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中国石油化工股份有限公司

**CHINA PETROLEUM & CHEMICAL CORPORATION**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00386)**

## **Interim Results Announcement for the Six Months Ended 30 June 2025**

The board of directors of China Petroleum & Chemical Corporation (“**Sinopec Corp.**” or the “**Company**”) hereby announces the unaudited results of Sinopec Corp. and its subsidiaries for the six months ended 30 June 2025. This announcement, containing the full text of the 2025 Interim Report of Sinopec Corp., complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcement of interim results. The full text of the 2025 Interim Report of Sinopec Corp. is published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and of Sinopec Corp. ([www.sinopec.com/listco/](http://www.sinopec.com/listco/)).

### **PUBLICATION OF RESULTS ANNOUNCEMENT**

Both the Chinese and English versions of this results announcement are available on the websites of Sinopec Corp. ([www.sinopec.com/listco/](http://www.sinopec.com/listco/)) and The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). In the event of any discrepancies in interpretations between the English version and Chinese version, the Chinese version shall prevail.

By Order of the Board  
**China Petroleum & Chemical Corporation**  
**Huang Wensheng**  
*Vice President and Secretary to the Board of Directors*

Beijing, the PRC,  
21 August 2025

*As of the date of this announcement, directors of the Company are: Hou Qijun\*, Zhao Dong#, Zhong Ren\*, Li Yonglin#, Lv Lianggong#, Niu Shuanwen#, Wan Tao#, Cai Yong\*, Xu Lin+, Zhang Liying+, Liu Tsz Bun Bennett+ and Zhang Xiliang+.*

# *Executive Director*

\* *Non-executive Director*

+ *Independent Non-executive Director*

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This interim report contains forward-looking statements. All statements, other than statements of historical facts, that address business activities, events or developments that the Company expects or anticipates will or may occur in the future (including, but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. The actual results or developments of the Company may differ materially from those forward-looking statements as a result of various factors and uncertainties. These forward-looking statements do not constitute substantial commitments made by the Company to investors. The investors and relevant parties should be aware of the risks involved and should understand the differences among plans, projections and commitments. The Company makes the forward-looking statements referred to herein as at 21 August 2025 and, unless otherwise required by the relevant regulatory authorities, undertakes no obligation to update these statements.

**IMPORTANT NOTICE: THE BOARD OF DIRECTORS (BOARD), THE SUPERVISORY COMMITTEE, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF SINOPEC CORP. WARRANT THAT THERE ARE NO FALSE REPRESENTATIONS, MISLEADING STATEMENTS OR MATERIAL OMISSIONS IN THIS INTERIM REPORT, AND SEVERALLY AND JOINTLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS INTERIM REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDER OF SINOPEC CORP. OR OTHER RELATED PARTIES. MR. HOU QIJUN, CHAIRMAN OF THE BOARD, MR. ZHAO DONG, VICE CHAIRMAN OF THE BOARD AND PRESIDENT, AND MS. SHOU DONGHUA, CHIEF FINANCIAL OFFICER AND HEAD OF THE FINANCIAL DEPARTMENT OF SINOPEC CORP. WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INTERIM FINANCIAL STATEMENTS CONTAINED IN THIS INTERIM REPORT. THE AUDIT COMMITTEE OF SINOPEC CORP. HAS REVIEWED THE INTERIM REPORT OF SINOPEC CORP. FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025.**

**THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2025 OF THE COMPANY, PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (CASS) AND IFRS ACCOUNTING STANDARDS HAVE NOT BEEN AUDITED.**

## COMPANY PROFILE

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

## DEFINITIONS

In this interim report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Sinopec Corp.: China Petroleum & Chemical Corporation;

Company: Sinopec Corp. and its subsidiaries;

China Petrochemical Corporation: the controlling shareholder of Sinopec Corp., China Petrochemical Corporation;

Sinopec Group: China Petrochemical Corporation and its subsidiaries;

Sinopec Finance Co.: Sinopec Finance Co., Ltd.;

Century Bright: Sinopec Century Bright Capital Investment, Ltd.;

CSRC: China Securities Regulatory Commission;

SSE: Shanghai Stock Exchange;

Hong Kong Stock Exchange: The Stock Exchange of Hong Kong Limited;

Hong Kong Listing Rules: Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## CONVERSIONS

For domestic production of crude oil, 1 tonne is about 7.1 barrels;

For overseas production of crude oil, 1 tonne is about 7.25 barrels;

For production of natural gas, 1 cubic meter = 35.31 cubic feet;

For refinery throughput, 1 tonne is about 7.35 barrels.

## BASIC INFORMATION

### LEGAL NAME

中國石油化工股份有限公司

### CHINESE ABBREVIATION

中國石化

### ENGLISH NAME

China Petroleum & Chemical Corporation

### ENGLISH ABBREVIATION

Sinopec Corp.

### AUTHORISED REPRESENTATIVES UNDER THE HONG KONG LISTING RULES

Mr. Zhao Dong

Mr. Huang Wensheng

### SECRETARY TO THE BOARD

Mr. Huang Wensheng

### REPRESENTATIVE ON SECURITIES MATTERS

Mr. Zhang Zheng

### REGISTERED ADDRESS, PLACE OF BUSINESS AND CORRESPONDENCE ADDRESS

22 Chaoyangmen North Street,  
Chaoyang District, Beijing, China

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Tel: 86-10-59960028

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Website: <http://www.sinopec.com>

E-mail: [ir@sinopec.com](mailto:ir@sinopec.com)

### CHANGE OF INFORMATION DISCLOSURE MEDIA AND ACCESS PLACES

During the reporting period, there was no change to Sinopec Corp.'s information disclosure media and access places.

### PLACES OF LISTING OF SHARES, STOCK NAMES AND STOCK CODES

*A Shares:* Shanghai Stock Exchange

Stock name: 中國石化

Stock code: 600028

*H Shares:* Hong Kong Stock Exchange

Stock short name: SINOPEC CORP

Stock code: 00386

### CHANGE OF REGISTERED ADDRESS IN THE REPORTING PERIOD

During the reporting period, there was no change to Sinopec Corp.'s registered address.

# 1. FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CASS

## (1) Principal financial data

Items	Six-month period ended 30 June		Change over the same period of the preceding year (%)
	2025 RMB million	2024 RMB million	
Operating income	1,409,052	1,576,131	(10.6)
Profit before taxation	28,767	50,868	(43.4)
Net profit attributable to shareholders of the Company	21,483	35,703	(39.8)
Net profit attributable to shareholders of the Company excluding extraordinary gains and losses	21,215	35,582	(40.4)
Net cash flow from operating activities	61,016	42,269	44.4

Items	As of 30 June 2025 RMB million	As of 31 December 2024 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	827,449	819,922	0.9
Total assets	2,144,939	2,084,771	2.9

## (2) Principal financial indicators

Items	Six-month period ended 30 June		Change over the same period of the preceding year (%)
	2025 RMB	2024 RMB	
Basic earnings per share	0.177	0.296	(40.2)
Diluted earnings per share	0.177	0.296	(40.2)
Basic earnings per share (excluding extraordinary gains and losses)	0.175	0.295	(40.7)
Weighted average return on net assets (%)	2.61	4.37	(1.76) percentage points
Weighted average return (excluding extraordinary gains and losses) on net assets (%)	2.58	4.36	(1.78) percentage points

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

Items	Six-month period ended 30 June 2025 (profit)/loss RMB million
Net gain on disposal of non-current assets	(557)
Donations	42
Government grants	(453)
Gains on holding and disposal of various investments	(71)
Other non-operating income and expenses, net	330
<b>Subtotal</b>	<b>(709)</b>
Tax effect	256
<b>Total</b>	<b>(453)</b>
Attributable to:	
Shareholders of the Company	(268)
Non-controlling interests	(185)

#### (4) Significant changes of items in the financial statements

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

Items of Consolidated Balance Sheet	As of 30 June 2025 RMB million	As of 31 December 2024 RMB million	Increase/(Decrease) Amount RMB million	Percentage (%)	Main reasons for changes
Accounts receivable	64,719	44,333	20,386	46.0	Increase in the operating volume of the overseas trade.
Receivables financing	7,678	2,613	5,065	193.8	Increase in bill-settled transactions.
Other equity instrument investments	4,843	416	4,427	1,064.2	Strategic investment in the equity of Contemporary Amperex Technology Co., Limited (CATL).
Derivative financial liabilities	6,047	3,412	2,635	77.2	Impact of changes in fair value of hedging business.
Employee benefits payable	20,214	14,167	6,047	42.7	Impact of changes in performance-based salary payable.
Non-current liabilities due within one year	90,111	64,602	25,509	39.5	Certain long-term loans being reclassified to non-current liabilities due within one year.
Other current liabilities	32,926	21,567	11,359	52.7	Issuance of super short-term debentures for financing during the reporting period.
Debentures payable	57,564	25,562	32,002	125.2	Impact of debentures such as medium-term notes and sci-tech innovation bonds for financing during the reporting period.
Other comprehensive income	964	(987)	1,951	–	Impact of changes in foreign currency translation differences.
Specific reserve	3,597	2,549	1,048	41.1	Increase in provision for safety production fund during the reporting period.

Items of Consolidated Income Statement	For six-month period ended 30 June 2025 RMB million	For six-month period ended 30 June 2024 RMB million	Increase/(Decrease) Amount RMB million	Percentage (%)	Main reasons for changes
Financial expenses	8,426	6,275	2,151	34.3	Increase in net exchange loss on certain foreign currency loans and decrease in interest income due to the decline in deposit interest rates during the reporting period.
Gains/(losses) from changes in fair value	1,785	(1,275)	3,060	–	Impact of increase in floating profit of hedging business during the reporting period.
Credit impairment reversals	138	23	115	500.0	Increase in reversal of provision for bad debts on accounts receivable during the reporting period.
Impairment losses	(2,289)	(1,689)	(600)	35.5	Increase in impairment losses of certain inventories such as petroleum and petrochemical products and crude oil held for trading due to the decline in crude oil prices.
Asset disposal gains	557	219	338	154.3	Increase in the disposal gains of service station assets during the reporting period.
Items of Consolidated Cash Flow Statement	For six-month period ended 30 June 2025 RMB million	For six-month period ended 30 June 2024 RMB million	Increase/(Decrease) Amount RMB million	Percentage (%)	Main reasons for changes
Refund of taxes and levies	5,767	3,399	2,368	69.7	Increase in VAT input tax deduction and refund and certain consumption tax refund during the reporting period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	588	1,436	(848)	(59.1)	Cash received from disposal of Hunan Petrochemical assets in the first half of previous year, which did not happen during the reporting period.
Cash paid for acquisition of investments	(6,277)	(2,948)	(3,329)	112.9	Impact of strategic investment in the equity of CATL during the reporting period.
Other cash paid relating to investing activities	(44,123)	(65,278)	21,155	(32.4)	Decrease in time deposits with maturities over three months deposited during the reporting period.
Cash received from capital contributions	834	12,883	(12,049)	(93.5)	Cash received from the issuance of shares to the target subscriber in the first half of previous year, which did not happen during the reporting period.
Other cash received relating to financing activities	18	1,295	(1,277)	(98.6)	Carrying out the finance leasing business in the first half of previous year, which did not happen during the reporting period.
Cash paid for dividends, profits distribution or interest	(23,179)	(4,789)	(18,390)	384.0	Impact of time difference in dividend distribution.

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

### (1) Principal financial data

Items	Six-month period ended 30 June		Change over the same period of the preceding year (%)
	2025 RMB million	2024 RMB million	
Operating profit	33,423	51,021	(34.5)
Profit attributable to shareholders of the Company	23,752	37,079	(35.9)
Net cash generated from operating activities	61,016	42,269	44.4

	As of 30 June 2025 RMB million	As of 31 December 2024 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	824,565	815,815	1.1
Total assets	2,142,807	2,081,440	2.9

### (2) Principal financial indicators

Items	Six-month period ended 30 June		Change over the same period of the preceding year (%)
	2025 RMB	2024 RMB	
Basic earnings per share	0.196	0.307	(36.2)
Diluted earnings per share	0.196	0.307	(36.2)
Return on capital employed (%)	2.82	4.30	(1.48)

percentage points



Dear shareholders and friends:

With the trust and support from all shareholders, I am honored to be elected as the Chairman of the Board of Sinopec Corp. I would like to express my sincere gratitude to our shareholders and all walks of life in the community for your care and support for Sinopec Corp.

As a large-scale energy and chemicals enterprise with global influence, Sinopec Corp. shoulders important missions to safeguard energy safety, revitalize petrochemical industry, bolster real economy and enrich people's well-being. After 25 years of remarkable growth following its restructuring and listing, the Company has achieved significant progress in assets and business scale, value creation capability, ESG performance and overall strength. The Company enjoys a variety of advantages in integrated industrial chain, R&D, networks, brand, management and talents. Together with shareholders, the Company has shared the achievements of our continuing development over the past 25 years, delivering the average annual compound return rates for A-share

and H-share shareholders of 7.8% and 10.9% respectively. As the Chairman, I am deeply honored, whilst fully embracing my responsibility, to work with you all in driving the high-quality development of Sinopec Corp. and accelerating the building of a world-class enterprise.

In the first half of this year, the Company made great efforts to overcome severe challenges arising from drastic external changes, fully leveraging the advantages of our integrated industrial chain to tap the potential, reduce costs and ensure overall stable production and operations. Meanwhile, new achievements were made in our reform, management, innovation and development. Dragged by various factors such as the declining international crude oil prices combined with weak chemical margins, the Company's profitability for the first half significantly decreased year on year. Nevertheless, our operating cash flow and financial position remained strong and solid. Thus, the Board has decided to distribute an interim cash dividend of RMB0.088 per share for 2025, in line with the highest pay-out ratio in the Articles of Association.

