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Sinopec Shanghai Petrochemical Company Limited

中國石化上海石油化工股份有限公司

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

(Stock Code: 00338)

2024 ANNUAL RESULTS ANNOUNCEMENT

§ 1 IMPORTANT MESSAGE

- I. The Board of Directors (the “**Board**”) and the Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the “**Company**” or “**SPC**”) as well as its Directors, Supervisors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2024 annual results announcement, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2024 annual results announcement of the Company, and accept legal responsibility.
- II. Directors who have not attended in person the Board meeting for approving the 2024 annual report of the Company are.

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

- III. The financial statements for the year ended 31 December 2024 (the “**Reporting Period**”), prepared under the People’s Republic of China (“**PRC**” or “**China**”)’s Accounting Standards (“**CAS**”) as well as the International Financial Reporting Standards (“**IFRS**”), were audited by KPMG Huazhen LLP and KPMG, respectively, and both firms have issued unqualified opinions on the financial statements in their auditors’ reports.
- IV. Mr. Guo Xiaojun, Chairman and the responsible person of the Company; Mr. Du Jun, Director, Vice President and Chief Financial Officer in charge of the accounting work; and Ms. Fu Hejuan, person in charge of the Accounting Department (Accounting Chief) and President of the Finance Department hereby warrant the truthfulness, accuracy, and completeness of the financial statements contained in the 2024 annual results announcement.

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

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

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

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

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

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

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

VII. Were there any incidents of appropriation of funds by the controlling shareholder and its connected persons for non-operational purposes?

No.

VIII. Were there any incidents of providing external guarantees in violation of the required decision-making procedures?

No.

IX. Material risk warning

Potential risks are elaborated in this announcement. Please refer to “Report of the Directors (Management Discussion and Analysis)” under Section 5 for details of the potential risks arising from the future development of the Company.

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

§ 2 CORPORATE INFORMATION

2.1 Corporate information

Place of listing of A shares:	Shanghai Stock Exchange
Stock abbreviation of A shares:	上海石化
Stock code of A shares:	600688
Place of listing of H shares:	The Stock Exchange of Hong Kong Limited (the “ Hong Kong Stock Exchange ”)
Stock abbreviation of H shares:	SHANGHAI PECHEM
Stock code of H shares:	00338
Registered address and business address:	No.48 Jinyi Road, Jinshan District, Shanghai, PRC
Postal Code:	200540
Principal place of business in Hong Kong:	Room 605, Island Place Tower, 510 King’s Road, Hong Kong
Website of the Company:	www.spc.com.cn
E-mail address:	spc@spc.com.cn

2.2 Contact persons and contact details

	<u>Secretary to the Board</u>	<u>Securities Affairs Representative</u>
Name	Liu Gang	Yu Guangxian
Address	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540
Tel	8621-57943143	8621-57933728
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E-mail	liugang@spc.com.cn	yuguangxian@spc.com.cn

2.3 Introduction of main business or products during the Reporting Period

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

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

§ 3 ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Major accounting data (prepared under CAS)

Major accounting data	2024	2023	Increase/decrease compared to the previous year (%)	Unit: RMB’000	
				2022 After restatement	Before restatement
Operating income	87,132,820	93,013,595	-6.32	82,518,315	82,518,315
Total profit/(loss)	428,835	(1,715,136)	N/A	(3,599,570)	(3,599,570)
Net profit/(loss) attributable to equity shareholders of the Company	316,500	(1,405,876)	N/A	(2,871,969)	(2,872,072)
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	338,003	(1,365,513)	N/A	(2,790,670)	(2,790,773)
Net cash flow generated from/(used in) operating activities	7,740,447	806,996	859.17	(7,337,499)	(7,337,499)

Major accounting data	End of 2024	End of 2023	Increase/decrease compared to the end of the previous year (%)	End of 2022	
				After restatement	Before restatement
Net assets attributable to equity shareholders of the Company	25,040,254	24,824,929	0.87	26,243,746	26,243,705
Total assets	41,769,339	39,658,244	5.32	41,242,782	41,242,740

3.2 Major financial indicators (prepared under CAS)

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

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

** Explanation of reasons for retrospective adjustment or restatement:

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

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

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

3.3 Extraordinary gains and losses items (prepared under CAS)

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

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

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

* The Company cancelled the repurchased H shares in February 2023, after which the total share capital of the Company was decreased by 24,528,000 shares; the Company cancelled the repurchased H shares in June 2024, after which the total share capital of the Company was decreased by 124,058,000 shares.

3.5 Major quarterly financial data in 2024 (prepared under CAS)

	Unit: RMB'000			
	First Quarter (January to March)	Second Quarter (April to June)	Third Quarter (July to September)	Fourth Quarter (October to December)
Operating income	21,282,263	22,250,543	22,462,479	21,137,535
Net profit/(loss) attributable to equity shareholders of the Company	84,061	(56,149)	6,627	281,961
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	98,108	(36,803)	13,632	263,066
Net cash flow (used in)/generated from operating activities	(718,251)	1,060,221	10,083,631	(2,685,154)

§ 4 INFORMATION ON SHAREHOLDERS' SHAREHOLDING AND CONTROL

4.1 Shareholding of the top ten shareholders as at the end of the Reporting Period

Shareholding of the top ten shareholders

Full name of shareholder	Class of shares	Increase/decrease	Number of shares		Percentage of shareholding (%)	Number of shares held with selling restrictions (Shares)	Pledged/Marked/ Frozen		Nature of shareholder
		during the Reporting Period (Shares)	held at the end of the Reporting Period (Shares)	Status of shares			Number of shares		
China Petroleum & Chemical Corporation	A Shares	0	5,459,455,000	51.14%	0	None	0	State-owned legal person	
HKSCC Nominees Limited	H Shares	-148,073,250	3,303,332,780	30.94%	0	Unknown	-	Overseas legal person	
HKSCC Limited	A Shares	-37,433,353	57,943,592	0.54%	0	None	0	Overseas legal person	
Zhang Mucheng (張沐城)	A Shares	25,317,200	42,018,200	0.39%	0	None	0	Domestic natural person	
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	A Shares	-510,200	36,741,316	0.34%	0	None	0	Others	
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	A Shares	-2,629,200	36,402,500	0.34%	0	None	0	Others	
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	A Shares	-3,212,700	34,827,100	0.33%	0	None	0	Others	
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	A Shares	-3,191,400	33,837,269	0.32%	0	None	0	Others	
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	A Shares	31,049,700	31,049,700	0.29%	0	None	0	Others	
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	A Shares	-246,100	28,131,500	0.26%	0	None	0	Others	

