes in fair value	(1,275)	1,475
Asset disposal gains	219	869
Operating profit	**51,505**	**50,666**
Add: Non-operating income	660	940
Less: Non-operating expenses	1,297	960
Profit before taxation	**50,868**	**50,646**

63 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Assets		
Segment assets		
Exploration and production	454,326	444,485
Refining	348,941	331,084
Marketing and distribution	408,591	387,557
Chemicals	258,190	255,409
Corporate and others	189,525	153,674
Total segment assets	**1,659,573**	**1,572,209**
Cash at bank and on hand	179,730	164,960
Long-term equity investments	243,733	234,608
Deferred tax assets	20,052	20,110
Other unallocated assets	38,848	34,787
Total assets	**2,141,936**	**2,026,674**
Liabilities		
Segment liabilities		
Exploration and production	188,796	181,002
Refining	62,678	53,000
Marketing and distribution	232,821	226,798
Chemicals	82,431	89,069
Corporate and others	200,902	196,226
Total segment liabilities	**767,628**	**746,095**
Short-term loans	63,710	59,815
Non-current liabilities due within one year	71,766	30,457
Long-term loans	160,693	179,347
Debentures payable	8,536	8,513
Deferred tax liabilities	8,046	7,817
Other non-current liabilities	14,539	13,133
Other unallocated liabilities	60,673	22,842
Total liabilities	**1,155,591**	**1,068,019**

	Six-month period ended 30 June	
	2024 RMB million	2023 RMB million
Capital expenditure		
Exploration and production	33,788	33,421
Refining	9,201	7,063
Marketing and distribution	2,952	3,320
Chemicals	8,633	30,036
Corporate and others	1,319	827
	55,893	**74,667**
Depreciation, depletion and amortisation		
Exploration and production	24,726	22,340
Refining	10,046	10,148
Marketing and distribution	12,096	11,890
Chemicals	10,313	9,138
Corporate and others	2,237	1,723
	59,418	**55,239**
Impairment losses on long-lived assets		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	–	34
Chemicals	–	–
Corporate and others	–	–
	–	**34**

63 SEGMENT REPORTING *(Continued)*

(2) Geographical information

The following tables set out information about the geographical information of the Group's external sales and the Group's non-current assets, excluding financial assets and deferred tax assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
External sales		
Mainland China	1,242,018	1,251,863
Singapore	125,927	174,860
Others	208,186	166,959
	1,576,131	**1,593,682**

	At 30 June 2024	At 31 December 2023
	RMB million	RMB million
Non-current assets		
Mainland China	1,439,398	1,426,377
Others	41,854	38,068
	1,481,252	**1,464,445**

64 FINANCIAL INSTRUMENTS

Overview

Financial assets of the Group include cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and other equity instrument investments. Financial liabilities of the Group include short-term loans, derivative financial liabilities, bills payable, accounts payable, employee benefits payable, other payables, long-term loans, debentures payable and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's accounts receivable relates to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total accounts receivable at 30 June 2024, except for the amounts due from Sinopec Group Company and fellow subsidiaries. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable. The Group maintains an impairment loss for doubtful accounts and actual losses have been within management's expectations.

The carrying amounts of cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and long-term receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

64 FINANCIAL INSTRUMENTS *(Continued)*

Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is accounts receivable, receivables financing and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For accounts receivable, and receivables financing, the Group applies the "No. 22 Accounting Standards for Business Enterprises – Financial instruments: recognition and measurement" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable, and receivables financing.

To measure the expected credit losses, accounts receivable, and receivables financing have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2024 or 31 December 2023, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the accounts receivable, and receivables financing.

The detailed analysis of accounts receivable and receivables financing is listed in Note 7 and Note 8.

The Group's other receivables (Note 10) are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. The Group considers "low credit risk" for other receivables when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

Liquidity risk is the risk that the Group encounters short fall of capital when meeting its obligation of financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed capital conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group prepares monthly cash flow budget to ensure that they will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the liquidity risk.

At 30 June 2024, the Group has standby credit facilities with several PRC financial institutions which provide the Group to borrow up to RMB561,424 million (31 December 2023: RMB416,358 million) on an unsecured basis, at a weighted average interest rate of 2.52% per annum (2023: 2.23%). At 30 June 2024, the Group's outstanding borrowings under these facilities were RMB63,710 million (31 December 2023: RMB59,815 million) and were included in loans.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	At 30 June 2024					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	63,710	64,385	64,385	–	–	–
Derivative financial liabilities	2,060	2,060	2,060	–	–	–
Bills payable	35,721	35,721	35,721	–	–	–
Accounts payable	251,741	251,741	251,741	–	–	–
Other payables	111,645	111,645	111,645	–	–	–
Non-current liabilities due within one year	71,766	73,545	73,545	–	–	–
Short-term debentures payable	14,000	14,108	14,108	–	–	–
Long-term loans	160,693	173,935	4,029	73,625	54,476	41,805
Debentures payable	8,536	11,769	311	311	5,466	5,681
Lease liabilities	160,803	260,136	–	12,283	35,089	212,764
Total	**880,675**	**999,045**	**557,545**	**86,219**	**95,031**	**260,250**

64 FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

	At 31 December 2023					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	59,815	60,230	60,230	–	–	–
Derivative financial liabilities	2,752	2,752	2,752	–	–	–
Bills payable	29,122	29,122	29,122	–	–	–
Accounts payable	229,878	229,878	229,878	–	–	–
Other payables	93,031	93,031	93,031	–	–	–
Non-current liabilities due within one year	30,457	31,484	31,484	–	–	–
Long-term loans	179,347	193,451	4,322	67,860	92,601	28,668
Debentures payable	8,513	11,821	314	314	5,484	5,709
Lease liabilities	163,864	272,894	–	12,512	35,821	224,561
Total	**796,779**	**924,663**	**451,133**	**80,686**	**133,906**	**258,938**

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term loans. Loans carrying interest at variable interest rates and at fixed interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term loans of the Group are disclosed in Note 22 and Note 31, respectively.

At 30 June 2024, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's net profit for the period by approximately RMB1,447 million (31 December 2023: decrease/increase RMB1,353 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the balance sheet date with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2023.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of such risk.

Evaluate and monitor market risk exposure arising from trading positions based on dynamic market research and judgment, combined with resource demand and production and management plans, to continuously manage and hedge the risk of commodity price fluctuations arising from market changes.

At 30 June 2024, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. At 30 June 2024, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's net profit for the period by approximately RMB5,061 million (31 December 2023: decrease/increase RMB1,139 million), and increase/decrease the Group's other comprehensive income by approximately RMB3,838 million (31 December 2023: decrease/increase RMB4,537 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the balance sheet date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2023.

64 FINANCIAL INSTRUMENTS *(Continued)*

Market risk *(Continued)*

(c) Commodity price risk and hedge accounting *(Continued)*

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group Six-month period ended 30 June **2024** **RMB million**	 2023 RMB million
Beginning of the period	5,758	3,079
Effective portion of changes in fair value of hedging instruments recognised during the year	(2,032)	(1,399)
Reclassification adjustments for amounts transferred to the consolidated income statement	414	(2,017)
Amounts transferred to initial carrying amount of hedged items	(1,477)	(1,296)
Related tax	496	1,038
End of the period	**3,159**	**(595)**

The ineffective portion of cash flow hedge relationship is disclosed in Note 50 and Note 51.

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy. With the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.

Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.

Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 30 June 2024

The Group

	Level 1 **RMB million**	**Level 2** **RMB million**	**Level 3** **RMB million**	**Total** **RMB million**
Assets				
Financial assets held for trading:				
– Fund investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	2,478	4,339	–	6,817
Receivables financing:				
– Receivables financing	–	–	4,967	4,967
Other equity instrument investments:				
– Other Investments	121	–	329	450
	2,603	**4,339**	**5,296**	**12,238**
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	576	1,484	–	2,060
	576	**1,484**	**–**	**2,060**

64 FINANCIAL INSTRUMENTS *(Continued)*

Fair values *(Continued)*

(i) Financial instruments carried at fair value *(Continued)*

At 31 December 2023

The Group

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets held for trading:				
– Fund investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	5,942	3,779	–	9,721
Receivables financing:				
– Receivables financing	–	–	2,221	2,221
Other equity instrument investments:				
– Other Investments	120	–	330	450
	6,065	**3,779**	**2,551**	**12,395**
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	367	2,385	–	2,752
	367	**2,385**	**–**	**2,752**

During the six-month period ended 30 June 2024, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the receivables financing classified as Level 3 financial assets.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 2.16% to 5.33% (31 December 2023: from 2.69% to 5.47%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2024 and 31 December 2023:

	At 30 June 2024 RMB million	At 31 December 2023 RMB million
Carrying amount	195,826	170,409
Fair value	194,348	167,014

The Group has not developed an internal valuation model necessary to estimate the fair value of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair value because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on Group's existing capital structure and the terms of the borrowings. The cost of obtaining the discount rate and interest rate of similar borrowings is unduly high. Therefore, it is not feasible to assess the fair value of such borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2024 and 31 December 2023.