At present and looking ahead, Chinese economy will remain on a positive trajectory over the long run. With broad market potential for energy and chemicals, accelerated adjustments of product demand structure and prominent productivity transformation driven by technological innovation, Sinopec Corp. faces both valuable development opportunities and transition challenges. The Company is now formulating the "15th Five-Year Plan" through collective input. We will implement the new development philosophy in a complete, accurate and comprehensive manner. Insisting on professional development, market-oriented operations, integrated coordination and intelligent empowerment, the Company will extend the industrial chain to high-end markets and persistently enhance our key function and core competitiveness. We will endeavor to achieve good performance under the "14th Five-Year Plan" and lay a solid foundation for the commencement of the "15th Five-Year Plan".

We will attach greater importance to innovation-driven development. We will build a market-oriented innovation system integrating production, sales, research and application. Coordinated efforts will be made to promote innovations in R&D, industry, management, business model and financial services. We will deepen the reform of the technology development system; foster the deeper integration of innovation, industry, capital and talents; accelerate the commercialization of technological achievements; and promote the business transition and upgrading driven by technological innovation. Meanwhile, we will advance the theoretical research and technological innovation in oil and gas exploration and production, and consolidate our advantageous position using green, low-carbon and highly efficient refining technology. In addition, the Company will further enhance the leading position of our technology and cost-efficiency in basic organic raw materials and the three major synthetic materials. We will promote the R&D of new chemical materials for emerging and future industries such as Chinese-made aircrafts, new energy vehicles and robots. Strengthening our deployment of emerging technologies including new energy batteries, synthetic biology and AI application, the Company aims at developing distinctive technology and outstanding products.

We will place greater emphasis on the value-oriented approach. Balancing economic, social and cultural values, we will focus on value creation and enhancement across reform, management, innovation and development stages. In respect of economic value enhancement, we are committed to building a leading enterprise with outstanding operational and management levels, high investment return rate and asset preservation and appreciation rate. To build crude oil and gas industrial chains as the profit improvement business of the Company, we will strengthen system optimization, process reengineering and cost management. Focusing on the full-process management of investment decisions, the Company will further improve the scientific level of the investment decision-making. We will improve the profitability and efficiency of existing assets, optimize new investments, and ensure sufficient resources, market, technology, competitiveness and profitability of our investment portfolio. We will raise our social value by integrating ESG concepts into development, upholding safe operation, environment protection and health, as well as fulfilling corporate citizenship responsibilities. We will enrich our cultural value by promoting the petroleum spirit, inheriting and carrying forward the Company's traditions, strengthening lean management, and fostering the values of serving the country and the society.

We will focus more on business transition and upgrading. By promoting our existing businesses towards high-end, intelligent and green development, we will strengthen our new quality productivity. Based on resource and industrial foundation, we will propel the extension and upgrading of industrial chain and increase the added value of our products. The development of strategic and emerging businesses will be accelerated and the Company will proactively lay out the future businesses to map out the "second curve". We will leverage the new-generation information technologies, such as artificial intelligence, to optimize operations, improve efficiency, reduce costs and enhance intrinsic safety level. Collaborative efforts will be made to promote energy-saving, carbon emission reduction, pollution control and green development. We will accelerate the upgrading of our management system from dual control over the amount and intensity of energy consumption to dual control over the amount and intensity of carbon emissions. Besides, we will scale up technology application such as CCUS, strengthen carbon footprint management, step up the construction of a green and low-carbon development system covering the

entire industrial chain, and are committed to achieving a high-quality carbon peaking.

We will place closer attention to securing resources. We will bolster our resource foundation and enhance our capabilities on economical, reliable and sustainable resource supply. While boosting high-quality and profit-oriented oil and gas exploration and development, we will take multiple measures to lower the break-even point in conjunction with expansion in deep and ultra-deep stratum as well as unconventional and offshore reserves. Leveraging on our strengths in international trade and centralized procurement, we will actively acquire diversified and cost-effective resources, optimize resources allocation and ensure efficient utilization. At the same time, we will vigorously promote the development of natural gas industrial chain, and improve the synergy of exploration, production, supply, storage, marketing and trade. Moreover, we will expand our new energy businesses including hydrogen, wind, solar and geothermal energy and other businesses, accelerate multi-energy complementary supply and integrated development to form a three-pillar structure of oil, gas, and new energy businesses.

We will give higher priority to market development. Guided by the customer-centric approach, we will closely follow the market demands and actively expand the networks, so as to boost the efficient operation of the entire industrial chain. By reinforcing our brand building, we aim at promoting our brand competitiveness, market reputation and influence. In addition to maintaining our market share in refined oil products, we will expand our jet fuel, fuel oil and EV charging and battery swapping businesses. We will further expand our natural gas sales networks, expedite market development and improve the operating efficiency to increase our market share in retail LNG. By enriching the Easy Joy service ecosystem, we aim at offering customers one-stop services. Meanwhile, we will strengthen our capabilities to effectively capture emerging demand and promptly respond to supply of chemical products, and vigorously expand international market with integrated solutions and value-added services for customers. At the same time, we will expand the incremental market such as lubricants and carbon materials.

We will reinforce our commitment to opening-up and cooperation. By taking the initiative to integrate into new development pattern and participate in the building of a unified national market, we will

enhance our core competitiveness through mutually beneficial cooperation. With an aim to leverage the impetus of industrial integration, the Company will establish close strategic partnerships across the industrial chain, fostering an ecosystem of complementary advantages, close collaboration and win-win cooperation. Furthermore, we will actively incorporate regional coordinated development and major strategies, deepen strategic cooperation with local governments, and promote regional industrial restructuring and resource optimization. We will promote globalization for the entire industrial chain and deepen strategic cooperation with international companies to enhance our international business operations.

Reform is crucial in promoting high-quality development. We will be committed to deepening reform and strengthening management to establish a modern enterprise system for a world-class enterprise. Moreover, we will adhere to the "Two Consistencies" and improve modern corporate governance with Chinese characteristics. By accelerating the establishment of a corporate governance framework featured by clearly defined and transparent rights and responsibilities, coordinated operation, and effective checks and balances, the Company will thereby improve its governance efficiency. We will enhance the market value management, stand on improving the quality of listed company, attach great importance to shareholders' return, enhance corporate transparency, and utilize applicable value management tools to ensure that the Company's enterprise value fairly reflects our development quality.

Standing at the new starting point of the 25th anniversary of our listing, Sinopec Corp. will embrace the energy revolution and industrial transition more proactively. With strong support from shareholders and all sectors of society, and through unremitting dedication of entire staff, the Company remain fully committed to becoming a world-class enterprise and start a new chapter of high-quality development, delivering greater value for our shareholders, customers, employees and the society.

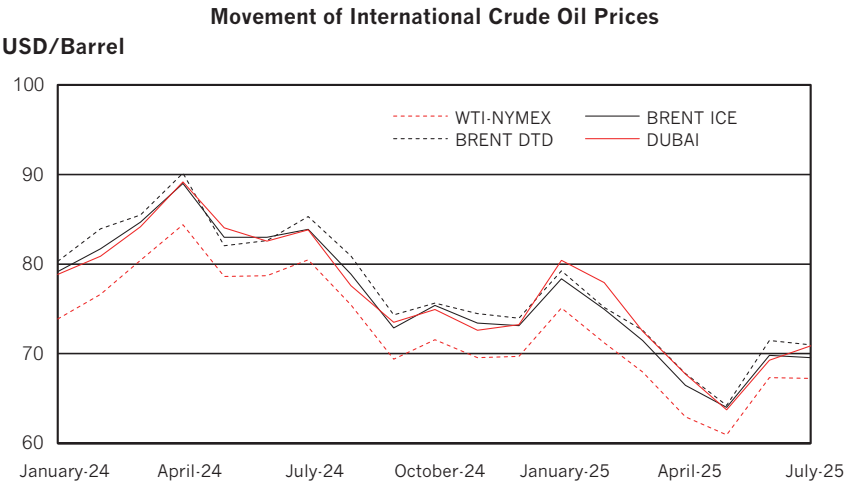
**Hou Qijun**  
Chairman  
Beijing, China  
21 August 2025

BUSINESS REVIEW

In the first half of 2025, China's economy made steady improvement, with GDP increasing by 5.3% year on year. According to the Company's statistics, the domestic demand for natural gas saw modest growth, with consumption rising by 2.1% year on year. Mainly affected by alternative energy, the domestic consumption of refined oil products declined by 3.6% year on year, among which, gasoline decreased by

4.6% and diesel decreased by 4.3%, while kerosene increased by 4.2%. The domestic demand for major chemical products grew rapidly, with ethylene equivalent consumption up by 10.1% year on year.

During the reporting period, international crude oil prices fluctuated with a downward trend. The average spot price of Platts Brent was USD71.7 per barrel, down by 14.7% year on year.



1 PRODUCTION & OPERATIONS REVIEW

(1) Exploration and Production

In the first half of 2025, the Company adhered to high-quality exploration and profit-oriented development, and achieved progress in increasing reserves and boosting production. Domestic oil and gas equivalent output reached a record high for the same period. In exploration, major breakthroughs were made in offshore oil and gas and ultra-deep shale gas in the Sichuan Basin. In crude oil development, we accelerated key production capacity construction in Jiyang, Tahe, and West Junggar, and strengthened the construction of the

Shengli Jiyang Shale Oil National Demonstration Zone. In natural gas development, we advanced key projects in offshore fields, the Shunbei Area II, and the Xujiache reservoir in the Sichuan Basin. We also strengthened integration of production, supply, storage, and sales of natural gas, and profit of natural gas industrial chain hit record high for the same period. In the first half of 2025, oil and gas production of the Company reached 262.81 million barrels, up by 2.0% year on year, among which domestic crude totalled 126.73 million barrels and natural gas amounted to 736.28 billion cubic feet, up by 5.1%.

## Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Change (%)
	2025	2024	
Oil and gas production (mmbbl)	262.81	257.66	2.0
Crude oil production (mmbbls)	140.04	140.53	(0.3)
China	126.73	126.49	0.2
Overseas	13.31	14.04	(5.2)
Natural gas production (bcf)	736.28	700.57	5.1

### (2) Refining

In the first half of 2025, facing severe challenges brought by fluctuation with a downward trend of international oil prices and declining demand for gasoline and diesel, the Company insisted on integrated production and marketing operations, comprehensively optimized utilization rates, and increased trading

profitable processing volumes. By leveraging global resources allocation advantages, we optimized procurement pace and inventory management to reduce crude oil costs. We flexibly adjusted product mix and refined oil products yields and increased jet fuel production. We promoted low-cost “refined oil products to chemical feedstocks” and high-value “refined oil products

to refining specialties” strategy, and boosted output of marketable products like high-end carbon materials and lubricating grease. In the first half of 2025, the Company processed 119.97 million tonnes of crude oil, produced 71.4 million tonnes of refined oil products and 22.06 million tonnes of light chemical feedstock, rising by 11.5% year on year.

### Refining: Summary of Operations

Unit: million tonnes

	Six-month period ended 30 June		Change (%)
	2025	2024	
Refinery throughput	119.97	126.69	(5.3)
Gasoline, diesel and kerosene production	71.40	77.30	(7.6)
Gasoline	30.79	32.34	(4.8)
Diesel	24.27	29.31	(17.2)
Kerosene	16.33	15.65	4.3
Light chemical feedstock production	22.06	19.79	11.5

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

### (3) Marketing and Distribution

In the first half of 2025, facing fierce market competition, the Company fully leveraged its integrated advantages and network strengths to actively transform into a comprehensive energy service provider of petrol, gas, hydrogen, power and service. We vigorously

expanded marketing and sales, with the proportion of high-grade gasoline rising continuously. We accelerated the development of gas refueling and EV charging and battery swapping networks, with significant year-on-year growth in automotive LNG operating volume and charging volume, and maintained top position in domestic LNG retail market share.

We also promoted the large-scale utilization of hydrogen, with our first overseas hydrogen refueling station commencing operations. The Easy Joy service ecosystem was further enriched to enhance the operating quality of non-fuel business. In the first half of the year, total sales volume of refined products reached 112.14 million tonnes, of which domestic sales accounting for 87.05 million tonnes.

### Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Change (%)
	2025	2024	
Total sales volume of refined oil products (million tonnes)	112.14	119.01	(5.8)
Total domestic sales volume of refined oil products (million tonnes)	87.05	90.14	(3.4)
Retail (million tonnes)	54.53	56.96	(4.3)
Direct sales and Distribution (million tonnes)	32.52	33.18	(2.0)

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

	As of 30 June 2025	As of 31 December 2024	Change from the end of last year (%)
Total number of Sinopec-branded service stations	31,015	30,987	0.1
Number of convenience stores	28,689	28,648	0.1

### (4) Chemicals

In the first half of 2025, facing the continued release of new domestic production capacities and weak chemical margins, the Company vigorously reduced costs and expenses and increased utilization rate with marginal profits. We

continued to promote the lightening and diversification of feedstocks, optimized unit operations, and adjusted product mix. Efforts were increased in developing new and high value-added products. Ethylene production reached 7.563 million tonnes in the first half of the year. We refined marketing strategies and

customized product services, and actively expanded domestic and international markets. In the first half of the year, the total operating volume of chemical products reached 40.08 million tonnes with all products sold.

### Chemical Major Products: Summary of Operations

Unit: thousand tonnes

	Six-month period ended 30 June		Change (%)
	2025	2024	
Ethylene	7,563	6,496	16.4
Synthetic resin	11,041	9,784	12.8
Synthetic fibre monomer and polymer	5,437	4,598	18.2
Synthetic fibre	601	633	(5.1)
Synthetic rubber	804	678	18.6

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

## 2 SAFETY AND HEALTH

In the first half of 2025, the Company continuously improved the building and operation of HSE management system, enhancing all employees' HSE awareness and capabilities. We carried out the 2025 Action for Improvement in Work Safety, persistently advanced risk identification and control in key areas along with potential dangers investigation and rectification, and maintained overall safe and clean production. We strengthened occupational disease prevention at the source and focused on the occupational health, physical health, and mental well-being of domestic and overseas employees.