Note on connected relations or acting in concert of the above shareholders

Among the above-mentioned shareholders, Sinopec Corp., a state-owned legal person, does not have any connected relationship with the other shareholders, and does not constitute an act-in-concert party under the Administrative Measures on Acquisition of Listed Companies. Among the above-mentioned shareholders, HKSCC Nominees Limited is a nominee and HKSCC Limited is the nominal holder of the Company's Shanghai-Hong Kong Stock Connect Program. Apart from the above shareholders, the Company is not aware of any connected relationship among the other shareholders, or whether any other shareholder constitutes an acting-in-concert party under the Administrative Measures on Acquisition of Listed Companies.

4.2 The ownership and controlling relationship between the Company and the controlling shareholder and the de facto controller



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

4.3 Interests and short positions of the substantial shareholders of the Company in shares and underlying shares of the Company

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

Interests in ordinary shares of the Company

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

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

Notes:

- (1) Based on the information obtained by the Directors from the website of the Hong Kong Stock Exchange and as far as the Directors are aware, Sinopec Group directly and indirectly owned 69.35% of the issued share capital of Sinopec Corp. as at 31 December 2024. By virtue of such relationship, Sinopec Group was deemed to be interested in the 5,459,455,000 A shares of the Company directly owned by Sinopec Corp.
- (2) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.
- (3) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.

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

§ 5 REPORT OF THE DIRECTORS (MANAGEMENT DISCUSSION AND ANALYSIS)

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

5.1 General – Review of the Company’s operations during the Reporting Period

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

(1) Petrochemicals’ prices fluctuated and declined

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

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

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

(3) Deepening strict management to ensure safety production

The Group reinforced accountability for safety production, improved the systems for safety inspections and hidden hazard identification, coordinated and advanced the special rectification of safety risks associated with hazardous chemicals, continuously enhanced the risk prevention and control system, deepened the equipment integrity management system, strictly implemented the contractors' qualification assessment, rigorously managed direct operational procedures, so as to maintain overall stable production operations throughout the year. The Group implemented a high-quality green enterprise action plan and strengthened the whole-process control and in-depth treatment of wastewater and exhaust emissions. The average value of VOCs concentration at the Company's boundary was 65.14 ug/m³, representing a year-on-year decrease of 9.90%, resulting in continuous improvement in environmental quality.

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

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

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

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

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

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

5.2 Accounting judgments and estimates

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

(1) Net realizable value of inventories

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

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

(2) Impairments for non-current assets

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

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

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

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

(4) Recognition of deferred tax assets

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

(5) Classification of financial assets

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

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

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

5.3.1 Summary

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

	For the years ended 31 December								
	2024			2023			2022		
	Sales volume (^{'000} tons)	Net sales RMB million	%	Sales volume (^{'000} tons)	Net sales RMB million	%	Sales volume (^{'000} tons)	Net sales RMB million	%
Petroleum products	9,450.52	49,366.06	66.46	9,747.76	51,881.58	64.79	7,211.38	41,444.66	57.04
Chemical products	2,296.31	17,380.29	23.40	2,780.32	19,032.11	23.77	2,455.95	18,271.47	25.15
Trading of petrochemical products	-	6,906.19	9.30	-	8,174.13	10.20	-	12,007.55	16.53
Others	-	629.76	0.84	-	989.94	1.24	-	930.88	1.28
Total	11,746.83	74,282.30	100.00	12,528.08	80,077.76	100.00	9,667.33	72,654.56	100.00

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

	For the years ended 31 December					
	2024		2023		2022	
	RMB million	% of net sales	RMB million	% of net sales	RMB million	% of net sales
Petroleum products						
Net sales	49,366.06	66.46	51,881.58	64.79	41,444.66	57.04
Cost of sales and operating expenses	(48,046.70)	(64.68)	(52,111.60)	(65.08)	(41,443.69)	(57.04)
Segment profit/(loss) from operations	1,319.36	1.78	(230.02)	(0.29)	0.97	–
Chemical products						
Net sales	17,380.29	23.40	19,032.11	23.77	18,271.47	25.15
Cost of sales and operating expenses	(18,687.38)	(25.16)	(20,529.62)	(25.64)	(21,995.90)	(30.28)
Segment loss from operations	(1,307.09)	(1.76)	(1,497.51)	(1.87)	(3,724.43)	(5.13)
Trading of petrochemical products						
Net sales	6,906.19	9.30	8,174.13	10.20	12,007.55	16.53
Cost of sales and operating expenses	(6,888.40)	(9.28)	(8,132.36)	(10.15)	(11,994.71)	(16.51)
Segment profit from operations	17.79	0.02	41.77	0.05	12.84	0.02
Others						
Net sales	629.76	0.84	989.94	1.24	930.88	1.28
Cost of sales and operating expenses	(610.64)	(0.81)	(1,057.13)	(1.32)	(1,063.63)	(1.46)
Segment profit/(loss) from operations	19.12	0.03	(67.19)	(0.08)	(132.75)	(0.18)
Total						
Net sales	74,282.30	100.00	80,077.76	100.00	72,654.56	100.00
Cost of sales and operating expenses	(74,233.12)	(99.93)	(81,830.71)	(102.19)	(76,497.93)	(105.29)
Profit/(loss) from operations	49.18	0.07	(1,752.95)	(2.19)	(3,843.37)	(5.29)