65 BASIC AND DILUTED EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by the net profit attributable to shareholders of the Company and the weighted average number of outstanding ordinary shares of the Company:

	Six-month period ended 30 June	
	2024	2023
Net profit attributable to shareholders of the Company (RMB million)	35,703	35,111
Weighted average number of outstanding ordinary shares of the Company (million shares)	120,708	119,896
Basic earnings per share (RMB/share)	**0.296**	**0.293**

The calculation of the weighted average number of ordinary shares is as follows:

	Six-month period ended 30 June	
	2024	2023
Number of outstanding ordinary shares of the Company at 1 January (million shares)	119,349	119,896
Impact of issuing ordinary shares (million shares)	1,379	–
Impact of repurchasing shares (million shares)	(20)	–
Weighted average number of outstanding ordinary shares of the Company at 30 June (million shares)	**120,708**	**119,896**

(ii) Diluted earnings per share

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

66 RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share" (2010 revised) issued by the CSRC and relevant accounting standards, the Group's return on net assets and earnings per share are calculated as follows:

Six-month period ended 30 June		**2024**			2023	
	Weighted average return on net assets (%)	**Basic earnings per share (RMB/Share)**	**Diluted earnings per share (RMB/Share)**	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profit attributable to the Company's ordinary equity shareholders	**4.37**	**0.296**	**0.296**	4.43	0.293	0.293
Net profit deducted extraordinary gains attributable to the Company's ordinary equity shareholders	**4.36**	**0.295**	**0.295**	4.25	0.281	0.281

67 NON-RECURRING PROFIT/LOSS ITEMS

Non-recurring profit/loss items	**Six-month period ended 30 June 2024 (Profit)/loss (RMB Million)**	Six-month period ended 30 June 2023 (Profit)/loss (RMB Million)
Net profit on disposal of non-current assets	(219)	(869)
Donations	40	15
Government grants	(683)	(1,647)
Gains on holding and disposal of business and various investments	(265)	(319)
Other non-operating income and expenses, net	837	267
Subtotal	**(290)**	**(2,553)**
Tax effect	82	782
Total	**(208)**	**(1,771)**
Attributable to:		
Shareholders of the Company	(121)	(1,456)
Non-controlling interests	(87)	(315)

REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA PETROLEUM & CHEMICAL CORPORATION
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 116 to 150 which comprises the consolidated statement of financial position of China Petroleum & Chemical Corporation (the "Company") as of 30 June 2024 and the related consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow 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*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the 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*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, 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 2024 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

23 August 2024

UNAUDITED INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2024
(Amounts in million, except per share data)

	Note	Six-month period ended 30 June 2024 RMB	2023 RMB
Revenue			
Revenue from primary business	3	1,545,920	1,561,502
Other operating revenues		30,211	32,180
		1,576,131	**1,593,682**
Operating expenses			
Purchased crude oil, products and operating supplies and expenses		(1,254,213)	(1,282,882)
Selling, general and administrative expenses		(26,486)	(27,381)
Depreciation, depletion and amortisation		(59,418)	(55,239)
Exploration expenses, including dry holes		(4,542)	(4,882)
Personnel expenses		(50,290)	(49,949)
Taxes other than income tax	4	(132,612)	(127,261)
Impairment reversal/(losses) on trade and other receivables		23	(35)
Other operating income, net		2,428	7,643
Total operating expenses		**(1,525,110)**	**(1,539,986)**
Operating profit		**51,021**	**53,696**
Finance costs			
Interest expense		(9,654)	(9,049)
Interest income		3,252	3,239
Foreign currency exchange gains, net		127	1,020
Net finance costs		**(6,275)**	**(4,790)**
Investment income		278	249
Share of profits less losses from associates and joint ventures		7,298	2,611
Profit before taxation		**52,322**	**51,766**
Income tax expense	5	(9,931)	(10,170)
Profit for the period		**42,391**	**41,596**
Attributable to:			
Shareholders of the Company		37,079	36,122
Non-controlling interests		5,312	5,474
Profit for the period		**42,391**	**41,596**
Earnings per share:			
Basic	7	**0.307**	**0.301**
Diluted	7	**0.307**	**0.301**

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the period are set out in Note 6.

(Amounts in million)

	Note	Six-month period ended 30 June 2024 RMB	2023 RMB
Profit for the period		**42,391**	**41,596**
Other comprehensive income:			
Other comprehensive income (net of tax) attributable to shareholders of the Company		150	(3,454)
Items that will not be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		1	(1)
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates and joint ventures		1,013	(4,210)
Cash flow hedges		(1,411)	(2,688)
Foreign currency translation differences		547	3,445
Other comprehensive income (net of tax) attributable to non-controlling interests		429	(1,640)
Total other comprehensive income net of tax		**579**	**(5,094)**
Total comprehensive income for the period		**42,970**	**36,502**
Attributable to:			
Shareholders of the Company		37,229	32,668
Non-controlling interests		5,741	3,834

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements.

(Amounts in million)

	Note	**30 June 2024 RMB**	31 December 2023 RMB
Non-current assets			
Property, plant and equipment, net	8	683,476	690,897
Construction in progress	9	191,780	180,250
Right-of-use assets	10	260,700	264,054
Goodwill		6,477	6,472
Interest in associates		169,986	163,066
Interest in joint ventures		72,335	69,564
Financial assets at fair value through other comprehensive income	14	450	450
Deferred tax assets		20,052	20,110
Long-term prepayments and other assets	11	97,585	95,398
Total non-current assets		**1,502,841**	**1,490,261**
Current assets			
Cash and cash equivalents		122,134	121,759
Time deposits with financial institutions		56,507	41,778
Financial assets at fair value through profit or loss		4	3
Derivative financial assets	12	6,817	9,721
Trade accounts receivable	13	76,746	48,652
Financial assets at fair value through other comprehensive income	14	4,967	2,221
Inventories		297,099	250,898
Prepaid expenses and other current assets		73,409	59,403
Total current assets		**637,683**	**534,435**
Current liabilities			
Short-term debts	15	118,370	58,534
Loans from Sinopec Group Company and fellow subsidiaries	15	10,459	12,437
Lease liabilities	16	18,510	17,536
Derivative financial liabilities	12	2,060	2,752
Trade accounts payable and bills payable	17	287,462	259,000
Contract liabilities		124,512	127,239
Other payables		189,846	168,124
Income tax payable		2,131	1,454
Total current liabilities		**753,350**	**647,076**
Net current liabilities		**115,667**	**112,641**
Total assets less current liabilities		**1,387,174**	**1,377,620**
Non-current liabilities			
Long-term debts	15	145,322	163,049
Loans from Sinopec Group Company and fellow subsidiaries	15	23,907	24,811
Lease liabilities	16	160,803	163,864
Deferred tax liabilities		8,046	7,817
Provisions		49,624	48,269
Other long-term liabilities		15,381	14,001
Total non-current liabilities		**403,083**	**421,811**
		984,091	**955,809**
Equity			
Share capital	18	121,740	119,349
Reserves		704,185	683,640
Total equity attributable to shareholders of the Company		**825,925**	**802,989**
Non-controlling interests		**158,166**	**152,820**
Total equity		**984,091**	**955,809**

These financial statements have been approved and authorised for issue by the board of directors on 23 August 2024.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements.

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2023

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2023	119,896	28,753	52,846	101,009	117,000	6,407	361,689	787,600	151,942	939,542
Profit for the period	–	–	–	–	–	–	36,122	36,122	5,474	41,596
Other comprehensive income	–	–	–	–	–	(3,454)	–	(3,454)	(1,640)	(5,094)
Total comprehensive income for the period	–	–	–	–	–	(3,454)	36,122	32,668	3,834	36,502
Amounts transferred to initial carrying amount of hedged items	–	–	–	–	–	(1,023)	–	(1,023)	(13)	(1,036)
Transactions with owners, recorded directly in equity:										
Contributions by and distributions to owners:										
Final dividend for 2022 (Note 6)	–	–	–	–	–	–	(23,380)	(23,380)	–	(23,380)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(3,185)	(3,185)
Contributions to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	472	472
Total contributions by and distributions to owners	–	–	–	–	–	–	(23,380)	(23,380)	(2,713)	(26,093)
Transactions with non-controlling interests	–	(5)	–	–	–	–	–	(5)	(158)	(163)
Total transactions with owners	–	(5)	–	–	–	–	(23,380)	(23,385)	(2,871)	(26,256)
Other equity movements under the equity method	–	(171)	–	–	–	–	–	(171)	–	(171)
Others	–	31	–	–	–	984	(984)	31	(15)	16
Balance at 30 June 2023	**119,896**	**28,608**	**52,846**	**101,009**	**117,000**	**2,914**	**373,447**	**795,720**	**152,877**	**948,597**

Financial Statements (International) (Unaudited)

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements.