## 3 SCIENCE AND TECHNOLOGY INNOVATION

In the first half of 2025, the Company stepped up efforts to secure breakthroughs in core technologies, established national-level innovation platforms in the energy sector, and achieved fruitful results in innovation-driven development. Breakthroughs were made in the heterogeneous composite displacement technology system which significantly improved the recovery rates, and the self-developed Geodrill intelligent drilling software system was successfully developed. We applied

needle coke products in large-diameter graphite electrodes and started up our self-developed POE industrial demonstration unit and the 400,000 tonnes per year acrylonitrile unit. We completed the performance and stability tests for seawater hydrogen production pilot plant. The Great Wall AI Model was officially launched, and the iterative development was completed for OPEN, a process simulation software for the petrochemical industry.

#### 4 CAPITAL EXPENDITURES

The Company continued optimizing management of projects. In the first half of 2025, total capital expenditure was RMB43.8 billion. Capital expenditure for the exploration and production segment was RMB27.6 billion, mainly for crude oil capacity building in Jiyang and Tahe, natural gas capacity building in Dingshan-Dongxi, and the construction of oil and gas storage and transportation facilities. Capital expenditure for the refining segment was RMB5.5 billion, mainly for the Maoming Refining upgrading and Guangzhou Petrochemical revamping projects. Capital expenditure for the marketing and distribution segment was RMB2.8 billion, mainly for the development of the petrol, gas, hydrogen, power and service integrated energy network, the revamping of the existing marketing network, non-fuel business and other projects. Capital expenditure for the chemical segment was RMB7.3 billion, mainly for ethylene projects in Maoming and Henan and the aromatics project in Jiujiang, etc. Capital expenditure for corporate and others was RMB0.5 billion, mainly for R&D and digitalization projects, etc.

#### BUSINESS OUTLOOK

For the second half of 2025, China's economy continues to maintain a momentum of recovery and improvement. The domestic demand for natural gas and chemical products is expected to increase, and that for refined oil products will be impacted by alternative energy. Taking into account the changes in global supply and demand, geopolitics and inventory levels, more uncertainties exist in changes of international crude oil prices. The Company will prioritize profit generation, technological innovation, transition and upgrading, reform and management to comprehensively promote high-quality development. We will stress on the following aspects:

In E&P, the Company will focus on increasing reserves, boosting production and improving profitability, and forge ahead with high quality exploration and profitable development. We will enhance

the overall research and joint exploration within the same basin, and strive to increase high-quality and scaled reserves. We will accelerate the oil and gas capacity building in Tahe, Jiyang and offshore fields, and proceed with the fine development in mature oil and gas fields. We will refine the production, supply, storage and marketing of natural gas, diversify and expand the resources, reduce resources costs, and enhance the profitability of the whole industrial chain. Our plan for the second half is to produce 141 million barrels of crude oil and 714.5 billion cubic feet of natural gas.

In refining, the Company will coordinate production and sales, and improve the operation efficiency for the industrial chain. We will coordinate the diversification of crude oil resources, dynamically optimize the procurement scale and pace, and reduce procurement costs. We will promote the optimisation of regional resources, adjust product mix and utilization rates with profit orientation, and ramp up jet fuel production. We will continue with the transition of low-cost "refined oil products to chemical feedstocks" and high-value "refined oil products to refining specialties" strategy, strengthen operational scale and profitability of refining intermediate products, by-products, and refining specialties, and build up an industrial chain for high-end carbon material. In the second half, we plan to process 130 million tonnes of crude oil.

In marketing and distribution, the Company will fully leverage the advantages of integration, keep optimizing resources by coordinating volume and price, continuously improve the network layout, and vigorously expand the market and increase sales. We will speed up the gas refueling and EV charging and battery swapping network layout, expand electricity business ecosystems, promote hydrogen mobility business, strengthen development of self-owned brands, build China's largest integrated driver service platform, and accelerate the transition to a comprehensive energy service provider of petrol, gas, hydrogen, power and service. In the second half, we plan to sell 89.8 million tonnes of refined oil products.

In chemicals, the Company will adhere to the 'basic + high-end' strategy, and raise our competitiveness in the chemical industrial chain. We will coordinate optimization of the feedstock and cut its costs through multiple means. Market oriented, we will improve the production scheduling, maintain high utilization rates of profitable units, and proceed with differentiated development. We will enhance the development of new materials and high value-added products, so as to tap the potential for profit creation. We will innovate our marketing strategies, and promote the strategic customer services and tailor-made product development. In the second half, we plan to produce 7.85 million tonnes of ethylene.

In Capex, taking into account resources, market and progress of project implementation comprehensively, the Company optimized its annual capital expenditure plan and decided to reduce the annual capital expenditure plan by approximately 5%. For the second half, capital expenditure spent in the E&P segment will be mainly used for the crude oil production capacity building in Jiyang and Tahe, the natural gas production capacity building in western Sichuan, and the construction of the storage and transportation facilities for oil and gas. Capital expenditure spent in the refining segment will be mainly used for the Guangzhou and Maoming refining upgrading projects. Capital expenditure spent in the marketing and distribution segment will be mainly used for the development of the integrated energy network, the revamping of the existing marketing network, non-fuel business and other projects. Capital expenditure spent in the chemical segment will be mainly used for the construction of ethylene projects in Maoming, Henan and the aromatics project in Jiujiang. Capital expenditure spent for corporate and others will be mainly used for R&D and digitalization projects, etc.

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

## 1 CONSOLIDATED RESULTS OF OPERATIONS

In the first half of 2025, international crude oil prices fluctuated with a downward trend, domestic demand for gasoline and diesel decreased, and chemical margins remained weak. The Company comprehensively coordinated the integration of production and operation and the optimisation in regional operations, made every effort to expand the market and sales, deepened tapping potentials for improving efficiency, took multiple measures to cope with market changes, and realised revenue of RMB1,409.1 billion, down by 10.6% year on year and operating profit of RMB33.4 billion, down by 34.5% year on year.

The following table sets forth the principal revenue and expense items from the Company's consolidated financial statements for the first half of 2025 and the corresponding period in 2024:

	Six-month period ended 30 June		Change (%)
	2025 RMB million	2024 RMB million	
<b>Revenue</b>	<b>1,409,052</b>	<b>1,576,131</b>	<b>(10.6)</b>
Revenue from primary business	1,380,387	1,545,920	(10.7)
Other operating revenues	28,665	30,211	(5.1)
<b>Operating expenses</b>	<b>(1,375,629)</b>	<b>(1,525,110)</b>	<b>(9.8)</b>
Purchased crude oil, products and operating supplies and expenses	(1,118,440)	(1,254,213)	(10.8)
Selling, general and administrative expenses	(25,869)	(26,486)	(2.3)
Depreciation, depletion and amortisation	(61,155)	(59,418)	2.9
Exploration expenses, including dry holes	(5,646)	(4,542)	24.3
Personnel expenses	(49,442)	(50,290)	(1.7)
Taxes other than income tax	(123,351)	(132,612)	(7.0)
Impairment reversal on trade and other receivables	138	23	500.0
Other operating income, net	8,136	2,428	235.1
<b>Operating profit</b>	<b>33,423</b>	<b>51,021</b>	<b>(34.5)</b>
Net finance costs	(8,426)	(6,275)	34.3
Investment income and share of profits less losses from associates and joint ventures	6,120	7,576	(19.2)
<b>Profit before taxation</b>	<b>31,117</b>	<b>52,322</b>	<b>(40.5)</b>
Income tax expense	(5,207)	(9,931)	(47.6)
<b>Profit for the period</b>	<b>25,910</b>	<b>42,391</b>	<b>(38.9)</b>
<b>Attributable to:</b>			
Shareholders of the Company	23,752	37,079	(35.9)
Non-controlling interests	2,158	5,312	(59.4)

## (1) Revenue

In the first half of 2025, the Company's revenue from primary business was RMB1,380.4 billion, representing a decrease of 10.7% year on year. This change was mainly due to the decreased prices of petroleum and petrochemical products and declined sales volumes of products such as refined oil products.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2025 as compared with the first half of 2024.

	Sales Volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Six-month period ended 30 June		Change	Six-month period ended 30 June		Change
	2025	2024	(%)	2025	2024	(%)
Crude oil	3,867	4,254	(9.1)	3,563	3,981	(10.5)
Natural gas (million cubic meters)	31,666	31,406	0.8	2,362	2,398	(1.5)
Gasoline	44,306	46,597	(4.9)	8,462	9,043	(6.4)
Diesel	36,057	38,647	(6.7)	6,433	7,009	(8.2)
Kerosene	12,261	13,376	(8.3)	5,071	5,805	(12.6)
Basic chemical feedstock	18,811	17,940	4.9	5,147	6,126	(16.0)
Synthetic fibre monomer and polymer	4,031	3,377	19.4	5,262	5,926	(11.2)
Synthetic resin	8,815	8,074	9.2	7,277	7,454	(2.4)
Synthetic fibre	610	631	(3.3)	7,189	7,723	(6.9)
Synthetic rubber	768	669	14.8	11,734	11,721	0.1

Note: Natural gas includes the natural gas, LNG and others sold by the exploration and production segment and marketing and distribution segment sold to external customers.

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production and automotive natural gas business, with the remaining sold to external customers. In the first half of 2025, the revenue from crude oil, natural gas and other upstream products sold externally amounted to RMB82.9 billion (accounting for 5.9% of the Company's revenue), down by 10.6% year on year. This change was mainly due to the decrease in price and sales volume of crude oil sold externally.

Petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold externally by the refining segment and the marketing and distribution segment achieved external sales revenues of RMB807.9 billion (accounting for 57.3% of the Company's revenue), representing a decrease of 12.2% year on year. This change was mainly due to the year-on-year decreased volumes and prices of products such as refined oil products. The sales revenue of gasoline, diesel and kerosene was RMB669.0 billion (accounting for 82.8% of the total sales revenue of

petroleum products), representing a decrease of 13.1% year on year. The sales revenue of other refined petroleum products was RMB138.9 billion (accounting for 17.2% of the sales revenue of petroleum products), down by 7.7% year on year.

The Company's external sales revenue of chemical products was RMB196.5 billion (accounting for 13.9% of its revenue), down by 3.7% year on year. This change was mainly due to the year-on-year decreased prices of most chemical products.

**(2) Operating expenses**

In the first half of 2025, the Company's operating expenses were RMB1,375.6 billion, down by 9.8% year on year, mainly due to the decreased external procurement costs of crude oil and refined oil products. The operating expenses mainly consisted of the following:

**Purchased crude oil, products and operating supplies and expenses**

were RMB1,118.4 billion, representing a decrease of 10.8% year on year, accounting for 81.3% of total operating expenses, of which:

- Crude oil purchasing expense was RMB391.3 billion, representing a decrease of 16.4% year on year. Throughput of crude oil purchased externally in the first half of 2025 was 109.68 million tonnes (excluding the volume processed for third parties), down by 6.0% year on year. The average processing cost of crude oil purchased externally was RMB3,983 per tonne, down by 10.4% year on year.
- The Company's purchasing expense of refined oil products was RMB183.6 billion, representing a decrease of 11.9% year on year. This change was mainly due to decline in the volume of refined oil products purchased externally as a result of the weak market demand, and decrease in prices of refined oil products resulting from the decreased crude oil prices.
- The Company's purchasing expense related to trading activities was RMB267.3 billion, representing a decrease of 12.3% year on year, mainly due to the decreased procurement costs of crude oil and refined oil products for trading.
- Other purchasing expenses were RMB276.2 billion, up by 1.2% year on year.

**Selling, general and administrative expenses**

were RMB25.9 billion, representing a decrease of 2.3% year on year, mainly because the Company consistently strengthened the control of non-productive expenditures, and reduced the selling and administrative expenses.

**Depreciation, depletion and amortisation**

were RMB61.2 billion, representing an increase of 2.9% year on year. This change was mainly due to the increase in fixed assets.

**Exploration expense** was RMB5.6 billion, representing an increase of 24.3% year on year. This change was mainly because the Company intensified the efforts in shale oil and ultra-deep stratum oil and gas exploration.

**Personnel expense** was RMB49.4 billion, representing a decrease of 1.7% year on year.

**Taxes other than income tax** were RMB123.4 billion, representing a decrease of 7.0% year on year. This change was mainly because the consumption tax decreased by RMB6.3 billion resulting from the decreased production volumes of refined oil products, and the special oil gain levy and resource tax decreased by RMB2.6 billion resulting from the decreased crude oil prices.

**Other operating income net** was RMB8.1 billion, representing an increase by 235.1% year on year, mainly due to the increased profit on commodity derivatives of hedging business.

**(3) Operating profit**

In the first half of 2025, the Company's operating profit was RMB33.4 billion, representing a decrease of 34.5% year on year. This change was mainly due to the inventory loss resulting from the decreased prices of crude oil and refined oil products, a decline in domestic sales volumes and margins of gasoline and diesel, and a fall in gross profit of products such as jet fuel and aromatics.

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

In the first half of 2025, investment income and share of profits less losses from associates and joint ventures were RMB6.1 billion, representing a decrease of RMB1.5 billion or 19.2% year on year. This change was mainly due to the shutdown for maintenance of certain chemical associates and joint ventures such as BASF-YPC Company Limited and SINOPEC SABIC Tianjin Petrochemical Company Limited.

**(5) Profit before taxation**

In the first half of 2025, the Company's profit before taxation amounted to RMB31.1 billion, representing a decrease of 40.5% year on year.

**(6) Income tax expense**

In the first half of 2025, the Company's income tax expense totalled RMB5.2 billion, representing a decrease of 47.6% year on year.

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

In the first half of 2025, profit attributable to non-controlling interests was RMB2.2 billion, representing a decrease of 59.4% year on year.

**(8) Profit attributable to shareholders of the Company**

In the first half of 2025, profit attributable to shareholders of the Company was RMB23.8 billion, representing a decrease of 35.9% year on year.