For the years ended 31 December

	2024		2023		2022	
	RMB million	% of net sales	RMB million	% of net sales	RMB million	% of net sales
Net finance income	194.56	0.26	238.68	0.30	443.33	0.61
Share of profit/(loss) of associates and joint ventures	<u>179.58</u>	<u>0.24</u>	<u>(141.13)</u>	<u>(0.18)</u>	<u>(173.61)</u>	<u>(0.24)</u>
Profit/(loss) before tax	423.32	0.56	(1,655.40)	(2.07)	(3,573.65)	(4.92)
Income tax	<u>(106.32)</u>	<u>(0.14)</u>	<u>306.09</u>	<u>0.38</u>	<u>731.46</u>	<u>1.01</u>
Profit/(loss) for the year	<u><u>317.00</u></u>	<u><u>0.42</u></u>	<u><u>(1,349.31)</u></u>	<u><u>(1.69)</u></u>	<u><u>(2,842.19)</u></u>	<u><u>(3.91)</u></u>
Attributable to: Equity shareholders of the Company	310.98	0.41	(1,346.15)	(1.69)	(2,846.05)	(3.92)
Non-controlling interests	<u>6.02</u>	<u>0.01</u>	<u>(3.16)</u>	<u>0.00</u>	<u>3.86</u>	<u>0.01</u>
Profit/(loss) for the year	<u><u>317.00</u></u>	<u><u>0.42</u></u>	<u><u>(1,349.31)</u></u>	<u><u>(1.69)</u></u>	<u><u>(2,842.19)</u></u>	<u><u>(3.91)</u></u>

5.3.2 Comparison and analysis

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

5.3.2.A Operating results

(1) Net sales

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

(i) Petroleum products

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

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

(ii) Chemical products

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

(iii) Trading of petrochemical products

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

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

(iv) Others

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

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

(2) Cost of sales and operating expenses

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

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

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

– Cost of sales

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

– Selling and administrative expenses

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

– Other operating income

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

– Other operating expenses

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

(3) Operating profit/(loss)

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

(i) Petroleum products

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

(ii) Chemical products

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

(iii) Trading of petrochemical products

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

(iv) Others

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

(4) Net finance income

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

(5) Profit/(loss) before taxation

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

(6) Income tax

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

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

(7) Profit for the year

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

5.3.2.B Liquidity and capital sources

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

(1) Capital sources

(i) Net cash flow generated from operating activities

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

(ii) Borrowings

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

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

(2) Gearing ratio

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

5.3.2.C Research and development, patents and licenses

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

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

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

5.3.2.D Off-balance sheet arrangements

Please refer to Note 35 to the financial statements prepared under IFRS in the 2024 annual report for details of the Group's capital commitments. During the Reporting Period, the Group did not provide any guarantee to external parties.

5.3.2.E Contractual obligations

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

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

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

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

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

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

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

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

In 2024, Chemical Industry Park recorded an operating income of RMB1.979 billion, the net profit after taxation attributable to shareholders of the parent company reached RMB539 million, and the Company recognized investment gains of RMB 149 million using the equity method.

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

- a) Shanghai Investment Development achieved a turnaround from loss to profit in 2024, which was mainly due to the increase in hazardous chemicals storage and transportation business of Zhejiang branch of Shanghai Petrochemical Investment Development Company Limited for the year, which resulted in an increase in operating income of RMB31.83 million in 2024.
- b) The net loss of Shanghai Jinchang decreased by 81.67% in 2024 as compared with the previous year. The decrease was mainly due to the fact that Jinchang has been inactive since October 2023, which resulted in a significant decrease in costs and expenses in the Reporting Period as compared to the previous year, leading to a decrease in operating loss in 2024.
- c) The net profit of Shanghai Golden Phillips decreased by 97.80% in 2024 as compared with the previous year. The decrease was mainly due to the increase in ethylene prices this year, which resulted in an increase in operating costs, leading to a significant decrease in operating results in 2024.
- d) The net profit of JMGJ decreased by 63.33% in 2024 as compared with the previous year. The decrease was mainly due to a decrease in export sales for the year, resulting in a simultaneous decline in operating income for the year.
- e) The net loss of Zhejiang Jinlian decreased by 47.93% in 2024 as compared with the previous year. The decrease was mainly due to the fact that normal operations were realized in the current year as a result of the completion of the project renovation in December 2023.

5.3.2.G Major suppliers and customers

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

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

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

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

5.4.1 Analysis of the Company's principal activities

5.4.1A Analysis of changes in the consolidated income statement and the consolidated cash flow statement

Unit: RMB'000

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

Analysis of major changes in the consolidated income statement

Unit: RMB'000

Item	For the years ended 31 December		Increase/ Decrease amount	Increase/ Decrease (%)	Major reason for change
	2024	2023			
Investment income ("–" for loss)	174,984	-155,531	330,515	N/A	The carrying value of the long-term equity investment in Shanghai SECCO Petrochemical Company Limited at the beginning of the year was reduced to zero, and no further investment loss was recognised in respect of the excess loss, which resulted in an increase in investment income in the Reporting Period as compared with the same period of the last year.
Gains from changes in fair value	–	10,000	-10,000	-100.00	There was no gain arising from changes in fair value of held-for-trading financial assets during the year.
Assets impairment losses	-285,929	-476,569	190,640	N/A	The gross margin of petrochemical products increased during the year, and the amount of provisions for inventory impairment loss decreased as compared with the previous year.
Gains from asset disposals	42,310	923	41,387	4,483.97	This was mainly due to the disposal of idle assets.
Income tax expense ("–" for expense)	-106,318	306,093	-412,411	N/A	The Company realized operating profits and incurred income tax expenses during the year.
Net profit attributable to equity shareholders of the Company ("–" for loss)	316,500	-1,405,876	1,722,376	N/A	The gross margin of petrochemical products increased this year, resulting in a year-on-year increase in operating results.

Analysis of major changes in the cash flow statement

Unit: RMB'000

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

5.4.1B Operating income

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

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

(2) Major customers

Please refer to 5.3.2. G for details of major customers of the Group.

5.4.1C Operating cost

(1) Analysis of operating cost

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

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

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

(2) Major suppliers

Please refer to 5.3.2. G for details of major suppliers of the Group.

5.4.1D Expenses

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

5.4.1E Research and development (“R&D”) expenditure

(1) R&D expenditure

	Unit: RMB’000
Expensed R&D expenditure during the Reporting Period	173,953
Capitalised R&D expenditure during the Reporting Period	–
Total R&D expenditure	173,953
% of R&D expenditure to operating income	0.20
% of capitalised R&D expenditure	–

(2) R&D personnel

Number of R&D personnel	153
% of number of R&D personnel to total number of staff	2.17

Educational structure of R&D personnel

Education structure category	Education structure number
Doctor	9
Master	49
Undergraduate	56
Junior college graduate	22
High school and below	17

Age structure of R&D personnel

Age structure category	Age structure number
Under 30 years old (excluding 30 years old)	18
30-40 years old (including 30 years old and excluding 40 years old)	38
40-50 years old (including 40 years old and excluding 50 years old)	40
50-60 years old (including 50 years old and excluding 60 years old)	57
Over 60 years old	0

Please refer to 5.3.2. C for details of R&D, patents and licenses of the Group.