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2024	119,349	28,929	51,068	106,134	117,000	6,179	374,330	802,989	152,820	955,809
Profit for the period	–	–	–	–	–	–	37,079	37,079	5,312	42,391
Other comprehensive income	–	–	–	–	–	150	–	150	429	579
Total comprehensive income for the period	–	–	–	–	–	150	37,079	37,229	5,741	42,970
Amounts transferred to initial carrying amount of hedged items	–	–	–	–	–	(1,202)	–	(1,202)	(41)	(1,243)
Transactions with owners, recorded directly in equity:										
Purchase of own shares (Note 18)	–	–	(161)	–	–	–	–	(161)	–	(161)
Contributions by and distributions to owners:										
Issue of ordinary shares (Note 18)	2,391	–	9,597	–	–	–	–	11,988	–	11,988
Final dividend for 2023 (Note 6)	–	–	–	–	–	–	(24,347)	(24,347)	–	(24,347)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(1,100)	(1,100)
Contributions to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	(375)	(375)
Total contributions by and distributions to owners	2,391	–	9,597	–	–	–	(24,347)	(12,359)	(1,475)	(13,834)
Transactions with non-controlling interests	–	(1,050)	–	–	–	–	–	(1,050)	1,276	226
Total transactions with owners	2,391	(1,050)	9,436	–	–	–	(24,347)	(13,570)	(199)	(13,769)
Other equity movements under the equity method	–	156	–	–	–	–	–	156	–	156
Others	–	323	–	–	–	787	(787)	323	(155)	168
Balance at 30 June 2024	**121,740**	**28,358**	**60,504**	**106,134**	**117,000**	**5,914**	**386,275**	**825,925**	**158,166**	**984,091**

Notes:

(a) The usage of the discretionary surplus reserve is similar to that of statutory surplus reserve.

(b) As at 30 June 2024, the amount of retained earnings available for distribution was RMB102,871 million (30 June 2023: RMB108,187 million), being the amount determined in accordance with CASs. According to the Articles of Association of the Company, the amount of retained earnings available for distribution to shareholders of the Company is lower of the amount determined in accordance with the accounting policies complying with CASs and the amount determined in accordance with the accounting policies complying with IFRS Accounting Standards.

(c) The capital reserve primarily represents (i) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation (Note 1); and (ii) the difference between the considerations paid over or received the amount of the net assets of entities and related operations acquired from or sold to Sinopec Group Company and non-controlling interests.

(d) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements.

(Amounts in million)

	Note	Six-month period ended 30 June 2024 RMB	2023 RMB
Net cash generated from operating activities	(a)	**42,269**	**27,562**
Investing activities			
Capital expenditure		(49,828)	(79,678)
Exploratory wells expenditure		(8,306)	(7,903)
Purchase of investments		(2,948)	(2,741)
Proceeds from disposal of investments		40	391
Proceeds from disposal of property, plant, equipment and other non-current assets		1,436	3,584
Increase in time deposits with maturities over three months		(64,656)	(49,975)
Decrease in time deposits with maturities over three months		40,909	36,115
Interest received		1,459	4,700
Investment and dividend income received		3,093	2,969
Payments of other investing activities		(203)	(892)
Net cash used in investing activities		**(79,004)**	**(93,430)**
Financing activities			
Proceeds from bank and other loans		331,320	365,988
Repayments of bank and other loans		(292,145)	(259,716)
Issue of new shares		11,995	–
Contributions to subsidiaries from non-controlling interests		888	279
Dividends paid by the Company		(72)	(23,380)
Distributions by subsidiaries to non-controlling interests		(953)	(2,830)
Interest paid		(3,764)	(3,650)
Non-controlling shareholders' decrease of capital		(1,441)	–
Cash payments to purchase own shares		(161)	–
Repayments of lease liabilities		(9,756)	(9,703)
Proceeds from other financing activities		1,295	56
Payments of other financing activities		(344)	(183)
Net cash generated from financing activities		**36,862**	**66,861**
Net increase in cash and cash equivalents		**127**	**993**
Cash and cash equivalents at 1 January		**121,759**	**93,438**
Effect of foreign currency exchange rate changes		**248**	**443**
Cash and cash equivalents at 30 June		**122,134**	**94,874**

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements.

(Amounts in million)

(a) Reconciliation from profit before taxation to net cash generated from operating activities

	Six-month period ended 30 June	
	2024	2023
	RMB	RMB
Operating activities		
Profit before taxation	52,322	51,766
Adjustments for:		
Depreciation, depletion and amortisation	59,418	55,239
Dry hole costs written off	2,924	3,094
Share of profits less losses from associates and joint ventures	(7,298)	(2,611)
Investment income	(278)	(249)
Interest income	(3,252)	(3,239)
Interest expense	9,654	9,049
Loss/(gain) on foreign currency exchange rate changes and derivative financial instruments	1,329	(1,185)
Gain on disposal of property, plant, equipment and other non-current assets, net	(51)	(605)
Impairment losses on assets	1,689	2,365
Impairment (reversal)/losses on trade and other receivables	(23)	35
	116,434	**113,659**
Net changes from:		
Accounts receivable and other current assets	(44,460)	(15,937)
Inventories	(46,201)	(40,263)
Accounts payable and other current liabilities	23,490	(25,317)
	49,263	**32,142**
Income tax paid	(6,994)	(4,580)
Net cash generated from operating activities	**42,269**	**27,562**

Notes to the financial statements on pages 123 to 150 are parts of the interim condensed consolidated financial statements

Financial Statements (International) (Unaudited)

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

China Petroleum & Chemical Corporation (the "Company") is an energy and chemical company incorporated in the People's Republic of China (the "PRC") that, through its subsidiaries (hereinafter collectively referred to as the "Group"), engages in oil and gas and chemical operations. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.

Organisation

The Company was established in the PRC on 25 February 2000 as a joint stock limited company as part of the reorganisation (the "Reorganisation") of China Petrochemical Corporation ("Sinopec Group Company"), the ultimate holding company of the Group and a ministry-level enterprise under the direct supervision of the State Council of the PRC. Prior to the incorporation of the Company, the oil and gas and chemical operations of the Group were carried on by oil administration bureaux, petrochemical and refining production enterprises and sales and marketing companies of Sinopec Group Company.

As part of the Reorganisation, certain of Sinopec Group Company's core oil and gas and chemical operations and businesses together with the related assets and liabilities were transferred to the Company. On 25 February 2000, in consideration for Sinopec Group Company transferring such oil and gas and chemical operations and businesses and the related assets and liabilities to the Company, the Company issued 68.8 billion domestic state-owned ordinary shares with a par value of RMB1.00 each to Sinopec Group Company. The shares issued to Sinopec Group Company on 25 February 2000 represented the entire registered and issued share capital of the Company on that date. The oil and gas and chemical operations and businesses transferred to the Company were related to (i) the exploration, development and production of crude oil and natural gas, (ii) the refining, transportation, storage and marketing of crude oil and petroleum products, and (iii) the production and sales of chemicals.

2 BASIS OF PREPARATION

This interim condensed consolidated financial report for the half-year reporting period ended 30 June 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Group during the interim reporting period.

New and amended standards and interpretations adopted by the Group:

The International Accounting Standard Board ("IASB") has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

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

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

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

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

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

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

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

3 REVENUE FROM PRIMARY BUSINESS

Revenue from primary business mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas, which are recognised at a point in time.

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Gasoline	439,583	422,630
Diesel	326,697	341,682
Crude oil	206,141	248,764
Chemical feedstock	19,840	20,448
Basic organic chemicals	109,901	99,556
Synthetic resin	60,186	63,087
Kerosene	119,133	95,860
Natural gas	42,077	41,690
Synthetic fiber monomers and polymers	20,011	16,413
Others (i)	202,351	211,372
	1,545,920	**1,561,502**

Note:

(i) Others are primarily liquefied petroleum gas and other refinery and chemical by-products and joint products.

4 TAXES OTHER THAN INCOME TAX

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Consumption tax (i)	105,801	104,049
City construction tax (ii)	8,959	8,302
Special oil income levy	3,446	2,321
Education surcharge (ii)	6,542	6,096
Resources tax	4,342	3,936
Levy for mineral rights concessions	753	–
Others	2,769	2,557
	132,612	**127,261**

Notes:

(i) Consumption tax was levied based on sales quantities of taxable products, tax rates of respective products are presented as below:

Products	RMB/Ton
Gasoline	2,109.76
Diesel	1,411.20
Naphtha	2,105.20
Solvent oil	1,948.64
Lubricant oil	1,711.52
Fuel oil	1,218.00
Jet fuel oil	1,495.20

(ii) City construction tax and education surcharge are levied on an entity based on its paid amount of value-added tax and consumption tax.