## 2 RESULTS OF SEGMENT OPERATIONS

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

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

	Operating revenues Six-month period ended 30 June		As a percentage of consolidated operating revenues before elimination of inter-segment sales Six-month period ended 30 June		As a percentage of consolidated operating revenues after elimination of inter-segment sales Six-month period ended 30 June	
	2025 RMB million	2024	2025 (%)	2024	2025 (%)	2024
<b>Exploration and Production Segment</b>						
External sales*	84,307	94,559	3.4	3.4	6.0	6.0
Inter-segment sales	60,349	59,203	2.5	2.1		
<b>Operating revenues</b>	<b>144,656</b>	<b>153,762</b>	<b>5.9</b>	<b>5.5</b>		
<b>Refining Segment</b>						
External sales*	81,534	83,192	3.3	2.9	5.8	5.3
Inter-segment sales	576,790	666,473	23.4	23.7		
<b>Operating revenues</b>	<b>658,324</b>	<b>749,665</b>	<b>26.7</b>	<b>26.6</b>		
<b>Marketing and Distribution Segment</b>						
External sales*	748,884	859,389	30.4	30.5	53.1	54.5
Inter-segment sales	3,703	4,108	0.2	0.1		
<b>Operating revenues</b>	<b>752,587</b>	<b>863,497</b>	<b>30.6</b>	<b>30.6</b>		
<b>Chemicals Segment</b>						
External sales*	199,878	208,756	8.1	7.4	14.2	13.2
Inter-segment sales	42,060	48,495	1.7	1.7		
<b>Operating revenues</b>	<b>241,938</b>	<b>257,251</b>	<b>9.8</b>	<b>9.1</b>		
<b>Corporate and Others</b>						
External sales*	294,449	330,235	12.0	11.7	20.9	21.0
Inter-segment sales	368,526	466,333	15.0	16.5		
<b>Operating revenues</b>	<b>662,975</b>	<b>796,568</b>	<b>27.0</b>	<b>28.2</b>		
<b>Operating revenue before elimination of inter-segment sales</b>	<b>2,460,480</b>	<b>2,820,743</b>	<b>100.0</b>	<b>100.0</b>		
<b>Elimination of inter-segment sales</b>	<b>(1,051,428)</b>	<b>(1,244,612)</b>				
<b>Consolidated operating revenues</b>	<b>1,409,052</b>	<b>1,576,131</b>			<b>100.0</b>	<b>100.0</b>

\* Other operating revenues are included.

The following table sets forth the operating revenues, operating expenses and operating profits by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage change between the first half of 2025 and the first half of 2024.

	Six-month period ended 30 June		Change (%)
	2025	2024	
	RMB million		
Exploration and Production Segment			
Operating revenues	144,656	153,762	(5.9)
Operating expenses	121,018	124,614	(2.9)
Operating profits	23,638	29,148	(18.9)
Refining Segment			
Operating revenues	658,324	749,665	(12.2)
Operating expenses	654,789	742,540	(11.8)
Operating profits	3,535	7,125	(50.4)
Marketing and Distribution Segment			
Operating revenues	752,587	863,497	(12.8)
Operating expenses	744,628	848,849	(12.3)
Operating profits	7,959	14,648	(45.7)
Chemicals Segment			
Operating revenues	241,938	257,251	(6.0)
Operating expenses	246,162	260,415	(5.5)
Operating profits	(4,224)	(3,164)	-
Corporate and Others			
Operating revenues	662,975	796,568	(16.8)
Operating expenses	661,330	792,264	(16.5)
Operating profits	1,645	4,304	(61.8)
Elimination	870	(1,040)	-

### (1) Exploration and Production Segment

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

In the first half of 2025, operating revenue of the segment was RMB144.7 billion, representing a decrease of 5.9% year on year. This change was mainly due to the decreased prices of crude oil and natural gas products.

In the first half of 2025, the segment sold 17.25 million tonnes of crude oil, representing a decrease of 1.2% year on year. Natural gas sales volume was 18.4 bcm, representing an increase of 8.9% year on year. Regasified LNG sales volume was 5.17 bcm, representing a decrease of 39.5% year on year. LNG sales volume was 1.934 million tonnes,

representing an increase of 61.8% year on year. Average realised prices of crude oil, self-produced natural gas, regasified LNG, and LNG were RMB3,415 per tonne, RMB1,830 per thousand cubic meters, RMB3,354 per thousand cubic meters, and RMB3,811 per tonne respectively, representing a decrease of 12.9%, a decrease of 3.4%, a decrease of 0.7% and an increase of 1.7% year on year respectively.

In the first half of 2025, the operating expenses of the segment were RMB121.0 billion, representing a decrease of 2.9% year on year. This change was mainly due to the following: Taxes including special oil gain levy and resource tax decreased by RMB2.9 billion year on year. LNG procurement cost decreased by RMB2.7 billion year on year. Depreciation, depletion and amortization increased by RMB1.2 billion year on year. Exploration expenses increased by RMB1.1 billion year on year.

In the first half of 2025, the oil and gas lifting cost was RMB718.0 per tonne, representing a decrease of 4.7% year on year.

In the first half of 2025, this segment made efforts to increase reserves, boost production and cut costs, accelerated the construction of key crude oil and natural gas production capacities, and strengthened the integration of the whole natural gas industrial chain, but impacted by decrease of crude oil prices, the segment realised an operating profit of RMB23.6 billion, representing a decrease of RMB5.5 billion or 18.9% year on year.

### (2) Refining Segment

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

In the first half of 2025, operating revenues of the segment were RMB658.3 billion, representing a decrease of 12.2% year on year. This change was mainly due to the decline in refinery throughput and the decreased prices of refined oil products and others year on year.

The following table sets forth the sales volumes, average realised prices and the respective changes of the Company's major refined oil products of the segment in the first half of 2025 and that of the same period of 2024.

	Sales Volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Six-month period ended			Six-month period ended		
	2025	2024	Change (%)	2025	2024	Change (%)
Gasoline	30,095	31,356	(4.0)	7,993	8,572	(6.8)
Diesel	23,494	28,230	(16.8)	6,350	6,854	(7.4)
Kerosene	11,935	11,741	1.7	4,964	5,765	(13.9)
Chemical feedstock	20,671	19,292	7.1	4,368	4,741	(7.9)
Other refined petroleum products	30,409	32,158	(5.4)	3,866	3,933	(1.7)

In the first half of 2025, the sales revenue of gasoline was RMB240.5 billion, representing a decrease of 10.5% year on year, accounting for 36.5% of the segment's operating revenues.

In the first half of 2025, the sales revenue of diesel was RMB149.2 billion, representing a decrease of 22.9% year on year, accounting for 22.7% of the segment's operating revenues.

In the first half of 2025, the sales revenue of kerosene was RMB59.2 billion, representing a decrease of 12.5% year on year, accounting for 9.0% of the segment's operating revenues.

In the first half of 2025, the sales revenue of chemical feedstock was RMB90.3 billion, representing a decrease of 1.3% year on year, accounting for 13.7% of the segment's operating revenues.

In the first half of 2025, the sales revenue of refined petroleum products other than gasoline, diesel, kerosene and chemical feedstock was RMB117.6 billion, representing a decrease of 7.0% year on year, accounting for 17.9% of the segment's operating revenues.

In the first half of 2025, the segment's operating expenses were RMB654.8 billion, representing a decrease of 11.8% year on year, mainly due to the year-on-year decreased procurement cost of crude oil.

In the first half of 2025, the average processing cost of crude oil was RMB4,077 per tonne, representing a decrease of 10.1% year on year. Total crude oil throughput was 120.94 million tonnes (excluding volume processed for third parties), representing a decrease of 5.5% year on year. In the first half of 2025, the total processing cost for crude oil was RMB493.1 billion, representing a decrease of 15.0% year on year, accounting for 75.3% of the segment's operating expenses, decreased by 2.8 percentage points year on year.

In the first half of 2025, the refining margin was RMB315 per tonne, decreased by RMB1 per tonne year on year, representing a decrease of 0.3% year on year. This change was mainly due to the inventory loss resulting from the decreased crude oil prices, and the improved margins of refinery by-products such as LPG.

In the first half of 2025, the unit refining cash operating cost (defined as operating expenses less cost of crude oil, depreciation and amortisation, taxes other than income tax and other operating expenses, divided by the throughput of crude oil) was RMB206.5 per tonne, representing an increase of 5.7% year on year. This change was mainly because unit fixed costs increased resulting from the decreased refinery throughput, and maintenance scale and cost increased in the first half of 2025.

In the first half of 2025, the segment adhered to synergy and optimisation of production and marketing, coordinated the procurement pace of crude oil, increased the profitable processing volume and optimised the yield of refined oil products by closely following the market, produced more high value-added products such as high-end carbon materials and LPG, but impacted by the inventory loss caused by continuous decrease of crude oil prices, the segment realised an operating profit of RMB3.5 billion, decreased by RMB3.6 billion or 50.4% year on year.

### (3) Marketing and Distribution Segment

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

In the first half of 2025, the operating revenues of this segment were RMB752.6 billion, decreased by 12.8% year on year. This change was mainly due to decreased consumption of refined oil products and declined prices of refined oil products resulting from decreased crude oil prices. Among them, the sales revenue of gasoline was RMB375.0 billion, down by 11.1% year on year, the sales revenue of diesel was RMB232.4 billion, down by 14.5% year on year, the sales revenue of kerosene was RMB62.1 billion, down by 20.0% year on year, the sales revenue of automotive natural gas was RMB17.5 billion, increased by 53.9% year on year.

The following table sets forth the sales volume, average realised prices and respective changes of the segment's five major refined oil products in the first half of 2025 and 2024, including the detailed information about the retail, direct sales and distribution of gasoline and diesel.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Six-month period ended 30 June		Change (%)	Six-month period ended 30 June		Change (%)
	2025	2024		2025	2024	
<b>Gasoline</b>	<b>44,316</b>	<b>46,619</b>	<b>(4.9)</b>	<b>8,461</b>	<b>9,043</b>	<b>(6.4)</b>
Retail	31,431	32,834	(4.3)	8,889	9,542	(6.8)
Direct sales and distribution	12,885	13,785	(6.5)	7,419	7,854	(5.5)
<b>Diesel</b>	<b>36,132</b>	<b>38,774</b>	<b>(6.8)</b>	<b>6,433</b>	<b>7,008</b>	<b>(8.2)</b>
Retail	14,683	15,521	(5.4)	6,867	7,582	(9.4)
Direct sales and distribution	21,449	23,253	(7.8)	6,136	6,625	(7.4)
<b>Kerosene</b>	<b>12,245</b>	<b>13,369</b>	<b>(8.4)</b>	<b>5,069</b>	<b>5,805</b>	<b>(12.7)</b>
<b>Fuel oil</b>	<b>11,080</b>	<b>14,172</b>	<b>(21.8)</b>	<b>3,711</b>	<b>4,006</b>	<b>(7.4)</b>
<b>Automotive natural gas</b>	<b>4,062</b>	<b>2,651</b>	<b>53.2</b>	<b>4,296</b>	<b>4,277</b>	<b>0.4</b>

In the first half of 2025, the operating expense of this segment was RMB744.6 billion, representing a decrease of RMB104.2 billion or 12.3% year on year. This change was mainly due to the year-on-year decreased procurement costs of refined oil products.

In the first half of 2025, the segment's marketing cash operating cost (defined as the operating expenses less the purchase costs, taxes other than income tax, depreciation and amortization, divided by sales volume) was RMB186.4 per tonne, up by 0.8% year on year. This change was mainly due to the declined total sales volumes of refined oil products resulting from the decreasing consumption of gasoline and diesel.

In the first half of 2025, the profit of non-fuel business of this segment was RMB3.09 billion, representing an increase of RMB0.45 billion or 17.0% year on year, among which, the profit of selling convenience store products and providing related services was RMB2.93 billion, increased by RMB0.35 billion year on year. The service fee of EV charging business was RMB0.5 billion, which grew significantly year on year.

In the first half of 2025, the segment made great effort to expand market and increase sales volume, proactively developed Easy Joy service, EV charging and battery swapping, automotive natural gas and other businesses, but impacted by the inventory loss caused by the decreased crude oil prices and fast development of alternative energy, the segment realised an operating profit of RMB8.0 billion, representing a decrease of RMB6.7 billion or 45.7% year on year.

#### (4) Chemicals segment

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

In the first half of 2025, the operating revenues of this segment were RMB241.9 billion, down by 6.0% year on year. This change was mainly because the average prices of chemical products decreased by 9.6% year on year resulting from the declining international crude oil prices.

In the first half of 2025, the operating revenue generated by the segment's six major categories of chemical products (namely basic organic chemicals, synthetic resin, synthetic fibre monomer and polymer, synthetics fibre, synthetic rubber and chemical fertiliser) was RMB231.1 billion, down by 3.2% year on year, accounting for 95.5% of the operating revenues of the segment.

The following table sets forth the sales volume, average realised prices and respective changes of each of the segment's six categories of chemical products in the first half of 2025 and 2024.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Six-month period ended 30 June		Change (%)	Six-month period ended 30 June		Change (%)
	2025	2024		2025	2024	
Basic organic chemicals	25,657	24,172	6.1	5,129	6,006	(14.6)
Synthetic fibre monomer and polymer	4,051	3,395	19.3	5,262	5,924	(11.2)
Synthetic resin	8,821	8,078	9.2	7,276	7,453	(2.4)
Synthetics fibre	610	631	(3.3)	7,190	7,724	(6.9)
Synthetic rubber	769	670	14.8	11,740	11,726	0.1
Chemical fertiliser	267	255	4.7	2,135	2,217	(3.7)

In the first half of 2025, the operating expense of this segment was RMB246.2 billion, down by 5.5% year on year, mainly due to decreased procurement costs of naphtha and coal, etc.

In the first half of 2025, the segment closely followed the market changes, optimised the structure of products and operation of facilities, promoted the lightening and diversification of feedstocks, strengthened the integration of industrial chain and the coordination of production, sales, R&D and application efforts, implemented precision marketing, but impacted by the significant increase of capacities, decreased profits of

aromatics and other products, and increased maintenance scale of facilities, the segment realised an operating loss of RMB4.2 billion, representing an increase in loss of RMB1.1 billion year on year.