5.4.1F Cash flow

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

5.4.2. Analysis of revenue and cost

5.4.2A Principal activities by product

By product	Operating income	Operating cost	Gross profit margin (%)	Increase/Decrease		Unit: RMB'000
				of operating income as compared to the previous year	Increase/Decrease of operating cost as compared to the previous year	Change of gross profit margin as compared to the previous year (percentage point)
Petroleum products ^{Note}	62,069,226	47,757,325	23.06	-3.98%	-7.77%	Increased by 3.16 percentage points
Chemical products	17,157,166	16,829,739	1.91	-10.23%	-8.25%	Decreased by 2.11 percentage points
Trading of petrochemical products	6,912,378	6,817,560	1.37	-15.49%	-15.52%	Increased by 0.04 percentage point
Others	91,343	90,274	1.17	-81.77%	-82.07%	Increased by 1.65 percentage points

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

5.4.2B Operating income by geographical location

Geographical location	Unit: RMB'000	
	Operating income	Increase/Decrease of operating income compared with the previous year (%)
East China	84,296,811	-1.48%
Other regions in China	787,724	-7.07%
Export	2,048,285	-68.96%

5.4.3 Analysis of assets and liabilities

Item	Unit: RMB'000					
	<u>As at 31 December 2024</u>		<u>As at 31 December 2023</u>		Change of amount on 31 December 2024 compared to 31 December 2023 (%)	Major reason for change
	<u>Amount</u>	<u>% of total assets</u>	<u>Amount</u>	<u>% of total assets</u>		
Cash at bank and on hand	12,096,477	28.96	5,607,013	14.14	115.74	Time deposits maturing within one year were reclassified from other non-current assets to cash at bank and on hand.
Accounts receivable	701,587	1.68	1,448,947	3.65	-51.58	The decrease in amounts due from related parties.
Receivables under financing	388,230	0.93	236,487	0.60	64.17	At the end of the year, the third-party sales revenue of the trading segment increased as compared with the end of the previous year, resulting in an increase in accounts receivable at the end of the period.
Prepayments	146,453	0.35	32,536	0.08	350.13	The increase in prepayments for consumption tax on imported naphtha.
Other receivables	690,537	1.65	352,064	0.89	96.14	The increase in consumption tax refund receivable on imported naphtha.
Other current assets	57,543	0.14	26,098	0.07	120.49	The increase in carbon emission rights assets purchased during the year.
Construction in progress	2,064,067	4.94	1,200,602	3.03	71.92	Promotion of cleanliness and efficiency improvement project for thermal power units during the year.

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

Overseas assets

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

5.5 Others

(1) Employees of the Group

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

(2) Acquisition, sale and investment

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

(3) Pledge of assets

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

(4) Material events after the Reporting Period

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

5.6 Financial assets and financial liabilities held in foreign currencies

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

5.7 Discussion and analysis on future development of the Company

1. Industry competition and development trends

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

2. Development strategies of the Company

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

3. Management plan

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

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

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

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

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

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

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

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

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

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

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

4. Possible risks

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) Risks associated with control by the substantial shareholder

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

5.8 Non-fundraising projects

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

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

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

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

5.9 Plan for profit distribution of ordinary shares or capital reserve capitalization

5.9.1 Cash dividend policy and its formulation, implementation or adjustment

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

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

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

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

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

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

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

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

5.9.3 Cash dividends in the past three accounting years

	Unit: RMB'000
Amount of cumulative cash dividends (tax inclusive) in the past three accounting years	211,577.64
Average annual net profit attributable to shareholders of the listed company in the past three accounting years	-1,320,448.33
Cash dividend ratio in the past three accounting years(5)=(3)/(4)	N/A
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the most recent accounting year	316,500.00
Retained profits at end of the year in the parent company's financial statements for the most recent accounting year	6,412,715.00

5.10 The Company's fulfillment of its corporate social responsibility

5.10.1 Fulfillment of corporate social responsibility

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

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

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

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

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

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

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

5.10.3 Administrative penalties for environmental problems during the Reporting Period

Nil.

5.10.4 Construction and operation of pollution prevention facilities

Main pollution facilities	Pollutant	Emission limits (mg/m ³)	Actual emission in 2024 (mg/m ³)	Reach (or not reach) the standard
Thermoelectric boiler	SO ₂	35	4.94	Reach
	NO _x	50	11.80	Reach
	Particulate matter	10	1.40	Reach
2#sulfur	SO ₂	100	21.35	Reach
3#sulfur	SO ₂	100	3.59	Reach
4#sulfur	SO ₂	100	24.99	Reach
Catalytic cracking	SO ₂	50	7.86	Reach
	NO _x	100	19.18	Reach
	Particulate matter	30	10.67	Reach
Process heating furnace	SO ₂	50	2.40	Reach
	NO _x	100	33.20	Reach
	Particulate matter	20	1.24	Reach
Sewage treatment plant	CODmg/l	60	26.82	Reach
	Ammonia nitrogen mg/l	8	0.13	Reach

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

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

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

5.10.6 Emergency response plan for emergent environmental incidents

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

5.10.7 Environmental self-monitoring programme

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

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

Whether to take carbon reduction measures	Yes
Emission reduction of CO ₂ equivalent (in tons)	89,053
Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	<ol style="list-style-type: none">1. Increase the purchase of green power, and the purchased green power was 177.89 million kilowatt hours in 2024, equivalent to reducing carbon emission by 74,714 tons. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai, the formal green electricity certificates and green certificates for November and December are pending acquisition. The data and billing statements may show slight discrepancies at that time)2. Photovoltaic Power Plants fully operated: the photovoltaic power generation was 13.33 million kilowatt hours and the carbon emission reduced by 5,599 tons in 2024. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai)3. Implemented the Aromatics 3# reforming project of four-in-one furnace residual heat recovery systems. This project saved 2.37 million Nm³/year of natural gas, increased electricity consumption by 2.667 million kWh, and reduced carbon emissions by 4,056 tons per year (Note: Calculated based on the carbon emission factors for natural gas and externally purchased electricity in Shanghai).4. In 2024, 3,318.74 tons of biomass fuel was combusted throughout the year, reducing carbon emission by 4,684 tons.