5 INCOME TAX EXPENSE

Income tax expense in the consolidated income statement represents:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Current tax		
– Provision for the period	8,473	7,474
– Adjustment of prior years	328	(1,369)
Deferred taxation	1,130	4,065
	9,931	**10,170**

6 DIVIDENDS

Dividends payable to shareholders of the Company attributable to the period represent:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Interim dividends declared after the date of the statement of financial position of RMB0.146 per share (2023: RMB0.145 per share)	17,768	17,380

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 23 August 2024, the directors authorised to declare the interim dividends for the year ending 31 December 2024 of RMB0.146 (2023: RMB0.145) per share totalling RMB17,768 million (2023: RMB17,380 million). Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the period represent:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Final cash dividends in respect of the previous financial year, approved during the period of RMB0.200 per share (2023: RMB0.195 per share)	24,340	23,380

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2024, a final dividend of RMB0.200 per share totalling RMB24,340 million according to total shares on 15 July 2024 was approved. All dividends have been paid in July 2024.

Pursuant to the shareholders' approval at the Annual General Meeting on 30 May 2023, a final dividend of RMB0.195 per share totalling RMB23,380 million according to total shares on 20 June 2023 was approved. All dividends have been paid in June 2023.

7 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month period ended 30 June 2024 is based on profit attributable to ordinary shareholders of the Company of RMB37,079 million (six-month period ended 30 June 2023: profit of RMB36,122 million) and the weighted average number of shares of 120,708,090,909 (six-month period ended 30 June 2023: 119,896,407,646) during the period.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2023	152,432	840,719	1,105,325	2,098,476
Additions	13	764	752	1,529
Transferred from construction in progress	2,207	18,651	25,779	46,637
Reclassifications	(433)	(399)	832	–
Invested into joint ventures and associates	–	–	(3)	(3)
Transferred to other long-term assets	–	(12)	(1,044)	(1,056)
Disposals	(474)	(32)	(5,477)	(5,983)
Exchange adjustments	91	1,664	131	1,886
Balance at 30 June 2023	**153,836**	**861,355**	**1,126,295**	**2,141,486**
Balance at 1 January 2024	158,385	896,453	1,171,364	2,226,202
Additions	327	1,090	1,551	2,968
Transferred from construction in progress	1,779	17,382	18,048	37,209
Reclassifications	1,171	(395)	(776)	–
Transferred to other long-term assets	(44)	(109)	(396)	(549)
Disposals	(241)	(28)	(4,825)	(5,094)
Exchange adjustments	18	282	21	321
Balance at 30 June 2024	**161,395**	**914,675**	**1,184,987**	**2,261,057**
Accumulated depreciation and impairment losses:				
Balance at 1 January 2023	72,795	697,612	697,369	1,467,776
Depreciation for the period	2,478	14,983	25,528	42,989
Impairment losses for the period	3	–	31	34
Reclassifications	18	(398)	380	–
Invested into joint ventures and associates	–	–	(3)	(3)
Transferred to other long-term assets	(12)	(9)	(579)	(600)
Disposals	(242)	(25)	(4,659)	(4,926)
Exchange adjustments	43	1,620	85	1,748
Balance at 30 June 2023	**75,083**	**713,783**	**718,152**	**1,507,018**
Balance at 1 January 2024	76,451	729,546	729,308	1,535,305
Depreciation for the period	2,601	16,725	27,020	46,346
Impairment losses for the period	26	–	47	73
Reclassifications	723	(364)	(359)	–
Transferred to other long-term assets	(1)	(79)	(176)	(256)
Disposals	(92)	(27)	(4,065)	(4,184)
Exchange adjustments	9	275	13	297
Balance at 30 June 2024	**79,717**	**746,076**	**751,788**	**1,577,581**
Net book value:				
Balance at 1 January 2023	79,637	143,107	407,956	630,700
Balance at 30 June 2023	**78,753**	**147,572**	**408,143**	**634,468**
Balance at 1 January 2024	81,934	166,907	442,056	690,897
Balance at 30 June 2024	**81,678**	**168,599**	**433,199**	**683,476**

The additions to oil and gas properties of the Group for the six-month period ended 30 June 2024 included RMB1,090 million (six-month period ended 30 June 2023: RMB750 million) of estimated dismantlement costs for site restoration.

At 30 June 2024 and 31 December 2023, the Group had no individual significant property, plant and equipment which were temporarily idle or pending for disposal or individually significant fully depreciated fixed assets which were still in use.

9 CONSTRUCTION IN PROGRESS

	Six-month period ended 30 June	
	2024 RMB million	2023 RMB million
Balance at 1 January	180,250	196,045
Additions	53,378	73,414
Dry hole costs written off	(2,924)	(3,094)
Transferred to property, plant and equipment	(37,209)	(46,637)
Reclassification to other long-term assets	(1,717)	(4,185)
Disposals and others	–	(63)
Exchange adjustments	2	4
Balance at 30 June	**191,780**	**215,484**

As at 30 June 2024, the amount of capitalised cost of exploratory wells included in construction in progress related to the exploration and production segment was RMB21,051 million (31 December 2023: RMB18,704 million). The geological and geophysical exploration costs paid during the period ended 30 June 2024 were RMB2,016 million (six-month period ended 30 June 2023: RMB1,880 million).

10 RIGHT-OF-USE ASSETS

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2024	274,231	57,643	331,874
Additions	4,192	4,915	9,107
Decreases	(2,979)	(1,952)	(4,931)
Balance at 30 June 2024	**275,444**	**60,606**	**336,050**
Accumulated depreciation:			
Balance at 1 January 2024	42,027	25,793	67,820
Additions	5,171	4,632	9,803
Decreases	(652)	(1,621)	(2,273)
Balance at 30 June 2024	**46,546**	**28,804**	**75,350**
Net book value:			
Balance at 1 January 2024	**232,204**	**31,850**	**264,054**
Balance at 30 June 2024	**228,898**	**31,802**	**260,700**

11 LONG-TERM PREPAYMENTS AND OTHER ASSETS

	30 June 2024 RMB million	31 December 2023 RMB million
Operating rights of service stations	25,121	26,184
Long-term receivables due from and prepayment to Sinopec Group Company and fellow subsidiaries	1,607	1,734
Prepayments for construction projects to third parties	4,425	4,198
Others (i)	66,432	63,282
	97,585	**95,398**

Note:

(i) Others mainly comprise catalyst expenditures, improvement expenditures of property, plant and equipment and time deposits with maturities over one year.

The cost of operating rights of service stations is charged to expense on a straight-line basis over the respective periods of the rights. The movement of operating rights of service stations is as follows:

	Six-month period ended 30 June	
	2024 RMB million	2023 RMB million
Operating rights of service stations		
Cost:		
Balance at 1 January	54,186	54,130
Additions	97	461
Decreases	(166)	(224)
Balance at 30 June	**54,117**	**54,367**
Accumulated amortisation:		
Balance at 1 January	28,002	26,121
Additions	1,069	1,112
Decreases	(75)	(146)
Balance at 30 June	**28,996**	**27,087**
Net book value at 30 June	**25,121**	**27,280**

12 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and swaps contracts. See Note 22.

	30 June 2024 RMB million		31 December 2023 RMB million	
	Fair value of assets	**Fair value of liabilities**	Fair value of assets	Fair value of liabilities
Cash flow hedge instruments	1,405	765	2,883	1,768
Other derivatives	5,412	1,295	6,838	984
	6,817	**2,060**	**9,721**	**2,752**

13 TRADE ACCOUNTS RECEIVABLE

	30 June 2024 RMB million	31 December 2023 RMB million
Amounts due from third parties	63,804	40,588
Amounts due from Sinopec Group Company and fellow subsidiaries	8,244	5,762
Amounts due from associates and joint ventures	8,751	6,318
	80,799	**52,668**
Less: Loss allowance for expected credit losses	(4,053)	(4,016)
	76,746	**48,652**

The aging analysis of trade accounts receivable (net of loss allowance for expected credit losses) is as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Within one year	76,303	48,187
Between one and two years	209	279
Between two and three years	102	54
Over three years	132	132
	76,746	**48,652**

Loss allowance for expected credit losses are analysed as follows:

	Six-month period ended 30 June	
	2024 RMB million	2023 RMB million
Balance at 1 January	4,016	4,079
Provision for the period	688	195
Written back for the period	(680)	(168)
Written off for the period	(1)	(3)
Others	30	109
Balance at 30 June	**4,053**	**4,212**

As at 30 June 2024, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB15,051 million (31 December 2023: RMB12,767 million).