#### (5) Corporate and others

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

In the first half of 2025, the operating revenue generated from the corporate

and others was RMB663.0 billion, down by 16.8% year on year, mainly due to the decrease in the prices of trade goods such as crude oil and refined oil products year on year.

In the first half of 2025, the operating expense for corporate and others were RMB661.3 billion, down by 16.5% year on year.

In the first half of 2025, the operating profit for corporate and others was RMB1.6 billion.

### 3 ASSETS, LIABILITIES, EQUITY AND CASH FLOWS

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

#### (1) Assets, Liabilities and Equity

Unit: RMB million

	As of 30 June 2025	As of 31 December 2024	Change
Total assets	2,142,807	2,081,440	61,367
Current assets	572,910	524,515	48,395
Non-current assets	1,569,897	1,556,925	12,972
Total liabilities	1,161,294	1,109,293	52,001
Current liabilities	703,751	673,237	30,514
Non-current liabilities	457,543	436,056	21,487
Total equity attributable to the shareholders of the Company	824,565	815,815	8,750
Share capital	121,245	121,282	(37)
Reserves	703,320	694,533	8,787
Non-controlling interests	156,948	156,332	616
Total equity	981,513	972,147	9,366

As of 30 June 2025, the Company's total assets were RMB2,142.8 billion, representing an increase of RMB61.4 billion compared with that of the end of 2024, of which:

Current assets were RMB572.9 billion, representing an increase of RMB48.4 billion compared with that of the end of 2024, mainly because the accounts receivable increased by RMB20.4 billion resulting from increase in operating volume of overseas business such as crude oil trading, and cash and cash equivalents and time deposits with financial institutions increased by RMB16.7 billion.

Non-current assets were RMB1,569.9 billion, representing an increase of

RMB13.0 billion compared with that of the end of 2024, mainly because the interest in associates and joint ventures increased by RMB9.9 billion, and financial assets at fair value through other comprehensive income increased by RMB4.4 billion resulting from the strategic investment in CATL.

As of 30 June 2025, the Company's total liabilities were RMB1,161.3 billion, representing an increase of RMB52.0 billion compared with that of the end of 2024, of which:

Current liabilities were RMB703.8 billion, representing an increase of RMB30.5 billion compared with that of the end of 2024, mainly because short-term debts increased

by RMB34.8 billion resulting from the issuance of super short-term debentures for financing and certain long-term loans due within one year being reclassified.

Non-current liabilities were RMB457.5 billion, representing an increase of RMB21.5 billion compared with that of the end of 2024, mainly due to the increase of low-cost bond financing resulting from the issuance of medium-term notes and sci-tech innovation bonds.

As of 30 June 2025, total equity attributable to shareholders of Sinopec Corp. was RMB824.6 billion, representing an increase of RMB8.8 billion compared with that of the end of 2024.

## (2) Cash Flows

The following table sets forth the major items in the consolidated cash flow statements for the first half of 2025 and 2024:

Unit: RMB million

Major items of cash flows	Six-month period ended 30 June		
	2025	2024	Change
Net cash generated from operating activities	61,016	42,269	18,747
Net cash used in investing activities	(59,968)	(79,004)	19,036
Net cash generated from financing activities	15,095	36,862	(21,767)
Net increase in cash and cash equivalents	16,143	127	16,016

In the first half of 2025, net cash generated from operating activities was RMB61.0 billion, representing an increase of cash inflow of RMB18.7 billion year on year, mainly due to the decreased net occupation in working capital including inventories, etc.

In the first half of 2025, the Company's net cash used in investing activities was RMB60.0 billion, representing a decrease of cash outflow of RMB19.0 billion year on year, mainly due to a decrease of net cash outflow of RMB18.4 billion in time deposits with maturities over three months.

In the first half of 2025, the Company's net cash generated from financing activities was RMB15.1 billion, representing a decrease of cash inflow of RMB21.8 billion year on year. This change was mainly because the final cash dividend for 2024 was paid in June 2025 and the final cash dividend for 2023 was paid in July 2024. The Company received proceeds from the issuance of shares to the target subscriber in 2024.

As of 30 June 2025, the Company's cash and the cash equivalents were RMB107.7 billion.

## (3) Contingent Liabilities

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

## (4) Capital Expenditure

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

## (5) Research & Development and Environmental Expenditures

R&D expenditures include related expenses and investment cost occurred in the period. In the first half of 2025, the expenditures for R&D were RMB8.2 billion, of which expense was RMB6.2 billion, and investment cost was RMB2.0 billion.

Environmental expenditures refer to the standard pollutant cleanup costs paid by the Company, excluding capitalised cost of pollutant treatment equipment. In the first half of 2025, the Company paid environmental expenditures of RMB6.9 billion.

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

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

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

Items	Beginning of the period	End of the period	Profits and losses from variation of fair values in the current period	Accumulated variation of fair values recorded as equity	Impairment loss provision of the current period	Funding source	Purchase amount in the current period	Sell and redemption amount in the current period	Other changes
Financial assets held for trading	4	3	(1)	-	-	-	-	-	-
Fund	4	3	(1)	-	-	-	-	-	-
Derivative financial instruments and cash flow hedges	(858)	(3,723)	4,580	101	-	-	-	(7,546)	-
Receivables financing	2,613	7,678	-	-	-	-	58,383	(53,318)	-
Other equity instrument investments	416	4,843	-	862	-	-	3,611	(3)	(43)
<b>Total</b>	<b>2,175</b>	<b>8,801</b>	<b>4,579</b>	<b>963</b>	<b>-</b>	<b>-</b>	<b>61,994</b>	<b>(60,867)</b>	<b>(43)</b>

**Securities investment****Unit: RMB million**

Securities type	Securities code	Security Abbreviation	Initial investment cost	Funding source	Book value at the beginning of the period	Profits and losses from variation of fair values in the current period	Accumulated variation of fair values recorded as equity	Purchase amount in the current period	Sell amount in the current period	Investment gains and losses in the current period	Book value at the end of the period	Chart of Accounts
												Other equity instrument investments
Stock	03750	CATL	3,570	Self-owned Funds	-	-	854	3,570	-	854	4,424	
<b>Total</b>	-	-	3,570	-	-	-	854	3,570	-	854	4,424	-

**Derivatives investment:**

In the first half of 2025, the Company traded in commodity and currency derivatives according to the Annual Business Plan for Financial Derivatives approved by the Board. Such business met the regulatory requirements of financial derivatives, operated in a standardized manner, and achieved the goals of suppressing price fluctuation, stabilising operating profit, and preventing market risks.

#### 4 ANALYSIS OF FINANCIAL STATEMENTS PREPARED UNDER CASS

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

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

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
<b>Operating income</b>		
Exploration and Production Segment	144,656	153,762
Refining Segment	658,324	749,665
Marketing and Distribution Segment	752,587	863,497
Chemicals Segment	241,938	257,251
Corporate and Others	662,975	796,568
Elimination of inter-segment sales	(1,051,428)	(1,244,612)
<b>Consolidated operating income</b>	<b>1,409,052</b>	<b>1,576,131</b>
<b>Operating profit/(loss)</b>		
Exploration and Production Segment	21,267	26,834
Refining Segment	2,597	6,398
Marketing and Distribution Segment	7,170	14,529
Chemicals Segment	(4,518)	(3,649)
Corporate and Others	(3,213)	4,694
Elimination	870	(1,040)
Financial expenses, (Losses)/gains from changes in fair value, disposal income and investment income	1,633	234
Other income	3,288	3,505
<b>Consolidated operating profit</b>	<b>29,094</b>	<b>51,505</b>
<b>Net profit attributable to equity shareholders of the Company</b>	<b>21,483</b>	<b>35,703</b>

**Operating profit:** In the first half of 2025, the operating profit of the Company was RMB29.1 billion, representing a decrease of 43.5% year on year. This change was mainly due to the inventory loss resulting from the decreased prices of crude oil and refined oil products, a decline in domestic sales volumes and margins of gasoline and diesel, and a fall in gross profit of products such as jet fuel and aromatics.

**Net profit attributable to equity shareholders of the Company:** In the first half of 2025, net profit attributable to the equity shareholders of the Company was RMB21.5 billion, representing a decrease of 39.8% year on year.

**(2) Financial data prepared under CASS:**

	As of 30 June 2025 RMB million	As of 31 December 2024 RMB million	Change RMB million
Total assets	2,144,939	2,084,771	60,168
Non-current liabilities	456,756	435,241	21,515
Shareholders' equity	984,432	976,293	8,139

**Changes analysis:**

**Total assets:** As of 30 June 2025, the Company's total assets were RMB2,144.9 billion, representing an increase of RMB60.2 billion compared with that of the end of 2024. This change was mainly because the accounts receivable increased by RMB20.4 billion resulting from increase in operating volume of overseas business such as crude oil trade, cash at bank and on hand increased by RMB16.7 billion compared with that of the end of 2024, and outbound equity investments increased by RMB13.1 billion.

**Non-current liabilities:** As of 30 June 2025, the Company's non-current liabilities were RMB456.8 billion, representing an increase of RMB21.5 billion compared with that of the end of 2024. This change was mainly due to the increase of low-cost bond financing resulting from the issuance of medium-term notes and sci-tech innovation bonds.

**Shareholders' equity:** As of 30 June 2025, total shareholders' equity of the Company was RMB984.4 billion, representing an increase of RMB8.1 billion compared with that of the end of 2024.

**(3) The results of the principal operations by segments**

Segments	Operating income (RMB million)	Operating cost (RMB million)	Gross profit margin* (%)	Increase/ decrease of operating income on a year-on-year basis (%)	Increase/ decrease of operating cost on a year-on-year basis (%)	Increase/ decrease of gross profit margin on a year-on-year basis (percentage points)
Exploration and Production	144,656	102,055	23.8	(5.9)	(1.4)	(1.7)
Refining	658,324	535,484	1.5	(12.2)	(13.3)	(0.2)
Marketing and Distribution	752,587	712,628	5.1	(12.8)	(12.6)	(0.3)
Chemicals	241,938	238,373	1.1	(6.0)	(5.5)	(0.5)
Corporate and Others	662,975	656,511	1.0	(16.8)	(16.1)	(0.7)
Elimination of inter-segment sales	(1,051,428)	(1,052,298)	–	–	–	–
<b>Total</b>	<b>1,409,052</b>	<b>1,192,753</b>	<b>6.6</b>	<b>(10.6)</b>	<b>(10.2)</b>	<b>(0.8)</b>

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

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

For details, please refer to Note 2 to the financial statement prepared in accordance with IFRS Accounting Standards.

## 1 IMPROVEMENTS IN CORPORATE GOVERNANCE

During the reporting period, Sinopec Corp. complied with the Articles of Association as well as domestic and overseas laws and regulations on securities, adhered to the standard operation, improved corporate governance, and continuously improved the quality of the Company. The Board and its special committees conscientiously reviewed all resolutions and diligently performed their duties. The Independent Non-executive Directors actively contributed by conducting thematic research in subordinate enterprises and providing constructive advice to support the Company in addressing challenges, enhancing profitability and driving transition. The Company placed great emphasis on shareholders' returns and strengthened market value management by formulating and publishing Management Measures for Market Value of Sinopec Corp. and continuously implementing the share repurchases. Internal management and risk control were strengthened to further improve the compliance management. The Company enhanced communication with stakeholders and conducted high-quality information disclosure and management of investor relations. The Company continued improving its ESG management, carried out the 2025 Action for Improvement in Work Safety in a solid manner, deepened systematic environmental protection, implemented the Second Phase Plan of the Green Enterprise Campaign, steadily advanced Carbon Peaking Action, thereby effectively fulfilling its corporate social responsibility.

## 2 DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

### (1) Information on Appointment or Resignation

On 15 January 2025, Mr. Zhang Shaofeng resigned as Chairman of the Supervisory Committee and Supervisor of Sinopec Corp. due to change of working arrangement.

On 30 April 2025, Mr. Yu Baocai resigned as Executive Director and Senior Vice President of Sinopec Corp. due to his age.

On 30 June 2025, Mr. Ma Yongsheng resigned as Chairman of the Board, Non-executive Director, Chairman of the Strategy Committee, Chairman of the Sustainable Development Committee and a member of Nomination Committee of the Board of Sinopec Corp. due to his age.

On 16 July 2025, Mr. Tan Wenfang and Mr. Zhang Chunsheng resigned as Supervisors of Sinopec Corp. due to their ages.

On 21 August 2025, Mr. Hou Qijun was elected as Non-executive Director and Chairman of the Board of Sinopec Corp., and Mr. Cai Yong was elected as Non-executive Director of Sinopec Corp.

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

As of 30 June 2025, none of the Directors, Supervisors or senior management of Sinopec Corp. or their respective associates had any interests or short positions (including any interests or short positions that are regarded or treated as being held in accordance with the SFO) in any shares, underlying shares or debentures of Sinopec Corp. or any associated corporations (as defined in Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (Model Code) contained in the Hong Kong Listing Rules.

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

## 3 DIVIDEND

### (1) Dividend distribution for the year ended 31 December 2024

Upon the approval at its annual general meeting for 2024, Sinopec Corp. distributed the final cash dividend of RMB0.14 per share (tax inclusive) for 2024. The final dividend for 2024 has been distributed on or before 27 June 2025 to shareholders whose names appeared on the register of members of Sinopec Corp. on 17 June 2025. Combined with the interim cash dividend of RMB0.146 per share (tax inclusive) for 2024, the total cash dividend for the whole year of 2024 amounted to RMB0.286 per share (tax inclusive).

### (2) Interim dividend distribution plan for the six months ended 30 June 2025

As approved at the 8th meeting of the ninth session of the Board, the interim dividend of RMB0.088 per share (tax inclusive) for the six months ended 30 June 2025 will be distributed based on the total number of shares as of 11 September 2025 (record date) in cash.