5.10.9 Consolidate and expand the poverty alleviation and rural revitalization

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

§ 6 MAJOR ITEMS AND OTHERS

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

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

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

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

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

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

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

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

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

As considered and approved at the 6th meeting of the eleventh session of the Board, the Company entered into the relevant Technology Development Documents with Sinopec Corp., Sinopec Shanghai Engineering Co., Ltd. (hereinafter referred to as "**Sinopec Shanghai Engineering**"), Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd. (hereinafter referred to as "**Sinopec Shanghai Research Institute**"), Sinopec Hunan Petrochemical Co., Ltd. (hereinafter referred to as "**Hunan Petrochemical**"), Sinopec Beijing Research Institute of Chemical Industry CO., Ltd. (hereinafter referred to as "**Sinopec Beijing Research Institute**"), and other entities. Sinopec Corp. entrusted the entrusted parties (including the Company) to research and develop the topic of industrialized complete set of high-strength medium-modulus SCF55H carbon fiber technology and its application research, the topic of process optimization technology of thermoplastic composite material preparation for aerospace applications, the topic of production technology development of a pilot plant for the production of thermoplastic carbon fiber composite materials for aerospace applications, the topic of a new generation of coarse denier, high compression strength, high tensile strength, medium modulus SCF56 carbon fibers, and the topic of the development and application of domestic carbon fibers in the technology of electrode plates for

new carbon- carbon composite materials for heaters. A total of RMB114.75 million was required to be paid to the Company. Sinopec Corp. is the controlling shareholder of the Company, Sinopec Shanghai Engineering, which is an indirect non-wholly owned subsidiary of Sinopec Group, the de facto controller of the Company, Sinopec Shanghai Research Institute and Sinopec Beijing Research Institute, which are direct wholly-owned subsidiaries of Sinopec Corp., and Hunan Petrochemical, which is a direct non-wholly owned subsidiary of Sinopec Corp., thus the transaction involved in the foregoing constitutes a connected transaction of the Company. Since the Technology Development Documents were entered into with the same connected person and are similar in nature, the highest applicable percentage ratio of the above Technology Development Documents on an aggregated basis shall exceed 0.1% but is less than 5% in accordance with the relevant requirements of Rule 14A.81 of the Hong Kong Listing Rules. Entering into the Technology Development Documents is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. Related announcements were published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 21 March 2024 and 20 March 2024, respectively.

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

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

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

6.2 Compliance of corporate governance code

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

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

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

6.3 Compliance of Model Code for Securities Transactions

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

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

6.4 Purchase, sale and redemption of the Company's securities

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

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

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

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

6.5 Audit and compliance committee

The audit and compliance committee of the Company has reviewed with the management the accounting principles and standards adopted by the Company, discussed matters regarding auditing, risk management, internal control and financial reporting, and reviewed the financial statements of the Company for the year ended 31 December 2024.

7.1 Financial statements prepared under CAS

Consolidated balance sheet

As at 31 December 2024

	31 Dec 2024	31 Dec 2023
	RMB'000	RMB'000
Assets		
Current assets		
Cash at bank and on hand	12,096,477	5,607,013
Derivative financial assets	49	–
Accounts receivable	701,587	1,448,947
Receivables under financing	388,230	236,487
Prepayments	146,453	32,536
Other receivables	690,537	352,064
Inventories	6,552,263	7,751,687
Other current assets	57,543	26,098
Total current assets	20,633,139	15,454,832
Non-current assets		
Long-term equity investments	3,559,573	3,351,941
Investments in other equity instruments	3,872	3,869
Other non-current financial assets	36,500	36,500
Investment properties	305,142	321,037
Fixed assets	13,216,426	14,190,827
Construction in progress	2,064,067	1,200,602
Right-of-use assets	1,435	8,295
Intangible assets	332,704	352,672
Long-term deferred expenses	404,520	641,328
Deferred tax assets	1,211,961	1,313,841
Other non-current assets	–	2,782,500
Total non-current assets	21,136,200	24,203,412
Total assets	41,769,339	39,658,244

	31 December 2024	31 December 2023
	RMB'000	RMB'000
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	1,500,940	3,000,000
Bills payable	9,047,594	1,535,334
Accounts payable	2,730,914	6,296,912
Contract liabilities	248,900	335,006
Employee benefits payable	232,725	322,265
Taxes payable	1,388,147	1,187,075
Other payables	1,107,071	1,144,683
Non-current liabilities due within one year	1,159	707,515
Other current liabilities	31,597	43,819
Total current liabilities	16,289,047	14,572,609
Non-current liabilities		
Long-term loans	67,685	–
Lease liabilities	192	942
Deferred income	238,679	110,222
Deferred tax liabilities	29,241	31,564
Total non-current liabilities	335,797	142,728
Total liabilities	16,624,844	14,715,337

	31 December 2024 RMB'000	31 December 2023 RMB'000
Shareholders' equity		
Share capital	10,675,228	10,799,286
Capital reserve	621,460	609,166
Less: Treasury shares	56,159	70,579
Other comprehensive income	2,812	(887)
Specific reserve	290,607	298,137
Surplus reserve	6,672,634	6,672,634
Retained earnings	<u>6,833,672</u>	<u>6,517,172</u>
Total equity attributable to equity shareholders of the Company	<u>25,040,254</u>	<u>24,824,929</u>
Non-controlling interests	<u>104,241</u>	<u>117,978</u>
Total Shareholders' Equity	<u>25,144,495</u>	<u>24,942,907</u>
Total liabilities and shareholders' equity	<u><u>41,769,339</u></u>	<u><u>39,658,244</u></u>

These financial statements have been approved by the Board on 19 March 2025.