Sales are generally on cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from Sinopec Group Company and fellow subsidiaries are repayable under the same terms.

These receivables relate to a wide range of customers for whom there is no recent history of default.

Information about the impairment of trade accounts receivable and the Group's exposure to credit risk can be found in Note 22.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2024 RMB million	31 December 2023 RMB million
Non-current assets		
Unlisted equity instruments	329	330
Listed equity instruments	121	120
Current assets		
Trade accounts receivable and bills receivable (i)	4,967	2,221
	5,417	**2,671**

Note:

(i) As at 30 June 2024, bills receivable and certain trade accounts receivable were classified as financial assets at fair value through other comprehensive income ("FVOCI"), as relevant business model is achieved both by collecting contractual cash flows and selling of these assets.

15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES

Short-term and long-term bank loans, short-term other loans and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Short-term debts represent:

	30 June 2024 RMB million	31 December 2023 RMB million
Third parties' debts		
Short-term bank loans	**53,866**	**51,175**
RMB denominated	53,866	51,175
Current portion of long-term bank loans	**45,955**	**2,813**
RMB denominated	45,955	2,813
Current portion of long-term corporate bonds	**4,549**	**4,546**
RMB denominated	4,549	4,546
Corporate bonds (i)	**14,000**	**–**
RMB denominated	14,000	–
	118,370	**58,534**
Loans from Sinopec Group Company and fellow subsidiaries		
Short-term loans	**9,844**	**8,640**
RMB denominated	4,232	7,628
USD denominated	5,458	1,012
GBP denominated	128	–
Other denominated	26	–
Current portion of long-term loans	**615**	**3,797**
RMB denominated	615	3,797
	10,459	**12,437**
	128,829	**70,971**

The Group's weighted average interest rate on short-term loans was 2.52% (31 December 2023: 2.23%) per annum at 30 June 2024. The above borrowings are unsecured.

Note:

(i) The total amount of the 180-day corporate bonds issued on 8 March 2024 is RMB2.00 billion with a fixed rate at 1.90% per annum; the total amount of the 270-day corporate bonds issued on 8 March 2024 is RMB12.00 billion with a fixed rate at 1.97% per annum.

Financial Statements (International) (Unaudited)

15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES *(Continued)*

Long-term debts represent:

	Interest rate and final maturity	30 June 2024 RMB million	31 December 2023 RMB million
Third parties' debts			
Long-term bank loans			
RMB denominated	Interest rates ranging from 1.08% to 4.50% per annum at 30 June 2024 with maturities through 2039	182,693	157,298
USD denominated	Interest rates at 0.00% per annum at 30 June 2024 with maturities through 2038	48	51
		182,741	**157,349**
Corporate bonds			
RMB denominated	Fixed interest rates ranging from 2.50% to 3.20% per annum at 30 June 2024 with maturities through 2026	9,543	9,541
USD denominated	Fixed interest rates ranging 4.25% per annum at 30 June 2024 with maturities through 2043	3,542	3,518
		13,085	**13,059**
Total third parties' long-term debts		**195,826**	**170,408**
Less: Current portion		(50,504)	(7,359)
		145,322	**163,049**
Long-term loans from Sinopec Group Company and fellow subsidiaries			
RMB denominated	Interest rates ranging from 2.70% to 4.99% per annum at 30 June 2024 with maturities through 2038	24,522	28,608
Less: Current portion		(615)	(3,797)
		23,907	**24,811**
		169,229	**187,860**

Short-term and long-term bank loans, short-term other loans and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Note:

These corporate bonds are carried at amortised cost.

16 LEASE LIABILITIES

	30 June 2024 RMB million	31 December 2023 RMB million
Lease liabilities		
Current	18,510	17,536
Non-current	160,803	163,864
	179,313	**181,400**

17 TRADE ACCOUNTS PAYABLE AND BILLS PAYABLE

	30 June 2024 RMB million	31 December 2023 RMB million
Amounts due to third parties	238,499	216,847
Amounts due to Sinopec Group Company and fellow subsidiaries	5,029	4,276
Amounts due to associates and joint ventures	8,213	8,755
	251,741	**229,878**
Bills payable	35,721	29,122
Trade accounts payable and bills payable measured at amortised cost	**287,462**	**259,000**

The aging analysis of trade accounts payable and bills payable is as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Within 1 month or on demand	197,542	181,241
Between 1 month and 6 months	67,732	51,035
Over 6 months	22,188	26,724
	287,462	**259,000**

18 SHARE CAPITAL

	30 June 2024 RMB million	31 December 2023 RMB million
Registered, issued and fully paid		
97,362,409,293 listed A shares (31 December 2023: 94,971,971,046) of RMB1.00 each	97,363	94,972
24,377,280,600 listed H shares (31 December 2023: 24,377,280,600) of RMB1.00 each	24,377	24,377
	121,740	**119,349**

The Company was established on 25 February 2000 with a registered capital of 68.8 billion domestic state-owned shares with a par value of RMB1.00 each. Such shares were issued to Sinopec Group Company in consideration for the assets and liabilities transferred to the Company (Note 1).

Pursuant to the resolutions passed at an Extraordinary General Meeting held on 25 July 2000 and approvals from relevant government authorities, the Company is authorised to increase its share capital to a maximum of 88.3 billion shares with a par value of RMB1.00 each and offer not more than 19.5 billion shares with a par value of RMB1.00 each to investors outside the PRC. Sinopec Group Company is authorised to offer not more than 3.5 billion shares of its shareholdings in the Company to investors outside the PRC. The shares sold by Sinopec Group Company to investors outside the PRC would be converted into H shares.

In October 2000, the Company issued 15,102,439,000 H shares with a par value of RMB1.00 each, representing 12,521,864,000 H shares and 25,805,750 American Depositary Shares (“ADSs”, each representing 100 H shares), at prices of Hong Kong Dollar (“HKD”)1.59 per H share and USD20.645 per ADS, respectively, by way of a global initial public offering to Hong Kong and overseas investors. As part of the global initial public offering, 1,678,049,000 state-owned ordinary shares of RMB1.00 each owned by Sinopec Group Company were converted into H shares and sold to Hong Kong and overseas investors.

In July 2001, the Company issued 2.8 billion listed A shares with a par value of RMB1.00 each at RMB4.22 by way of a public offering to natural persons and institutional investors in the PRC.

During the year ended 31 December 2010, the Company issued 88,774 listed A shares with a par value of RMB1.00 each, as a result of exercise of 188,292 warrants entitled to the Bonds with Warrants.

During the year ended 31 December 2011, the Company issued 34,662 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2012, the Company issued 117,724,450 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

On 14 February 2013, the Company issued 2,845,234,000 listed H shares (“the Placing”) with a par value of RMB1.00 each at the Placing Price of HKD8.45 per share. The aggregate gross proceeds from the Placing amounted to approximately HKD24,042,227,300.00 and the aggregate net proceeds (after deduction of the commissions and estimated expenses) amounted to approximately HKD23,970,100,618.00.

18 SHARE CAPITAL *(Continued)*

In June 2013, the Company issued 21,011,962,225 listed A shares and 5,887,716,600 listed H shares as a result of bonus issues of 2 shares converted from the retained earnings, and 1 share transferred from the share premium for every 10 existing shares.

During the year ended 31 December 2013, the Company issued 114,076 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2014, the Company issued 1,715,081,853 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2015, the Company issued 2,790,814,006 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2022, the Company repurchased 442,300,000 listed A shares and 732,502,000 listed H shares respectively at a price of RMB4.06 per share to RMB4.50 per share for the repurchase of listed A shares, with a total amount of RMB1,888,163,981.61, and a price of HKD3.06 per share to HKD3.75 per share for the repurchase of listed H shares, with a total amount of HKD2,499,261,860.00, which had been cancelled in the year ended 31 December 2022.

During the year ended 31 December 2023, the Company repurchased 143,500,000 listed A shares and 403,656,000 listed H shares respectively at prices of RMB5.29 per share to RMB6.17 per share for the repurchase of listed A shares, with a total amount of RMB816,009,269.44, and prices of HKD3.78 per share to HKD4.56 per share for the repurchase of listed H shares, with a total amount of HKD1,646,392,242.20, which had been cancelled in the year ended 31 December 2023.

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110 (證監許可[2024]110號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

During the period ended 30 June 2024, the Company repurchased 39,866,000 listed H shares at prices of HKD4.36 per share to HKD4.48 per share for the repurchase of listed H shares, with a total amount of HKD176,703,167.40, which had not been cancelled in the six-month period ended 30 June 2024.

All A shares and H shares rank pari passu in all material aspects.