The 2025 interim dividend distribution plan of Sinopec Corp. reflected the consideration of shareholders' interests and development of the Company, is in compliance with the Articles of Association and required approval procedures. The interim dividend will be distributed on or before 25 September 2025 to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of 11 September 2025. In order to be qualified for the interim dividend, holders of H shares shall lodge their share certificates and transfer documents with Computershare Hong Kong Investor Services Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration, no later than 4:30 p.m. on 5 September 2025. The register of members of H shares of Sinopec Corp. will be closed from 6 September 2025 to 11 September 2025 (both days inclusive). The dividend will be denominated and declared in RMB and distributed to domestic shareholders and shareholders under Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect

Program in RMB and to the overseas shareholders in HKD. The exchange rate for dividend to be paid in HKD is based on the average benchmark exchange rate of HKD against RMB as published by the People's Bank of China one week ahead of the date of declaration of the interim dividend (1 HKD=RMB0.909564).

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, Sinopec Corp. is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H shares of Sinopec Corp. when distributing the cash dividends or issuing bonus shares by way of capitalisation from retained earnings. Any shares which are not registered under the name of an individual shareholder, including those registered under HKSCC Nominees Limited, other agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. On such basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H shares intend to change their shareholder status, please enquire about the relevant procedures with your agents or trustees. Sinopec Corp. will strictly comply with the law or the requirements of the relevant government authorities to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of Sinopec Corp. as at the record date. If the individual holders of H shares are residents of Hong Kong, Macau or other countries which had an agreed tax rate of 10% for cash dividends or bonus shares by way of capitalisation from retained earnings with China under the relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. If the individual holders of H shares are residents of countries which had an agreed tax rate of less than 10% with China under relevant

tax agreement, Sinopec Corp. shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H shares wish to reclaim the extra amount withheld, Sinopec Corp. would apply for the relevant agreed tax treatment pursuant to the relevant tax agreement provided that the shareholders submit the evidence required by the notice of the tax agreement to the share register of H shares of Sinopec Corp. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. If the individual holders of H shares are residents of countries which had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, Sinopec Corp. shall withhold and pay the individual income tax on behalf of the relevant shareholders at the agreed actual tax rate in accordance with the relevant tax agreements. If the individual holders of H shares are residents of countries which had an agreed tax rate of 20% with China under the tax agreement, or which had not entered into any tax agreement with China, or otherwise, Sinopec Corp. shall withhold and pay the individual income tax on behalf of the relevant shareholders at a rate of 20%. Pursuant to the Notice on the Tax Policies related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2016] No.127): For dividends of domestic investors investing in the H shares of Sinopec Corp. through Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Program, Sinopec Corp. shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. Sinopec Corp. will not withhold or pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends of investors of the Hong Kong market

(including enterprises and individuals) investing in the A shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect Program, Sinopec Corp. will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the competent tax authorities for the withholding. For investors who are tax residents of other countries which have entered into tax treaties with China stipulating a dividend tax rate of lower than 10%, the enterprises and individuals may apply to the competent tax authorities for the entitlement of the rate under such tax treaties either by themselves or by entrusting a withholding agent. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaties will be refunded.

#### 4 THE COMPANY'S EMPLOYEES

As of 30 June 2025, the Company had a total of 348,654 employees. Each of Sinopec Marketing Company Limited and China International United Petroleum and Chemical Company Limited, the principal subsidiaries of Sinopec Corp., had 116,005 and 621 employees respectively.

#### 5 REMUNERATION POLICY

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

#### 6 TRAINING PROGRAMS

During the reporting period, the Company strengthened the overall management of education and training, improved the high-quality training system, and innovatively conducted training programs for all types of talents. The headquarter trained 1,700 key talents in the first half of 2025. Focusing on serving corporate strategy, we implemented the training for managers, experts, technical personnel, and international talents. We emphasised on supporting strategy, strengthened the combination of theory and practice, and comprehensively improved the overall caliber and performance ability of all kinds of talents. The Company enhanced

the intelligent and precise level of training by promoting the application of Sinopec Network College. Over 29 million on-line training hours were completed in the first half of 2025.

#### **7 DETAILED IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME**

The Company did not implement any share incentive scheme during the reporting period.

#### **8 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

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

#### **9 REVIEW OF THE INTERIM REPORT**

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

#### **10 WORK CONDUCTED IN ECOLOGICAL PROTECTION, POLLUTION PREVENTION AND ENVIRONMENTAL RESPONSIBILITIES PERFORMANCE**

During the reporting period, the Company further deepened the systematic governance of ecological and environmental protection, comprehensively advanced the Second Phase Plan of the Green Enterprise Campaign, launched the Three-Year Action for the construction of “waste-free group”, proactively implemented resource conservation and efficient utilisation initiative. The sewage COD remained basically unchanged year on year, sulphur dioxide emissions decreased by 2% year on year, and the disposal rate of solid waste reached 100%.

#### **11 MEASURES TAKEN TO MITIGATE CARBON EMISSION AND ITS EFFECT**

During the reporting period, the Company actively and steadily promoted the “dual carbon” initiative, implemented the energy and water efficiency improvement plan, strictly controlled the energy and water consumption as well as carbon emissions of new projects, strengthened the statistical accounting of carbon emission, implemented carbon footprint management of products, bolstered carbon asset management, and achieved good results in carbon emission reduction. The Company reduced GHG emissions by 1.456 million tonnes of CO<sub>2</sub> equivalent through energy conservation and consumption reduction, recycled 0.961 million tonnes of CO<sub>2</sub>, used 0.398 million tonnes of CO<sub>2</sub> for EOR, and recovered 0.55 billion cubic meters of methane which was equivalent to reducing GHG emissions by approximately 8.25 million tonnes of CO<sub>2</sub> emissions.

#### **12 THE NUMBER AND NAMES OF COMPANIES INCLUDED IN THE LIST OF ENTERPRISES SUBJECT TO LEGAL DISCLOSURE OF ENTERPRISE ENVIRONMENTAL INFORMATION AND CORRESPONDING SEARCH INDEX**

In accordance to the requirements stipulated in the “Administrative Measures for the Legal Disclosure of Enterprise Environmental Information” and other regulations, Sinopec Corp. and its principal subsidiaries, which are included in the list of enterprises subject to legal disclosure of enterprise environmental information, have duly disclosed their environmental information through relevant systems established by ecological and environmental departments.

As of 30 June 2025, the entities of Sinopec Corp. and its principal subsidiaries included in the list of enterprises subject to legal disclosure of enterprise environmental information were as follows:

No.	Company name	Website for disclosure
1	Sinopec Shanghai Gaoqiao Petrochemical Company Limited	<a href="https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp">https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp</a> (Search: 中國石化上海高橋石油化工有限公司、中國石化上海高橋石油化工有限公司化工部)
2	Sinopec Hunan Petrochemical Company Limited	<a href="http://222.244.103.251:8181/hnyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=9cd9a747-5660-4042-969d-c9175509bf2e&amp;XH=1676906075292026324992&amp;year=2024&amp;reportType=1">http://222.244.103.251:8181/hnyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=9cd9a747-5660-4042-969d-c9175509bf2e&amp;XH=1676906075292026324992&amp;year=2024&amp;reportType=1</a>
3	Sinopec (Henan) Refining and Chemical Company Limited	<a href="http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410300721836588G001P">http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410300721836588G001P</a>
4	Sinopec-SK (Wuhan) Petrochemical Company Limited	<a href="http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=9f64a379-4e10-4f10-a42b-d1583c8f7786&amp;XH=1677751083329009244672">http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=9f64a379-4e10-4f10-a42b-d1583c8f7786&amp;XH=1677751083329009244672</a>
5	Sinopec Yangzi Petrochemical Company Limited	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js</a> (Search: 中國石化揚子石油化工有限公司)
6	Sinopec Shanghai Petrochemical Company Limited	<a href="https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp">https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp</a> (Search: 中國石化上海石油化工有限公司)
7	Sinopec Yizheng Chemical Fibre Limited Liability Company	<a href="http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js">http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js</a> (Search: 中國石化儀徵纖維有限責任公司)
8	Sinopec Beihai Refining and Chemical Limited Liability Company	<a href="https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=0295c084-06fc-422e-843f-1f582e67a6dc&amp;XH=1675414053115031789056&amp;year=2024">https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/enterpriseInfo?XTXH=0295c084-06fc-422e-843f-1f582e67a6dc&amp;XH=1675414053115031789056&amp;year=2024</a>
9	Sinopec Qingdao Refining and Chemical Company Limited	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=1&amp;id=91370200766720175X">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=1&amp;id=91370200766720175X</a>
10	Sinopec Hainan Refining and Chemical Company Limited	<a href="https://hnnstb.hainan.gov.cn/yfpl/#/gkwz/ndpl/index?search=%E4%B8%AD%E5%9B%BD%E7%9F%B3%E5%8C%96%E6%B5%B7%E5%8D%97%E7%82%BC%E6%B2%B9%E5%8C%96%E5%B7%A5%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8">https://hnnstb.hainan.gov.cn/yfpl/#/gkwz/ndpl/index?search=%E4%B8%AD%E5%9B%BD%E7%9F%B3%E5%8C%96%E6%B5%B7%E5%8D%97%E7%82%BC%E6%B2%B9%E5%8C%96%E5%B7%A5%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8</a>
11	ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	<a href="https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E4%B8%AD%E7%A7%91%EF%BC%88%E5%B9%BF%E4%B8%9C%EF%BC%89%E7%82%BC%E5%8C%96%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;reportType=&amp;areaCode=&amp;entType=&amp;reportDateStartStr=&amp;reportDateEndStr=">https://gdee.gd.gov.cn/gdeepub/front/dal/report/list?entName=%E4%B8%AD%E7%A7%91%EF%BC%88%E5%B9%BF%E4%B8%9C%EF%BC%89%E7%82%BC%E5%8C%96%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&amp;reportType=&amp;areaCode=&amp;entType=&amp;reportDateStartStr=&amp;reportDateEndStr=</a>
12	Sinopec Qingdao Petrochemical Company Limited	<a href="http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370200163576944B">http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails?comDetailFrom=0&amp;id=91370200163576944B</a>

### 13 CONSOLIDATING AND EXPANDING THE ACHIEVEMENTS IN POVERTY-ALLEVIATION AND RURAL REVITALIZATION

During the reporting period, the Company actively promoted rural revitalization for new achievements, deepened education assistance, paired a total of 82 branches and subsidiaries with 72 schools, promoted the projects such as “Academicians Classroom”, “Sinopec Companion Learning” and “Spring Bud Nursery”. The Company strengthened industrial support, vigorously constructed the demonstration industrial projects such as “Dongxiang Quinoa” and “Yuxi Cuilan Tealeaf”, and expanded the influence of industrial brands. The Company bolstered consumption assistance, and achieved consumption support of RMB0.83 billion.

**1 MAJOR CONSTRUCTION PROJECTS****(1) Shengli Shale Oil Project**

The project mainly launches shale oil exploration and development in Jiyang depression, with the target of 1 million tpa capacity in the 14th Five Year Plan. The project started in 2019. It has built 174 wells and generated capacity of 1.145 million tpa. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB15.4 billion.

**(2) Longkou LNG Project**

The project mainly consists of building wharf, terminal and power plant warm drainage and water intake. The designed LNG capacity in the first phase is 6 million tpa. One LNG berth with 0.266 million cubic meters will be modified and four 0.22 million cubic meters storage tanks will be newly built. The project started in November 2021. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB5.9 billion.

**(3) Maoming Refining Transition and Upgrading and Ethylene Quality Revamping Project**

The project mainly consists of building 3 million tpa catalytic cracking united plant, 1 million tpa ethylene unit, supporting utilities and auxiliary facilities, etc. The project started in June 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB9.3 billion.

**(4) Qilu Refining of Local Crude Oil Upgrading and Technical Transformation Project**

The project mainly consists of building 10 million tpa crude oil distillation unit, renovating 1 million tpa ethylene unit, construction of supporting utilities and auxiliary facilities, etc. The project started in December 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB0.1 billion.

**(5) Jiujiang 1.5 million tpa Aromatic and Supporting Refinery Renovation Project**

The project mainly consists of building 1.5 million tpa aromatic united plant, 2.6 million tpa hydrocracking unit, 2.6 million tpa continuous catalytic reforming unit, supporting utilities and auxiliary facilities, etc. The project started in July 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB1.5 billion.

**(6) Zhenhai 1.5 million tpa Ethylene and Downstream High-End New Material Industry Cluster Project**

The project mainly consists of building 1.5 million tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project started in November 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB4.4 billion.

**(7) Henan 1 million tpa Ethylene Project**

The project mainly consists of building 1 million tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project started in May 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2025, the aggregate amount invested was RMB2.6 billion.

**2 CORE COMPETITIVENESS ANALYSIS**

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

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

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

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

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

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

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

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

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

In the reporting period, purchase expenses of the continuing connected transactions of the Company were RMB110.165 billion, representing 7.69% of the total amount of this type of transactions, including purchases of products and services (procurement, storage, transportation, exploration and production services, and production-related services) of RMB103.464 billion, payment of property rent of RMB0.607 billion (annual value of right-of-use assets for property leasing of RMB3.345 billion included in the continuing connected transactions), payment of land rent of RMB5.591 billion (annual value of right-of-use assets for lands leasing of RMB30.824 billion

included in the continuing connected transactions), and interest expenses of RMB0.503 billion. The sales income of the continuing connected transactions of the Company during the reporting period was RMB67.163 billion, representing 4.63% of the total amount of this type of transactions, including sales of products of RMB65.805 billion, agency commission income of RMB33 million, and interest income of RMB1.325 billion. In addition, entrusted loan provided by the Company to the connected subsidiaries was RMB1 million. For the financial services between the Company and Sinopec Group, please refer to "Business with Sinopec Finance Co. and Century Bright" in the chapter "Significant Events". For definitions, please refer to relevant announcements and circular published on 26 August 2024 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE, and the website of the Hong Kong Stock Exchange on 25 August 2024 and 1 September 2024.