Consolidated Income Statement
For the year ended 31 December 2024

Items	Year ended 31 December	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
1. Operating income	87,132,820	93,013,595
Less: Operating costs	72,045,290	79,157,873
Taxes and surcharges	12,777,797	12,853,851
Selling and distribution expenses	224,141	315,853
General and administrative expenses	1,583,632	1,827,268
Research and development expenses	173,953	186,978
Finance income	(171,454)	(228,627)
Including: Interest expenses	114,987	145,313
Interest income	309,542	383,988
Add: Other income	35,387	38,095
Investment gains/(loss)	174,984	(155,531)
Including: gains/(loss) from investment in associates and joint ventures	169,579	(151,128)
Gains from changes in fair value	–	10,000
Reversal of credit impairment losses	51	5,455
Impairment losses	(285,929)	(476,569)
Gains from asset disposals	42,310	923
2. Operating profit/(loss)	<u>466,264</u>	<u>(1,677,228)</u>
Add: Non-operating income	37,968	39,337
Less: Non-operating expenses	75,397	77,245
3. Total profit/(loss)	<u>428,835</u>	<u>(1,715,136)</u>
Less: Income tax expense/(benefit)	106,318	(306,093)
4. Net profit/(loss)	<u>322,517</u>	<u>(1,409,043)</u>
(1) Classified by continuity of operations:		
1. Net profit/(loss) from continuing operations	322,517	(1,409,043)
2. Net profit/(loss) from discontinued operations	–	–
(2) Classified by ownership:		
1. Shareholders of the Company	316,500	(1,405,876)
2. Non-controlling interests	6,017	(3,167)

Items	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
5. Other comprehensive income, net of tax	<u>(56,398)</u>	<u>45,749</u>
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company	<u>(56,398)</u>	<u>45,749</u>
Items that will not be reclassified to profit or loss:	2	(848)
a. Equity investments at FVOCI – net movement in fair value reserves	2	(848)
Items that may be reclassified to profit or loss	(56,400)	46,597
a. Other comprehensive income recognised under equity method	3,659	767
b. Cash flow hedge reserve	<u>(60,059)</u>	<u>45,830</u>
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	<u>–</u>	<u>–</u>
6. Total comprehensive income	<u>266,119</u>	<u>(1,363,294)</u>
(1) Attributable to shareholders of the Company	260,102	(1,360,127)
(2) Attributable to non-controlling interests	<u>6,017</u>	<u>(3,167)</u>
7. Earnings/(losses) per share		
(1) Basic earnings/(losses) per share (RMB Yuan)	<u>0.030</u>	<u>(0.130)</u>
(2) Diluted earnings/(losses) per share (RMB Yuan)	<u>0.030</u>	<u>(0.130)</u>

These financial statements have been approved by the Board on 19 March 2025.

7.2 Financial statements prepared under IFRS

Consolidated statement of profit or loss For the year ended 31 December 2024

	Year ended 31 December	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Revenue	87,060,094	92,931,608
Taxes and surcharges	<u>(12,777,797)</u>	<u>(12,853,851)</u>
Net Sales	74,282,297	80,077,757
Cost of sales	<u>(74,121,403)</u>	<u>(81,612,566)</u>
Gross profit/(loss)	<u>160,894</u>	<u>(1,534,809)</u>
Selling and administrative expenses	(234,569)	(315,537)
Other operating income	112,660	131,749
Other operating expenses	(24,040)	(20,162)
Other gains/(losses)–net	<u>34,236</u>	<u>(14,195)</u>
Profit/(loss) from operations	<u>49,181</u>	<u>(1,752,954)</u>
Finance income	309,542	383,988
Finance expenses	<u>(114,987)</u>	<u>(145,313)</u>
Financial income-net	194,555	238,675

	Year ended 31 December	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Share of net gains/(losses) of associates and joint ventures accounted for using the equity method	<u>179,579</u>	<u>(141,128)</u>
Profit/(loss) before taxation	423,315	(1,655,407)
Income tax	<u>(106,318)</u>	<u>306,093</u>
Profit/(loss) for the year	<u>316,997</u>	<u>(1,349,314)</u>
Profit/(loss) attributable to:		
– Equity shareholders of the Company	310,980	(1,346,147)
– Non-controlling interests	<u>6,017</u>	<u>(3,167)</u>
Profit/(loss) for the year	<u><u>316,997</u></u>	<u><u>(1,349,314)</u></u>
Earnings/(losses) per share attributable to equity shareholders of the Company for the year (expressed in RMB per share)		
Basic	<u>RMB0.029</u>	<u>RMB(0.125)</u>
Diluted	<u>RMB0.029</u>	<u>RMB(0.125)</u>

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

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

Consolidated statement of financial position
As at 31 December 2024

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

	As at 31 December	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Equity and liabilities		
Equity attributable to equity shareholders of the Company		
Share capital	10,675,228	10,799,286
Reserves	<u>14,353,023</u>	<u>14,011,630</u>
	25,028,251	24,810,916
Non-controlling interests	<u>104,241</u>	<u>117,978</u>
Total equity	<u><u>25,132,492</u></u>	<u><u>24,928,894</u></u>
Liabilities		
Non-current liabilities		
Borrowings	67,685	–
Lease liabilities	192	942
Deferred tax liabilities	29,241	31,564
Deferred income	<u>168,679</u>	<u>30,222</u>
	<u>265,797</u>	<u>62,728</u>
Current liabilities		
Borrowings	1,500,987	3,700,000
Lease liabilities	1,112	7,515
Contract liabilities	235,224	323,279
Trade and other payables	3,308,308	3,832,858
Amounts due to related parties	9,590,947	5,155,798
Current tax liabilities	1,419,016	1,228,525
Staff salaries and welfares payable	232,725	322,265
Income tax payable	<u>728</u>	<u>2,369</u>
	<u>16,289,047</u>	<u>14,572,609</u>
Total liabilities	<u><u>16,554,844</u></u>	<u><u>14,635,337</u></u>
Total equity and liabilities	<u><u>41,687,336</u></u>	<u><u>39,564,231</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

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

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

2 FINANCE INCOME AND EXPENSES

	2024	2023
	RMB'000	RMB'000
Interest income from time deposits with maturity more than 3 months	115,518	189,600
Interest income from time deposits with maturity less than 3 months	189,685	188,480
Others	4,339	5,908
Finance income	309,542	383,988
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(119,075)	(157,013)
Less: interest expense capitalized into construction in progress	4,088	11,700
Finance expenses	(114,987)	(145,313)
Finance income – net	194,555	238,675