Capital management

Management optimises the structure of the Group's capital, which comprises of equity and debts. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion), including long-term debts and loans from Sinopec Group Company and fellow subsidiaries, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion), and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2024, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 17.0% (31 December 2023: 19.0%) and 54.0% (31 December 2023: 52.8%), respectively.

The schedule of the contractual maturities of loans and commitments are disclosed in Notes 15 and 19, respectively.

There were no changes in the management's approach to capital management of the Group during the period. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

19 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At 30 June 2024 and 31 December 2023, capital commitments of the Group are as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Authorised and contracted for	114,965	177,809
Authorised but not contracted for	86,754	61,951
	201,719	**239,760**

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.The investment commitments of the Group is RMB5,141 million (31 December 2023: RMB5,856 million).

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The maximum term of the Group's exploration licenses is 7 years, and may be renewed twice within 30 days prior to expiration of the original term with each renewal being for a two-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed.

Estimated future annual payments are as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Within one year	263	802
Between one and two years	178	175
Between two and three years	144	176
Between three and four years	97	172
Between four and five years	40	156
Thereafter	878	875
	1,600	**2,356**

19 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

Contingent liabilities

At 30 June 2024 and 31 December 2023, the guarantees by the Group in respect of facilities granted to the parties below are as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Joint ventures (i)	**8,373**	**8,563**

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when expected credit losses on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2024 and 31 December 2023, the Group estimates that there is no material liability has been accrued for expected credit losses related to the Group's obligation under these guarantee arrangements.

Note:

(i) The Group provided a guarantee in respect to standby credit facilities granted to Zhongan United Coal Chemical Co., Ltd. ("Zhongan United") and Amur Gas Chemical complex Limited Liability Company ("Amur Gas") by banks amounting to RMB7,100 million (31 December 2023: RMB7,100 million) and RMB25,942 million (31 December 2023: RMB25,781 million) respectively. As at 30 June 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) by Zhongan United from banks and guaranteed by the Group was RMB4,615 million (31 December 2023: RMB4,828 million). As at 30 June 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) by Amur Gas from banks and guaranteed by the Group was RMB3,758 million (31 December 2023: RMB3,735 million).

The Group provided a guarantee in respect to payment obligation under the raw material supply agreement of Amur Gas amount to RMB17,318 million (31 December 2023: RMB17,211 million). As at 30 June 2024, Amur Gas has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2023: Nil).

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect management's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to, refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group paid normal routine pollutant discharge fees of approximately RMB6,500 million for the six-month period ended 30 June 2024 (six-month period ended 30 June 2023: RMB7,195 million).

Legal contingencies

The Group is defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

The Group is part of a larger group of companies under Sinopec Group Company, which is controlled by the PRC government, and has significant transactions and relationships with Sinopec Group Company and fellow subsidiaries. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business are as follows:

	Note	Six-month period ended 30 June	
		2024	2023
		RMB million	RMB million
Sales of goods	(i)	194,279	193,947
Purchases	(ii)	84,193	96,702
Transportation and storage	(iii)	12,668	14,582
Exploration and development services	(iv)	15,686	16,331
Production related services	(v)	15,069	17,064
Agency commission income	(vi)	72	93
Interest income	(vii)	1,593	1,053
Interest expense	(viii)	624	571
Net deposits (placed with)/withdrew from related parties	(vii)	(5,904)	1,785
Net funds obtained from related parties	(ix)	21,091	22,779

The amounts set out in the table above in respect of the six-month periods ended 30 June 2024 and 2023 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2024 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB64,184 million (six-month period ended 30 June 2023: RMB79,655 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB57,415 million (six-month period ended 30 June 2023: RMB72,989 million), lease charges for land, buildings and others paid by the Group of RMB5,464 million, RMB549 million and RMB132 million (six-month period ended 30 June 2023: RMB5,464 million, RMB517 million and RMB114 million), respectively and interest expenses of RMB624 million (six-month period ended 30 June 2023: RMB571 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB35,498 million (six-month period ended 30 June 2023: RMB38,565 million), comprising RMB33,878 million (six-month period ended 30 June 2023: RMB37,470 million) for sales of goods, RMB1,593 million (six-month period ended 30 June 2023: RMB1,053 million) for interest income and RMB27 million (six-month period ended 30 June 2023: RMB42 million) for agency commission income.

For the six-month period ended 30 June 2024, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group. The interest expense recognised for the six-month period ended 30 June 2024 on lease liabilities in respect of amounts due to Sinopec Group Company and fellow subsidiaries, associates and joint ventures was RMB3,754 million (six-month period ended 30 June 2023: RMB3,843 million).

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

For the six-month period ended 30 June 2024, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,467 million, RMB554 million and RMB157 million (six-month period ended 30 June 2023: RMB5,468 million, RMB518 million and RMB140 million).

As at 30 June 2024 and 31 December 2023, there was no guarantee given to banks by the Group in respect of banking facilities to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, except for the guarantees disclosed in Note 19. Guarantees given to banks by the Group in respect of banking facilities to associates and joint ventures are disclosed in Note 19.

Notes:

(i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.

(ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.

(iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.

(iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.

(v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management, environmental protection and management services.

(vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.

(vii) Interest income represents interest received from deposits placed with Sinopec Finance Company Limited ("Sinopec Finance") and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate. The balance of deposits at 30 June 2024 was RMB71,871 million (31 December 2023: RMB65,967 million).

(viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.

(ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2024. The terms of these agreements are summarised as follows:

- The Company has entered into a non-exclusive "Agreement for Mutual Provision of Products and Ancillary Services" ("Mutual Provision Agreement") with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six-months notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:

  (1) the government-prescribed price;

  (2) where there is no government-prescribed price, the government-guidance price;

  (3) where there is neither a government-prescribed price nor a government-guidance price, the market price; or

  (4) where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.

- The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as described in the above Mutual Provision Agreement. The term of the Cultural, Educational, Hygiene and Auxiliary Service Agreement expired on 31 December 2021, and is not renewed due to the significant decrease in the service scale after the separation and transfer of assets and business such as the Three Supplies and One Industry Assets etc. Cultural and educational services related or similar to training and auxiliary services thereunder have been incorporated into the Mutual Supply Agreement.

- The Company has entered into a series of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.

- The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.

- The Company has entered into a service stations franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.

- On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Sixth Supplementary Agreement on 27 August 2021, which took effect on 1 January 2022 and made adjustment to "Mutual Supply Agreement" and "Buildings Leasing Contract", etc.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	30 June 2024 RMB million	31 December 2023 RMB million
Trade accounts receivable	16,977	12,056
Financial assets at fair value through other comprehensive income	103	101
Prepaid expenses and other current assets	21,790	14,953
Long-term prepayments and other assets	4,127	9,025
Total	**42,997**	**36,135**
Trade accounts payable and bills payable	17,002	19,971
Contract liabilities	4,172	4,402
Other payables	41,711	26,052
Other long-term liabilities	5,637	5,133
Short-term loans and current portion of long-term loans from Sinopec Group Company and fellow subsidiaries	10,459	12,437
Long-term loans excluding current portion from Sinopec Group Company and fellow subsidiaries	23,907	24,811
Lease liabilities (including to be paid within one year)	152,345	154,051
Total	**255,233**	**246,857**

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 15.

As at and for the six-month period ended 30 June 2024, and as at and for the year ended 31 December 2023, no individually significant loss allowance for expected credit losses were recognised in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

(b) Key management personnel emoluments

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

	Six-month period ended 30 June	
	2024 RMB'000	2023 RMB'000
Short-term employee benefits	4,520	4,141
Retirement scheme contributions	238	274
	4,758	**4,415**

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its staff. As at 30 June 2024 and 31 December 2023, the accrual for the contribution to post-employment benefit plans was not material.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled energy and chemical enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred as "state-controlled entities").

Apart from transactions with Sinopec Group Company and fellow subsidiaries, the Group has transactions with other state-controlled entities, include but not limited to the followings:

- sales and purchases of goods and ancillary materials;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- uses of public utilities.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

21 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The format is based on the Group's management and internal reporting structure.

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

(i) Exploration and production, which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.

(ii) Refining, which processes and purifies crude oil, that is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.

(iii) Marketing and distribution, which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline and diesel) in the PRC through wholesale and retail sales networks.

(iv) Chemicals, which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products mainly to external customers.

(v) Corporate and others, which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for interest in associates and joint ventures, investments, deferred tax assets, cash and cash equivalents, time deposits with financial institutions and other unallocated assets. Segment liabilities exclude short-term debts, income tax payable, long-term debts, loans from Sinopec Group Company and fellow subsidiaries, deferred tax liabilities and other unallocated liabilities.