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

## 4 FUNDS PROVIDED BETWEEN RELATED PARTIES

Unit: RMB million

Related Parties	Relations	Funds to related parties		Funds from related parties	
		Balance at the beginning of the reporting period	Amount incurred reporting period	Balance at the beginning of the reporting period	Balance at the end of the reporting period
Sinopec Group	Parent company and affiliated companies*	14,660	4,300	18,960	21,089
Other related parties	Associates and joint ventures	3,936	83	4,019	5,819
<b>Total</b>		<b>18,596</b>	<b>4,383</b>	<b>22,979</b>	<b>26,908</b>
Reason for provision of funds between related parties		Loans and other accounts receivable and payable			
Impacts of the provision of funds on the Company's operating results and financial situations		No material negative impact			

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

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

On 17 January 2025, the Board of Sinopec Corp. considered and approved the daily related transaction cap in relation to refined oil pipeline transportation services between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation for the period from 1 January 2025 to 31 December 2025. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of SSE on 18 January 2025 and on the website of Hong Kong Stock Exchange on 17 January 2025 respectively. The actual executed amount of the daily related transactions between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation regarding refined oil pipeline transportation services from 1 January 2025 to 30 June 2025 was RMB2.484 billion.

## 6 ESTABLISHMENT OF A JOINT VENTURE BY THE COMPANY, FPCL AND AAS

On 28 April 2025, Sinopec Corp., Fujian Petrochemical Company Limited (FPCL) and Aramco Asia Singapore Pte. Ltd. (AAS) entered into the Joint Venture Agreement. Pursuant to the Joint Venture Agreement, Sinopec Corp., FPCL and AAS will jointly establish the joint venture through capital contribution. The registered capital of the joint venture is RMB28,800,906,667, of which, the Company and FPCL shall each contribute RMB7,200,226,667 and RMB14,400,453,334 in cash, accounting for 25% and 50% of the registered capital of the joint venture, respectively; AAS shall contribute RMB7,200,226,667 in cash, accounting for 25% of the registered capital of the joint venture. The financial support provided by Sinopec Corp. to the joint venture and/or AAS in accordance with its shareholding of 50% in FPCL, covering FPCL's capital contribution obligations, possible cost overrun liabilities, option interest purchase obligations and other liabilities under the Joint Venture Agreement. In addition to the establishment of the joint venture, Sinopec Corp. and FPCL

are granted a call option to acquire the equity interest held by AAS in the joint venture, and AAS is granted a put option to sell its equity interest in the joint venture under the Joint Venture Agreement. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of SSE on 29 April 2025 and on the website of Hong Kong Stock Exchange on 28 April 2025.

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

In 2024, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation (the Issuance). For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the SSE on 16 March 2024 and 20 March 2024 and the circular and announcement published on the website of Hong Kong Stock Exchange on 13 April 2023 and 19 March 2024, respectively. The use of the proceeds from the Issuance is as follows:

## (1) Use of the proceeds

Unit: RMB million

Source of proceeds	Receiving time of proceeds	Total amount of proceeds	Net amount of proceeds after deducting issuance fees	Proposed amount of proceeds to be invested in the offering circular	Amount of remaining proceeds at the end of the reporting period	Accumulated amount of used proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Amount used in the reporting period	% of amount used in the reporting period	Accumulated amount of proceeds with changed purposes
The issuance of shares to the target subscriber	12 March 2024	12,000	11,987	11,987	10,120	3,049	25	1,182	10	-

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

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

Unit: RMB million

Source of proceeds	Name of projects	Nature of projects	Whether the projects be mentioned in the prospectus or not	Whether the project be changed or not	Proposed amount of proceeds to be invested	Amount of proceeds used during the reporting period	Accumulated amount of used proceeds at the end of the reporting period	Amount of remaining proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Year of projects reaching expected conditions for use	Whether the project be finished or not	Whether the progress of investment is in line with the proposed schedule or not	Whether the feasibility of the project has significantly changed or not	Profits realized during the reporting period	Profits realized or R&D achievements of the projects	Balance
The issuance of shares to the target subscriber	First Stage of Phase III of Tianjin LNG Project	Construction and production	Yes	No	4,500	3	281	4,219	6	2027	No	Yes	No	-	-	-
The issuance of shares to the target subscriber	Yanshan Branch Hydrogen Purification Facilities Improvement Project	Construction and production	Yes	No	187	28	143	44	76	2024	No	Yes	No	1	1	30
The issuance of shares to the target subscriber	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	Construction and production	Yes	No	4,800	1,079	1,261	3,539	26	2027	No	Yes	No	-	-	-
The issuance of shares to the target subscriber	Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project	Construction and production	Yes	No	900	40	836	64	93	2025	No	Yes	No	(13)	(13)	-
The issuance of shares to the target subscriber	ZhongKe (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project	Construction and production	Yes	No	1,600	32	528	1,072	33	2026	No	Yes	No	-	-	-
Total	-	-	-	-	11,987	1,182	3,049	8,938	25	-	-	-	-	-	-	-

**(3) In the reporting period, none of the investment projects of the Company has been changed or terminated.**

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

On 28 April 2024, the 22nd meeting of the Eighth Session of the Board considered and approved Proposal on Replacing Pre-invested Self-raised Funds with Proceeds, approving the Company to use the proceeds of RMB1,215,422,591.73 to replace the pre-invested self-raised funds. For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the SSE on 29 April 2024 and 26 August 2024, respectively.

**(5) Other situations regarding the use of proceeds**

During the reporting period, the Company did not use idle proceeds to temporarily supplement working capital, carry out cash management, or invest in related products.

**8 IMPLEMENTATION OF THE COMPANY'S CORPORATE VALUE AND RETURN ENHANCEMENT ACTION PLAN**

To further promote the corporate value, enhance value recognition, and improve investor returns, the Company actively responded to the SSE Initiative on Carrying Out the Corporate Value and Return enhancement Action Plan for Shanghai-listed Companies and formulated Corporate Value and Return Enhancement Action Plan for 2024 and Dividend Distribution and Return Plan for Shareholders for the Next Three Years (2024-2026). For details, please refer to announcement published by Sinopec Corp. on the website of the SSE on 26 August 2024. On 24 March 2025, the Company disclosed the progresses of the Corporate Value and Return Enhancement Action Plan for 2024, including operation performance, transition and upgrading, cash dividends, ESG governance, and investor relations management. For details, please refer to the relevant announcement published by Sinopec Corp. on the website of the SSE on 24 March 2025. In the reporting period, the Company implemented the Dividend Distribution and Return Plan for Shareholders for the Next Three Years (2024-2026) with the following progresses:

In the first half of 2025, Sinopec Corp. maintained the continuity and stability of dividend and continued to implement share repurchases. The Company formulated cash dividend plan in accordance with the Articles of Association and the Dividend Distribution and Return Plan for Shareholders for the Next Three Years (2024-2026), emphasizing on investor return and sharing development achievements with shareholders.

**9 SIGNIFICANT LITIGATION AND ARBITRATION RELATING TO THE COMPANY**

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

**10 CREDIBILITY OF THE COMPANY, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER**

During the reporting period, the Company and its controlling shareholder did not fail to perform any effective judgments of the courts or fail to repay any substantial amount of debt due.

**11 MATERIAL CONTRACTS AND THEIR PERFORMANCE**

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

**12 SIGNIFICANT EQUITY INVESTMENT**

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

**13 SIGNIFICANT DISPOSAL OF ASSETS OR EQUITY**

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

## 14 BUSINESS WITH SINOPEC FINANCE CO. AND CENTURY BRIGHT

### (1) DEPOSIT BUSINESS

Unit: RMB million

Related party	Related party relationship	Daily Cap	Interest rate range	Balance at beginning	Transaction amount		Net changes in current deposits	Balance in the end
					Total deposit	Total withdrawn		
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	RMB90.0 billion by Sinopec Finance Co. and Century Bright	Current: 0.25%-1.05%; Time deposit: 0.60%-7.40%	7,722	5,930	5,856	7,149	14,945
Century Bright	China Petrochemical Corporation 100%		Current: 0%-4.10%; Time deposit: 0.15%-5.50%	58,711	385,554	376,546	(944)	66,775

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

### (2) LOAN BUSINESS

Unit: RMB million

Related party	Related party relationship	Loan Cap	Interest rate range	Balance at beginning	Transaction amount		Balance in the end
					Total loan	Total repayment	
Century Bright	China Petrochemical Corporation 100%	118,078	1.67%-5.42%	2,669	129,342	129,252	2,759
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	56,347	2.35%-4.20%	25,309	18,367	16,178	27,498

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

### (3) CREDIT BUSINESS AND OTHER FINANCE BUSINESS

Unit: RMB million

Related party	Related party relationship	Business nature	Balance in the end	Transaction amount
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	Issued the acceptance bills	19,258	19,840
		Discounted bills	—	4,128

Note: The occurred transaction amount includes the newly issued bills and discounts for the six-month period ended 30 June 2025.

In order to regulate connected transactions between the Company and Sinopec Finance Co. (Sinopec Corp.'s domestic settlement center) and to ensure the safety and liquidity of the deposits of the Company at Sinopec Finance Co., Sinopec Corp. and the Finance Company formulated the Risk Control System on Connected Transactions between China Petroleum & Chemical Corporation and Sinopec Finance Co., Ltd., which covers the risk control system and the risk management plan of the Company to prevent financial risks, ensuring the Company's discretion to use and control its deposits with Sinopec Finance Co. At the same time, as the controlling shareholder of Sinopec Finance Co., China Petrochemical Corporation undertook that in case of an emergency when Sinopec Finance Co. has difficulty in making payments, China Petrochemical Corporation would increase the capital of Sinopec Finance Co. to meet the payment needs.

In order to regulate connected transactions between the Company and Century Bright (Sinopec Corp.'s overseas settlement center), Century Bright ensures the safety of the deposits of the Company at Century Bright by strengthening internal risk controls and obtaining support from

China Petrochemical Corporation. China Petrochemical Corporation has formulated a number of internal rules, including the Rules for the Internal Control System, the Rules for Implementation of Overseas Capital Management Methods, and the Provisional Methods for Overseas Fund Platform Management, to impose strict restrictions on Century Bright regarding the provision of overseas financial services. Century Bright has also established the Rules for the Implementation of the Internal Control System, which ensures the standardisation and safety of its corporate deposits business. At the same time, as the wholly controlling shareholder of Century Bright, China Petrochemical Corporation entered into a keep-well agreement with Century Bright in 2013, in which China Petrochemical Corporation undertakes that when Century Bright has difficulty in making payments, China Petrochemical Corporation will ensure that Century Bright will fulfill its repayment obligation through various channels.

Sinopec Corp. has formulated the Risk Disposal Plan of China Petroleum & Chemical Corporation for Conducting Financial Business with Sinopec Finance Co. and Century Bright and agreed on the

corresponding risk control measures to ensure the safety of the Company's funds in Sinopec Finance Co. and Century Bright to effectively prevent, timely control and resolve financial business risks. At the same time, Sinopec Finance Co. and Century Bright undertake that the deposits obtained from the Company will be primarily used for the Company's capital needs and ensure the safety of the deposits. In the event that the Company has a need for funds in excess of those deposited with Sinopec Finance Co. and/or Century Bright, Sinopec Finance Co. and/or Century Bright will use their best endeavours to satisfy the aforesaid needs of the Company in accordance with the relevant provisions under the Financial Services Agreement.

The deposits of the Company at Sinopec Finance Co. and Century Bright during the reporting period are in strict compliance with the relevant caps as approved at the general meeting of Sinopec Corp. During daily operations, the Company can withdraw the full amount of its deposits at the Sinopec Finance Co. and Century Bright.

## 15 MATERIAL GUARANTEE CONTRACTS AND THEIR PERFORMANCE

Unit: RMB million

External guarantees of the Company (excluding guarantees for controlled subsidiaries)													
Guarantor	Relationship with the Company	Name of guaranteed company	Amount <sup>*1</sup>	Transaction date (date of signing)	Period of guarantee	Type	Principal debt condition	Guaranty	Whether completed or not	Whether overdue or not	Amount of overdue guarantee	Counter-guaranteed	Whether guaranteed for connected parties <sup>*2</sup>
Sinopec Corp.	The listed company itself	Zhong An United Coal Chemical Co., Ltd.	3,962	April 2018	April 2018-December 2031	Joint and several liability guarantee	Normal performance	None	No	No	None	No	No
Total amount of guarantees provided during the reporting period <sup>*3</sup>													-
Total amount of guarantees outstanding at the end of reporting period <sup>*3</sup> (A)													3,962
<b>Guarantees by the Company to the controlled subsidiaries</b>													
Total amount of guarantee provided to controlled subsidiaries during the reporting period													-
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)													3,579
<b>Total amount of guarantees by the Company (including those provided to controlled subsidiaries)</b>													
Total amount of guarantees (A+B)													7,541
The proportion of the total amount of guarantees to the Sinopec Corp.'s net assets (%)													0.9
Among which:													
Guarantees provided for shareholders, de facto controller and its related parties (C)													-
Amount of debt guarantees provided directly or indirectly to the companies with liability-to-asset ratio over 70% (D)													3,962
The amount of guarantees in excess of 50% of the net assets (E)													-
Total amount of the above three guarantee items (C+D+E)													3,962
Statement of guarantee undue that might be involved in any joint and several liabilities													-
<b>Statement of guarantee status</b>													-

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

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

\*3: The amount of guarantees provided during the reporting period and the outstanding balance of guarantees amount at the end of the reporting period include the guarantees provided by the controlled subsidiaries to external parties. The amount of the guarantees provided by these subsidiaries is derived from multiplying the guarantees provided by Sinopec Corp.'s subsidiaries by the percentage of shareholding of Sinopec Corp. in such subsidiaries.

\*4: Sinopec Corp. entered into the Financing Guarantee Agreement with China Construction Bank (Asia) Corporation Limited on 17 June 2025, to provide joint and several liability guarantee for the Kazakhstan Natural Gas Chemical Project Company for the financing arrangement. For details, please refer to the announcements published by Sinopec Corp. on the website of SSE on 18 January 2025 and 18 June 2025. As of the end of the reporting period, the project company had not yet incurred actual financing.