3 EXPENSE BY NATURE

	2024	2023
	RMB'000	RMB'000
Cost of raw materials	59,834,774	65,553,670
Cost of trading products	6,817,560	8,070,375
Employee benefit expenses	3,132,454	3,479,098
Depreciation and amortization:		
Property, plant and equipment	1,775,419	1,685,008
Investment properties	15,076	15,270
Other non-current assets	235,982	256,198
Right-of-use assets	30,846	32,305
Repairs and maintenance expenses	815,311	1,095,884
Changes of work in progress and finished goods	(67,215)	(154,992)
Transportation costs	162,051	202,856
Inventory write-down	285,929	446,719
External processing fee	161,453	179,934
Commission expense	41,724	99,026
Impairment loss of property, plant and equipment	–	29,850
Auditors' remuneration – audit services	6,556	6,837
Auditors' remuneration – non-audit services	115	129
Expenses relating to short-term leases	10,043	14,764

4 INCOME TAX

	2024	2023
	RMB'000	RMB'000
Current income tax	(6,773)	(14,907)
Deferred taxation	(99,545)	321,000
Income tax	(106,318)	306,093

A reconciliation of the expected income tax calculated at the applicable tax rate and profit/(loss) before taxation, with the actual income tax is as follows:

	2024	2023
	RMB'000	RMB'000
Profit/(loss) before income tax	423,315	(1,655,407)
Expected PRC income tax at the statutory tax rate of 25%	(105,829)	413,852
Tax effect of share of net profits/(losses) of investments accounted for using the equity method	41,512	(38,665)
Tax effect of other non-taxable income	5,776	6,484
Tax effect of additional deductions for R&D expenses	15,000	21,369
Additional deduction of wages for disabled employees	960	1,268
Tax effect of non-deductible loss, expenses and costs	(64,436)	(65,148)
True up for final settlement of enterprise income taxes in respect of previous years	(5)	227
Tax losses for which no deferred income tax asset was recognized	(7,557)	(29,676)
Other items	8,261	(3,618)
Actual income tax	(106,318)	306,093

The provision for PRC income tax is calculated at the rate of 25% (2023: 25%) on the estimated taxable income of the year ended 31 December 2024 determined in accordance with relevant income tax rules and regulations. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

5 EARNINGS/(LOSSES) PER SHARE

a. Basic earnings/(losses) per share

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

	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Net profit/(loss) attributable to equity shareholders of the Company	310,980	(1,346,147)
Weighted average number of ordinary shares in issue (thousand of shares)	<u>10,667,315</u>	<u>10,792,977</u>
Basic earnings/(losses) per share (RMB per share)	<u><u>RMB0.029</u></u>	<u><u>RMB(0.125)</u></u>

Weighted average number of ordinary shares

	2024	2023
	<u>'000</u>	<u>'000</u>
Issued ordinary shares at 1 January	10,729,094	10,799,286
Effect of shares repurchased	<u>(61,779)</u>	<u>(6,309)</u>
Weighted average number of ordinary shares at 31 December	<u><u>10,667,315</u></u>	<u><u>10,792,977</u></u>

b. Diluted earnings/(losses) per share

There were no dilutive potential ordinary shares for the years ended 31 December 2024 and 2023, therefore diluted earnings/(losses) per share is the same as basic earnings/(losses) per share.

6 LEASES

a. Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2024	2023
	<u>RMB'000</u>	<u>RMB'000</u>
Right-of-use assets		
Land use rights	329,632	346,676
Buildings	315	6,801
Equipment	573	980
Others	<u>547</u>	<u>514</u>
	<u>331,067</u>	<u>354,971</u>
Lease liabilities		
Current	1,112	7,515
Non-current	<u>192</u>	<u>942</u>
	<u>1,304</u>	<u>8,457</u>

For the year ended 31 December 2024, additions to the right-of-use assets were RMB7,032 thousand (2023: RMB7,672 thousand).

At 31 December 2024, the lease liabilities were repayable as follows:

	<u>2024</u>
	<u>RMB'000</u>
Within 1 year	1,160
After 1 year but within 2 years	<u>200</u>
	<u>1,360</u>

(b) **Amounts recognized in the consolidated statement of profit or loss**

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024	2023
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land use rights	(17,044)	(17,044)
Buildings	(12,260)	(13,519)
Equipment	(542)	(592)
Others	(1,000)	(1,150)
	<u>(30,846)</u>	<u>(32,305)</u>
Interest expense (included in Finance expenses)	(365)	(695)
Expense relating to short-term leases (included in Cost of sales)	<u>(10,043)</u>	<u>(14,764)</u>

The total cash outflow for leases in 2024 was RMB25,094 thousand (2023: RMB30,699 thousand).

7 DIVIDEND

a. Dividends payable to equity shareholders of the Company attributable to the year:

	2024	2023
	RMB'000	RMB'000
Final dividend proposed after the end of the reporting period of RMB 0.02 per ordinary share (2023: Nil)	<u>211,578</u>	<u>—</u>

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

b. Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024	2023
	RMB'000	RMB'000
No final dividend in respect of the previous financial year was approved during the year (2023:Nil)	<u>—</u>	<u>—</u>

8 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
	<u> </u>	<u> </u>
Trade receivables	2,265	2,229
Less: loss allowance	<u>(2,114)</u>	<u>(2,114)</u>
	151	115
Amounts due from related parties excluded prepayments and bills receivable (*)	718,948	1,454,410
Less: loss allowance (*)	<u>(2,798)</u>	<u>(2,849)</u>
Total trade receivables	<u>716,301</u>	<u>1,451,676</u>
Other receivables	677,759	352,827
Less: loss allowance	<u>(1,936)</u>	<u>(1,936)</u>
	<u>675,823</u>	<u>350,891</u>
Financial assets measured at amortized cost	1,392,124	1,802,567
Amounts due from related parties – prepayments (*)	<u>1,018</u>	<u>2,303</u>
	<u>1,393,142</u>	<u>1,804,870</u>
Amounts due from related parties (sum of *)	<u><u>717,168</u></u>	<u><u>1,453,864</u></u>

All of the trade and other receivables are expected to be recovered or recognized as expense within one year.