Information of the Group's reportable segments is as follows:

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Revenue from primary business		
Exploration and production		
External sales	92,719	89,699
Inter-segment sales	59,203	52,999
	151,922	**142,698**
Refining		
External sales	81,434	86,748
Inter-segment sales	666,473	640,999
	747,907	**727,747**
Marketing and distribution		
External sales	838,994	839,360
Inter-segment sales	4,108	9,591
	843,102	**848,951**
Chemicals		
External sales	204,016	196,777
Inter-segment sales	48,495	42,910
	252,511	**239,687**
Corporate and others		
External sales	328,757	348,918
Inter-segment sales	466,333	460,405
	795,090	**809,323**
Elimination of inter-segment sales	(1,244,612)	(1,206,904)
Revenue from primary business	**1,545,920**	**1,561,502**
Other operating revenues		
Exploration and production	1,840	2,165
Refining	1,758	1,810
Marketing and distribution	20,395	22,397
Chemicals	4,740	4,613
Corporate and others	1,478	1,195
Other operating revenues	**30,211**	**32,180**
Revenue	**1,576,131**	**1,593,682**

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	Six-month period ended 30 June	
	2024	2023
	RMB million	RMB million
Result		
Operating profit/(loss)		
By segment		
– Exploration and production	29,148	25,408
– Refining	7,125	11,410
– Marketing and distribution	14,648	16,969
– Chemicals	(3,164)	(3,358)
– Corporate and others	4,304	3,557
– Elimination	(1,040)	(290)
Total segment operating profit	**51,021**	**53,696**
Share of profits from associates and joint ventures		
– Exploration and production	1,717	1,512
– Refining	(233)	(235)
– Marketing and distribution	1,809	1,433
– Chemicals	1,185	(3,231)
– Corporate and others	2,820	3,132
Aggregate share of profits from associates and joint ventures	**7,298**	**2,611**
Investment income/(loss)		
– Exploration and production	–	–
– Refining	14	16
– Marketing and distribution	15	–
– Chemicals	(160)	(177)
– Corporate and others	409	410
Aggregate investment income	**278**	**249**
Net finance costs	**(6,275)**	**(4,790)**
Profit before taxation	**52,322**	**51,766**

	30 June	31 December
	2024	2023
	RMB million	RMB million
Assets		
Segment assets		
– Exploration and production	455,330	445,556
– Refining	348,941	331,116
– Marketing and distribution	408,613	387,643
– Chemicals	258,231	255,577
– Corporate and others	189,547	153,740
Total segment assets	**1,660,662**	**1,573,632**
Interest in associates and joint ventures	242,321	232,630
Financial assets at fair value through other comprehensive income	450	450
Deferred tax assets	20,052	20,110
Cash and cash equivalents, time deposits with financial institutions	178,641	163,537
Other unallocated assets	38,398	34,337
Total assets	**2,140,524**	**2,024,696**
Liabilities		
Segment liabilities		
– Exploration and production	195,554	187,385
– Refining	64,760	55,095
– Marketing and distribution	252,154	246,586
– Chemicals	84,150	90,489
– Corporate and others	210,984	206,674
Total segment liabilities	**807,602**	**786,229**
Short-term debts	118,370	58,534
Income tax payable	2,131	1,454
Long-term debts	145,322	163,049
Loans from Sinopec Group Company and fellow subsidiaries	34,366	37,248
Deferred tax liabilities	8,046	7,817
Other unallocated liabilities	40,596	14,556
Total liabilities	**1,156,433**	**1,068,887**

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
Capital expenditure		
Exploration and production	33,788	33,421
Refining	9,201	7,063
Marketing and distribution	2,952	3,320
Chemicals	8,633	30,036
Corporate and others	1,319	827
	55,893	**74,667**
Depreciation, depletion and amortisation		
Exploration and production	24,726	22,340
Refining	10,046	10,148
Marketing and distribution	12,096	11,890
Chemicals	10,313	9,138
Corporate and others	2,237	1,723
	59,418	**55,239**
Impairment losses on long-lived assets		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	–	34
Chemicals	–	–
Corporate and others	–	–
	–	**34**

(2) Geographical information

The following tables set out information about the geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	Six-month period ended 30 June 2024 RMB million	2023 RMB million
External sales		
Mainland China	1,242,018	1,251,863
Singapore	125,927	174,860
Others	208,186	166,959
	1,576,131	**1,593,682**

	30 June 2024 RMB million	31 December 2023 RMB million
Non-current assets		
Mainland China	1,439,476	1,426,377
Others	40,364	38,068
	1,479,840	**1,464,445**

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Overview

Financial assets of the Group include cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, amounts due from Sinopec Group Company and fellow subsidiaries, amounts due from associates and joint ventures, financial assets at FVOCI and other receivables. Financial liabilities of the Group include short-term debts, loans from Sinopec Group Company and fellow subsidiaries, derivative financial liabilities, trade accounts payable and bills payable, amounts due to Sinopec Group Company and fellow subsidiaries, amounts due to associates and joint ventures, other payables, long-term debts and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment, oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's trade accounts receivable relate to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total trade accounts receivable at 30 June 2024, except the amounts due from Sinopec Group Company and fellow subsidiaries. Management performs ongoing credit evaluations of the Group's customers' financial condition and generally does not require collateral on trade accounts receivable. The Group maintains a loss allowance for expected credit losses and actual losses have been within management's expectations.

The carrying amounts of cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, financial assets at FVOCI and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is cash deposits, trade accounts receivable and bills receivable and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For trade accounts receivable and financial assets at FVOCI, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade accounts receivable and financial assets at FVOCI.

To measure the expected credit losses, trade accounts receivable and financial assets at FVOCI have been grouped based on shared credit risk characteristics and the days past due.

The expected credit losses were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of expected credit loss rates by the operating segment.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

The following table provides information about the exposure to credit risk and expected credit losses for accounts receivable as at 30 June 2024 and 31 December 2023.

30 June 2024	Gross carrying amount RMB million	Impairment provision on individual basis: Carrying amount RMB million	Impairment provision on individual basis: Impairment provision on individual basis RMB million	Impairment provision on provision matrix basis: Weighted-average loss rate %	Impairment provision on provision matrix basis: Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	76,378	17,015	4	0.1%	71	75
1 to 2 years past due	246	133	1	31.9%	36	37
2 to 3 years past due	161	19	1	40.8%	58	59
Over 3 years past due	4,014	3,649	3,517	100.0%	365	3,882
Total	**80,799**	**20,816**	**3,523**		**530**	**4,053**

31 December 2023	Gross carrying amount RMB million	Impairment provision on individual basis: Carrying amount RMB million	Impairment provision on individual basis: Impairment provision on individual basis RMB million	Impairment provision on provision matrix basis: Weighted-average loss rate %	Impairment provision on provision matrix basis: Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	48,261	8,958	4	0.2%	70	74
1 to 2 years past due	326	139	1	24.6%	46	47
2 to 3 years past due	116	34	25	45.1%	37	62
Over 3 years past due	3,965	3,599	3,467	100.0%	366	3,833
Total	**52,668**	**12,730**	**3,497**		**519**	**4,016**

All of the entity's other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group considers there was no significant increase in credit risk for other receivables by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the Group's liquidity risk.

As at 30 June 2024, the Group has standby credit facilities with several PRC financial institutions which provide borrowings up to RMB561,424 million (31 December 2023: RMB416,358 million) on an unsecured basis, at a weighted average interest rate of 2.52% per annum (2023: 2.23%). As at 30 June 2024, the Group's outstanding borrowings under these facilities were RMB63,710 million (31 December 2023: RMB59,815 million) and were included in debts.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Liquidity risk *(Continued)*

The following table sets out the remaining contractual maturities at the date of the statement of financial position of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates current at the date of the statement of financial position) and the earliest date the Group would be required to repay:

	30 June 2024					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	118,370	119,790	119,790	–	–	–
Long-term debts	145,322	158,370	3,465	65,085	52,991	36,829
Loans from Sinopec Group Company and fellow subsidiaries	34,366	38,130	11,671	8,851	6,951	10,657
Lease liabilities	179,313	279,451	19,315	12,283	35,089	212,764
Derivative financial liabilities	2,060	2,060	2,060	–	–	–
Trade accounts payable and bills payable	287,462	287,462	287,462	–	–	–
Other payables	113,782	113,782	113,782	–	–	–
	880,675	**999,045**	**557,545**	**86,219**	**95,031**	**260,250**

	31 December 2023					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	58,534	58,964	58,964	–	–	–
Long-term debts	163,049	177,294	3,958	59,114	89,223	24,999
Loans from Sinopec Group Company and fellow subsidiaries	37,248	40,605	13,305	9,060	8,862	9,378
Lease liabilities	181,400	291,252	18,358	12,512	35,821	224,561
Derivative financial liabilities	2,752	2,752	2,752	–	–	–
Trade accounts payable and bills payable	259,000	259,000	259,000	–	–	–
Other payables	94,796	94,796	94,796	–	–	–
	796,779	**924,663**	**451,133**	**80,686**	**133,906**	**258,938**

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Market risk *(Continued)*

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term debts and loans from Sinopec Group Company and fellow subsidiaries. Debts bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term debts, and loans from Sinopec Group Company and fellow subsidiaries of the Group are disclosed in Note 15.