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

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
	<u> </u>	<u> </u>
Within one year	<u>716,301</u>	<u>1,451,676</u>

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Balance at 1 January	6,899	7,494
Impairment losses recognized during the year	–	50
Recoveries or reversals during the year	(51)	(645)
Balance at 31 December	6,848	6,899

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

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

9 BORROWINGS

	As at 31 December 2024	As at 31 December 2023
	RMB'000	RMB'000
Credit loans due within one year		
– Short-term bank loan	1,500,940	3,000,000
– Long-term bank loan due within one year	47	700,000
Borrowings – current	1,500,987	3,700,000
Credit loans due over one year		
– Long-term borrowing	67,685	–
Borrowings – non-current	67,685	–
Total borrowings	1,568,672	3,700,000

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

	2024	2023
	RMB'000	RMB'000
Within 1 year or on demand	1,500,987	3,700,000
After 1 year but within 5 years	–	–
After five years	67,685	–
	1,568,672	3,700,000

The weighted average interest rate for the Group's short-term bank loan was 2.05% as at 31 December 2024 (31 December 2023: 1.98%%). The interest rate of the Group's long-term borrowings was 2.66% as at 31 December 2024 (31 December 2023: 1.08%).

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

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
	<u> </u>	<u> </u>
Trade payables	1,428,598	1,569,521
Bills payables	1,047,541	1,401,288
Amounts due to related parties exclude advances received (*)	<u>9,577,271</u>	<u>5,144,071</u>
	<u>12,053,410</u>	<u>8,114,880</u>
Dividends payable	31,386	31,631
Construction payable	597,367	655,224
Accrued expenses	119,409	128,671
Other liabilities	<u>84,007</u>	<u>46,523</u>
	<u>832,169</u>	<u>862,049</u>
Financial liabilities measured at amortized cost	12,885,579	8,976,929
Amounts due to related parties – advances received (*)	<u>13,676</u>	<u>11,727</u>
	<u>12,899,255</u>	<u>8,988,656</u>
Total amounts due to related parties (sum of *)	<u><u>9,590,947</u></u>	<u><u>5,155,798</u></u>

All trade and other payables (including amounts due to related parties) are expected to be settled or recognized as income within one year or are repayable on demand.

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

Majority of amounts due to related parties were trade payable for purchasing crude oil from related parties.

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

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
	<u> </u>	<u> </u>
Within one year	12,049,334	8,100,809
Over one year but within two years	–	4,506
Over two years	<u>4,076</u>	<u>9,565</u>
	<u>12,053,410</u>	<u>8,114,880</u>

11 SEGMENT INFORMATION AND REVENUE

11.1 Segment Information

2024	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	72,489,244	33,998,333	8,219,429	1,267,023	115,974,029
Inter segment revenue	(10,420,018)	(16,556,664)	(1,307,051)	(630,202)	(28,913,935)
Revenue from external customers	62,069,226	17,441,669	6,912,378	636,821	87,060,094
Timing of revenue recognition					
– At a point in time	62,069,226	17,441,669	6,877,007	636,821	87,024,723
– Over time	–	–	35,371	–	35,371
	62,069,226	17,441,669	6,912,378	636,821	87,060,094
Segment result – profit/(loss) from operations	1,319,360	(1,307,087)	17,789	19,119	49,181
2023	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	77,077,668	35,744,930	9,073,844	1,700,498	123,596,940
Inter segment revenue	(12,435,124)	(16,633,628)	(894,509)	(702,071)	(30,665,332)
Revenue from external customers	64,642,544	19,111,302	8,179,335	998,427	92,931,608
Timing of revenue recognition					
– At a point in time	64,642,544	19,111,302	8,123,135	998,427	92,875,408
– Over time	–	–	56,200	–	56,200
	64,642,544	19,111,302	8,179,335	998,427	92,931,608
Segment result – (loss)/profit from operations	(230,020)	(1,497,511)	41,765	(67,188)	(1,752,954)

	2024	2023
	RMB'000	RMB'000
Segment result – profit (loss)/profit from operations		
Petroleum products	1,319,360	(230,020)
Chemical products	(1,307,087)	(1,497,511)
Trading of petrochemical products	17,789	41,765
Others	19,119	(67,188)
Profit/(loss) from operations	49,181	(1,752,954)
Finance income – net	194,555	238,675
Share of net profits/(losses) of investments accounted for using the equity method	179,579	(141,128)
Profit/(loss) before taxation	423,315	(1,655,407)

11.2 REVENUE

The Group's revenue from external customers are substantially all within Mainland China in 2024 and 2023. As at 31 December 2024 and 31 December 2023, assets are also substantially all within Mainland China.

Revenue of approximately RMB63,739,540 thousand (2023: RMB66,435,767 thousand) are derived from a single customer. These revenues are attributable to the petroleum products, chemical products and others segments.

12 RECONCILIATION BETWEEN FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRS

The Company is listed on the Stock Exchange of Hong Kong. The Group prepared financial statements under International Financial Reporting Standards (“IFRS”) which has been audited by KPMG. There are reconciliation items in the consolidated financial report prepared under CAS and IFRS, the reconciliation items and the amount are listed as follows:

	Net profit/(loss)		Net assets	
	2024	2023	31 December 2024	31 December 2023
Under CAS	322,517	(1,409,043)	25,144,495	24,942,907
The reconciliation items and the amount				
Adjustments under IFRS				
Government grants (a)	2,010	2,010	(12,003)	(14,013)
Safety production Costs (b)	(7,530)	57,719	–	–
Under IFRS	316,997	(1,349,314)	25,132,492	24,928,894

Notes in relation to the reconciliation items:

a. Government grants

Under CAS, government subsidies defined as capital contributions according to the relevant government requirements are not considered a government grant, but instead should be recorded as an increase in capital reserves.

Under IFRS, such grants are offset against the cost of asset to which the grants are related. Upon transfer to property, plant and equipment, the grant is recognised as income over the useful life of the property, plant and equipment by way of a reduced depreciation charge.

b. Safety production costs

Under CAS, safety production costs 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, expenses are recognised in profit or loss when incurred, and property, plant and equipment are depreciated with applicable methods.

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

Shanghai, the PRC, 19 March 2025

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