As at 30 June 2024, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's profit for the period by approximately RMB1,447 million (31 December 2023: decrease/increase by approximately RMB1,353 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the date of the statement of financial position with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2023.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of this risk.

Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluate and monitor the market risk exposure caused by transaction positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes.

As at 30 June 2024, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. As at 30 June 2024, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's profit for the period by approximately RMB5,061 million (31 December 2023: decrease/increase RMB1,139 million), and increase/decrease the Group's other reserves by approximately RMB3,838 million (31 December 2023: decrease/increase RMB4,537 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the date of the statement of financial position and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2023.

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	2024 **RMB million**	2023 RMB million
Beginning of the period	5,758	3,079
Effective portion of changes in fair value of hedging instruments recognised during the year	(2,032)	(1,399)
Reclassification adjustments for amounts transferred to the consolidated income statement	414	(2,017)
Amounts transferred to initial carrying amount of hedged items	(1,477)	(1,296)
Related tax	496	1,038
End of the period	**3,159**	**(595)**

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the date of the statement of financial position across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement,* with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 30 June 2024

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	2,478	4,339	–	6,817
Financial assets at fair value through other comprehensive income:				
– Equity instruments	121	–	329	450
– Trade accounts receivable and bills receivable	–	–	4,967	4,967
	2,603	**4,339**	**5,296**	**12,238**
Liabilities				
Derivative financial liabilities				
– Derivative financial liabilities	576	1,484	–	2,060
	576	**1,484**	**–**	**2,060**

At 31 December 2023

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	5,942	3,779	–	9,721
Financial assets at fair value through other comprehensive income:				
– Equity instruments	120	–	330	450
– Trade accounts receivable and bills receivable	–	–	2,221	2,221
	6,065	**3,779**	**2,551**	**12,395**
Liabilities				
Derivative financial liabilities				
– Derivative financial liabilities	367	2,385	–	2,752
	367	**2,385**	**–**	**2,752**

During the six-month period ended 30 June 2024, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of trade accounts receivable and bills receivable classified as Level 3 financial assets.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Fair values *(Continued)*

(ii) Fair values of financial instruments carried at other than fair value

The disclosures of the fair value estimates, and their methods and assumptions of the Group's financial instruments, are made to comply with the requirements of IFRS 7 and IFRS 9 and should be read in conjunction with the Group's consolidated financial statements and related notes. The estimated fair value amounts have been determined by the Group using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 2.16% to 5.33% (31 December 2023: 2.69% to 5.47%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2024 and 31 December 2023:

	30 June 2024 RMB million	31 December 2023 RMB million
Carrying amount	195,826	170,409
Fair value	194,348	167,014

The Group has not developed an internal valuation model necessary to estimate the fair values of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair values because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on the Reorganisation of the Group, the Group's existing capital structure and the terms of the borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2024 and 31 December 2023.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the interim consolidated financial statements. Management bases the assumptions and estimates on historical experience and on various other assumptions that it believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an ongoing basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of such policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the interim consolidated financial statements. Management believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the interim consolidated financial statements.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Oil and gas properties and reserves

The accounting for the exploration and production's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. There are two methods to account for oil and gas business activities, the successful efforts method and the full cost method. The Group has elected to use the successful efforts method. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense as they are incurred. These costs primarily include dry hole costs, seismic costs and other exploratory costs. Under the full cost method, these costs are capitalised and written-off or depreciated over time.

Engineering estimates of the Group's oil and gas reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Proved and proved developed reserves estimates are updated at least annually and take into account recent production and technical information about each field. In addition, as prices and cost levels change from year to year, the estimates of proved and proved developed reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in relation to depreciation rates. Oil and gas reserves have a direct impact on the assessment of the recoverability of the carrying amounts of oil and gas properties reported in the financial statements. If proved reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an immediate write-down of the property's carrying amount.

Future dismantlement costs for oil and gas properties are estimated with reference to engineering estimates after taking into consideration the anticipated method of dismantlement required in accordance with industry practices in similar geographic area, including estimation of economic life of oil and gas properties, technology and price level. The present values of these estimated future dismantlement costs are capitalised as oil and gas properties with equivalent amounts recognised as provisions for dismantlement costs.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expense, impairment loss and future dismantlement costs. Capitalised costs of proved oil and gas properties are amortised on a unit-of-production method based on volumes produced and reserves.

Impairment for long-lived assets

If circumstances indicate that the net book value of a long-lived asset, may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36 "Impairment of Assets". The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances, including environmental protection and energy structure transition variables, indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets or cash-generating units are not readily available. Accordingly, the Group determines the recoverable amount based on the present value in use.

The projected future cash flows of an asset are based on data from the most recent financial budget approved by management, as well as on a stabilized growth rate for the years following the period of that budget. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Projected cash flows based on budgets usually cover five years, or longer periods if that is reasonable. When projecting cash flows for years beyond the budgeted period, the growth rate used does not exceed the long-term average growth rate of the business or markets in which products are located, or the long-term average growth rate of the market in which the asset is located, except where a higher growth rate can be justified. In determining the discount rate, the weighted average cost of capital is usually used as the basis.

In determining the value in use, expected cash flows generated by the asset or the cash-generating units are discounted to their present value, which requires significant judgement relating to future selling prices of crude oil, natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profiles, the oil and gas reserves and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price, amount of operating costs and discount rate.

Depreciation

Property, plant and equipment, other than oil and gas properties, are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets at least annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Measurement of expected credit losses

The Group measures and recognises ECLs using readiness matrix considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions. The Group regularly monitors and reviews the assumptions used for estimating ECLs.

Allowance for diminution in value of inventories

If the costs of inventories become higher than their net realisable values, an allowance for diminution in value of inventories is recognised. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the finished goods and raw materials, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than estimated.

24 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Group's consolidated financial statements prepared in accordance with the accounting policies complying with CASs and IFRS Accounting Standards. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

(i) GOVERNMENT GRANTS

Under CASs, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS Accounting Standards, government grants relating to the purchase of fixed assets are recognised as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) SAFETY PRODUCTION FUND

Under CASs, safety production fund should be recognised in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, payments are expensed as incurred, or capitalised as fixed assets and depreciated according to applicable depreciation methods.

(iii) CAPITALISATION OF EXCHANGE DIFFERENCE OF SPECIFIC LOANS

Under CASs, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency should be capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.

Effects of major differences between the shareholders' equity under CASs and the total equity under IFRS Accounting Standards are analysed as follows:

	Note	**30 June 2024 RMB million**	31 December 2023 RMB million
Shareholders' equity under CASs		986,345	958,655
Adjustments:			
Government grants	(i)	(842)	(868)
Capitalisation of exchange difference of specific loans	(iii)	(1,412)	(1,978)
Total equity under IFRS Accounting Standards*		**984,091**	**955,809**

Effects of major differences between the net profit under CASs and the profit for the period under IFRS Accounting Standards are analysed as follows:

	Note	Six-month period ended 30 June	
		2024 RMB million	2023 RMB million
Net profit under CASs		40,937	40,476
Adjustments:			
Government grants	(i)	26	31
Safety production fund	(ii)	863	1,091
Others		(1)	(2)
Capitalisation of exchange difference of specific loans	(iii)	566	–
Profit for the period under IFRS Accounting Standards*		**42,391**	**41,596**

* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS Accounting Standards.

The following documents will be available for inspections during the normal business hours after Friday, 23 August 2024 at the registered address of Sinopec Corp. upon the requests by the relevant regulatory authorities or shareholders in accordance with the Articles of Association of Sinopec Corp. or relevant laws or regulations:

1 The original interim report for the first half of 2024 signed by Mr. Ma Yongsheng, the Chairman;

2 The original financial statements and consolidated financial statements of Sinopec Corp. for the six-month period ended 30 June 2024 prepared in accordance with the CASs and IFRS Accounting Standards, signed by Mr. Ma Yongsheng, the Chairman, Mr. Zhao Dong, the Vice Chairman and President and Ms. Shou Donghua, the Chief Financial Officer and head of the accounting department of Sinopec Corp.;

3 The original review report of the above financial statements signed by the auditors; and

4 Copies of disclosure documents published by Sinopec Corp. in the newspapers designated by China Securities Regulatory Commission during the reporting period.

By Order of the Board
Ma Yongsheng
Chairman

Beijing, PRC, 23 August 2024

If there is any inconsistency between the Chinese and English version of this interim report, the Chinese version shall prevail.

中国石油化工股份有限公司
SINOPEC CORP.

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