## 16 PERFORMANCE OF THE UNDERTAKINGS BY RELEVANT ENTITIES

Background	Type of undertaking	Party	Contents	Date of undertaking	Whether bears deadline or not	Term for performance	Whether strictly performed or not
Undertakings related to Initial Public Offerings (IPOs)	IPOs	China Petrochemical Corporation	<ol style="list-style-type: none"> <li>1. Compliance with the connected transaction agreements;</li> <li>2. Solving the issues regarding the legality of land-use rights certificates and property ownership rights certificates within a specified period of time;</li> <li>3. Implementation of the Reorganisation Agreement (please refer to the definition of Reorganisation Agreement in the H share prospectus of Sinopec Corp.);</li> <li>4. Granting licenses for intellectual property rights;</li> <li>5. Avoiding competition within the same industry;</li> <li>6. Abandonment of business competition and conflicts of interest with Sinopec Corp.</li> </ol>	From 22 June 2001	No	–	Yes
Other undertakings	Other	China Petrochemical Corporation	Given that China Petrochemical Corporation engages in the same or similar businesses as Sinopec Corp. with regard to the exploration and production of overseas petroleum and natural gas, China Petrochemical Corporation hereby grants a 10-year option to Sinopec Corp. with the provision, that in relation to the overseas oil and gas assets acquired by China Petrochemical Corporation after the issuance of the undertaking, within 10 years of the completion of such acquisition, after a thorough analysis from political, economic and other perspectives, Sinopec Corp. is entitled to require China Petrochemical Corporation to sell these assets to Sinopec Corp. China Petrochemical Corporation undertakes to transfer the assets as required by Sinopec Corp., provided that the exercise of such option complies with applicable laws and regulations, contractual obligations and other procedural requirements.	28 April 2014	Yes	Within 10 years after the date when China Petrochemical Corporation acquires the assets	Yes
Undertaking related to refinancing	Restricted sale of shares	China Petrochemical Corporation	China Petrochemical Corporation undertook not to transfer its subscribed A-shares within 36 months from the completion of the Issuance.	March 2023	Yes	36 months from the completion of the Issuance	Yes

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

## 17 STRUCTURED ENTITY CONTROLLED BY THE COMPANY

None.

## 18 REPURCHASE, SALES AND REDEMPTION OF SHARES

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

On 28 June 2024, shareholders at the Annual General Meeting for 2023, the First A Shareholders Class Meeting for 2024 and the First H Shareholders Class Meeting for 2024 of Sinopec Corp. considered and approved the Resolution to Grant to the Board a Mandate to Buy Back Domestic Shares and/or Overseas-listed Foreign Shares of Sinopec Corp., authorizing the Board (or the director authorised by the Board) to buy back A shares or H shares not exceeding 10% of the issued number of A shares or H shares of Sinopec Corp separately and concurrently.

During the reporting period, Sinopec Corp. has repurchased 36,180,000 H shares in aggregation, accounting for approximately 0.03% of the total issued shares of Sinopec Corp. on 30 June 2025, and the total amount paid was HKD149,221,546 (exclusive of transaction fees). On 3 June 2025, all of the repurchased but un-cancelled H shares were cancelled by Sinopec Corp.

#### H Share Repurchase

Month	Repurchase Amount	Price per share		Total Amount (HKD)
		Highest (HKD/share)	Lowest (HKD/share)	
March 2025	36,180,000	4.17	4.09	149,221,546

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

During the reporting period, Sinopec Shanghai Petrochemical Company Limited, as a subsidiary of the Sinopec Corp. repurchased its H shares. For details, please refer to the interim report dated 21 August 2025 on website of the SSE and interim results announcement dated 20 August 2025 on website of the Hong Kong Stock Exchange disclosed by Sinopec Shanghai Petrochemical Company Limited.

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

## 19 INFORMATION ON MAJOR SUBSIDIARIES OR THE ASSOCIATES OR JOINT VENTURES

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

Unit: RMB million									
Company name	Corporate category	Registered capital	Percentage of share held by Sinopec Corp. (%)	Total Assets	Net Assets	Net Profit	Revenue	Operating Profit	Principal Business
Sinopec Marketing Company Limited	Controlled subsidiary	28,403	70	546,868	265,254	6,942	750,908	8,441	Sales of refined oil products
China International United Petroleum and Chemical Company Limited	Wholly-owned subsidiary	5,000	100	225,040	72,052	5,547	659,327	6,554	Trading of crude oil and petrochemical products

## 20 RISK FACTORS

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

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

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

**Risks from the macro policies and government regulation:** Although the Chinese government is gradually liberalizing the market entry to petroleum and petrochemicals sector and strengthening regulatory supervision, the petroleum and petrochemical industries in China are still subject to entry regulations to a certain degree, which include: issuing exploration and mining permits in relation to crude oil and natural gas, issuing business licenses for retail of refined oil products, issuing business licenses for trading hazardous chemicals, setting caps for retail prices of gasoline, diesel and other refined oil products, the imposition of the special oil income levy; the formulation of refined oil import and export quotas and procedures, the formulation of safety, environmental protection and quality standards and the formulation of energy conservation policies, restrictions on high energy consumption and high pollution projects, etc. In addition, the changes which have occurred or might occur in macro and industry policies such as further opening up of import operating and usage licenses for crude oil and the tightening control of refined oil products export quota; deepening the reform and improvement in pricing mechanism of natural gas, accelerating the exploration of upstream and downstream price linkage mechanisms, cost supervision of gas pipeline and equal access to third party and accelerating the establishment of a uniform gas energy metering and pricing system; the development of the new energy industry actively supported by the government; reform in resource tax and environmental tax; the introduction of measures for energy conservation and carbon reduction in key areas to improve energy efficiency strictly constrained by the government; and the transforming policy from dual control over the amount and intensity of energy consumption to dual control over the amount and intensity of carbon emissions, etc. Such factors might further impact the industry development and market environment, as well as the operations and profitability of the Company.

### **Risks with regard to the changes from environmental legislation requirements:**

The Company's production activities generate waste water, gases, solids and noise. The Company has built up the ancillary pollution prevention and risk control facilities to prevent and reduce the pollution. However, the relevant government authorities may issue and implement much stricter environmental protection laws and regulations, and adopt much stricter environment protection standards. Under such circumstance, the Company may increase expenses in relation to the environment protection accordingly.

### **Risks from the uncertainties of obtaining additional oil and gas resources:**

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

### **Risks with regard to the external purchase of crude oil:**

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

**Risks with regard to the operation and natural disasters:** The petroleum and petrochemical industry is exposed to the high risks of inflammation, explosion, toxicity, harm and environmental pollution and is vulnerable to natural disasters such as extreme weather. Such emergencies may cause impacts to the society, economic losses to the Company and grievous injuries to personal safety and health. The Company has always been laying great emphasis on the safety production, and has implemented a strict HSE management system. The Company has continuously carried out special safety risk control and HSE supervision and endeavour every effort to avoid such risks. Meanwhile, the main assets and inventories of the Company as well as the possibility of damage to a third party have been insured. However, such measures may not shield the Company from economic losses or adverse impacts resulting from such emergencies.

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

**Risks with regard to overseas business development and management:** The Company engages in oil and gas exploration, refining and chemical, warehouse logistics and international trading businesses in some regions and countries overseas. The Company's overseas operations and assets are subject to the jurisdiction of the host country's laws and regulations. In light of the complicated factors such as changes in international geopolitics, uncertainty of economic recovery, uneven economic development across countries and regions, competitiveness of industry and trade structure, exclusivity of regional trading blocs, polarization of benefits distribution in trade, and politicisation of economic and trade issues, together with political society, economic finance, macro market, business environment, legal compliance, HSE and other risks in the country where overseas business and assets are located, including sanctions, barriers to entry, instability in the financial and taxation policies, contract defaults, tax dispute, the above factors will impose challenges to overseas business development and management of the Company.

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

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

# CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF SHAREHOLDERS

## 1 CHANGES IN THE SHARE CAPITAL

Unit: share

	Before change		Change (+, -)		After change	
	Amount	Percentage (%)	Amount <sup>1</sup>	Subtotal	Amount	Percentage (%)
I. Shares subject to lock-up restriction	2,390,438,247	1.97	-	-	2,390,438,247	1.97
1. State-owned shares	-	-	-	-	-	-
2. Shares held by state-owned legal persons	2,390,438,247	1.97	-	-	2,390,438,247	1.97
3. Shares held by other domestic investors	-	-	-	-	-	-
Among which: domestic non-state-owned						
legal persons	-	-	-	-	-	-
domestic natural persons	-	-	-	-	-	-
4. Shares held by foreign investors	-	-	-	-	-	-
Among which: foreign legal persons	-	-	-	-	-	-
foreign natural persons	-	-	-	-	-	-
II. Shares not subject to lock-up restriction	118,891,117,451	98.03	(36,318,000)	(36,318,000)	118,854,799,451	98.03
1. RMB-denominated ordinary shares	94,841,824,851	78.20	-	-	94,841,824,851	78.22
2. Domestically listed foreign shares	-	-	-	-	-	-
3. Overseas listed foreign shares	24,049,292,600	19.83	(36,318,000)	(36,318,000)	24,012,974,600	19.81
4. Others	-	-	-	-	-	-
III. Total	121,281,555,698	100	(36,318,000)	(36,318,000)	121,245,237,698	100

Note 1: During the reporting period, Sinopec Corp. cancelled 36,318,000 H shares.

Note 2: During the reporting period, Sinopec Corp. repurchased a total of 36,180,000 H shares. The share repurchases led to increases in basic earnings per share and net assets per share attributable to ordinary shareholders of the company in the most recent year and period. During the reporting period, there was no stock dividends or conversion of capital reserve into shares.

## 2 NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

As of 30 June 2025, the total number of shareholders of Sinopec Corp. was 456,099, including 450,892 holders of A shares and 5,207 holders of H shares. Sinopec Corp. has complied with requirement for public float under the Hong Kong Listing Rules.

### (1) The shareholdings of top ten shareholders, top ten shareholders with tradable shares (or shareholders with non-restricted shares) and shareholders with restricted shares as of 30 June 2025:

Unit: share

Name of shareholder	The shareholdings of top ten shareholders <sup>2</sup>			Number of restricted shares held	Shares subject to pledges, marked or freezing		Nature of Shareholders
	Change of shareholding <sup>1</sup>	Total number of shares held at the end of reporting period	Percentage (%)		Status	Amount	
China Petrochemical Corporation <sup>3</sup>	28,486,900	83,090,545,996	68.53	2,390,438,247	None	–	State-owned share
HKSCC Nominees Limited <sup>4</sup>	(36,728,378)	23,874,861,206	19.69	–	Unknown	Unknown	H share
中國證券金融股份有限公司	–	2,325,374,407	1.92	–	None	–	A share
中國石油天然氣集團有限公司	–	2,165,749,530	1.79	–	None	–	A share
香港中央結算有限公司	(212,753,555)	883,084,973	0.73	–	None	–	A share
中國人壽保險股份有限公司 – 傳統 – 普通保險產品 – 005L – CT001 滬	(232,135,104)	323,233,345	0.27	–	None	–	A share
中央匯金資產管理有限責任公司	–	315,223,600	0.26	–	None	–	A share
中國工商銀行 – 上證 50 交易型開放式指數證券投資基金	11,576,238	285,589,093	0.24	–	None	–	A share
中國工商銀行股份有限公司 – 華泰柏瑞滬深 300 交易型開放式指數證券投資基金	8,386,790	260,103,497	0.21	–	None	–	A share
國信證券股份有限公司	(2,128,700)	235,473,114	0.19	–	Pledged	109,603,100	A share
Description of the special repurchase account among the top ten shareholders	None						
Description of the voting rights entrusted by or to, or waived by the above-mentioned shareholders	None						
Statement on related parties or parties acting in concert among the above-mentioned shareholders	Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned top ten shareholders.						
Description of the shareholders holding preference shares with restored voting rights and their shareholding	None						

Note 1: As compared with the number of shares as of 31 December 2024.

Note 2: Compared to shareholders' at the end of 2024, 國信證券股份有限公司 became one of top ten shareholders, while 國新投資有限公司 withdrew from top ten shareholders.

Note 3: Due to confidence in Sinopec Corp.'s development prospects, the controlling shareholder, China Petrochemical Corporation, planned to increase its shareholdings of A shares and H shares of Sinopec Corp. by itself and its wholly-owned subsidiary, by an amount of not less than RMB2.0 billion (inclusive) and not more than RMB3.0 billion (inclusive) within 12 months since 8 April 2025 (the "Shareholding Increase Plan"). As of 30 June 2025, China Petrochemical Corporation and its wholly-owned subsidiary increased their shareholdings by 28,486,900 A shares and 302,004,000 H shares of Sinopec Corp., the Shareholding Increase Plan was not completed, China Petrochemical Corporation would continue increasing its shareholdings when appropriate according to the Shareholding Increase Plan. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, the website of SSE on 9 April 2025 and 15 May 2025, on the website of Hong Kong Stock Exchange on 8 April 2025 and 14 May 2025.

Note 4: Century Bright, an overseas wholly-owned subsidiary of China Petrochemical Corporation, held 1,344,668,000 H shares, accounting for 1.11% of the total issued share capital of Sinopec Corp. Those shareholdings were included in the total number of the shares held by HKSCC Nominees Limited.

Unit: share

The shareholdings of top ten shareholders with non-restricted shares <sup>1</sup>			
Name of shareholder	Number of non-restricted shares held	Class	Amount
China Petrochemical Corporation	80,700,107,749	RMB ordinary share	80,700,107,749
HKSCC Nominees Limited	23,874,861,206	Overseas listed foreign share	23,874,861,206
中國證券金融股份有限公司	2,325,374,407	RMB ordinary share	2,325,374,407
中國石油天然氣集團有限公司	2,165,749,530	RMB ordinary share	2,165,749,530
香港中央結算有限公司	883,084,973	RMB ordinary share	883,084,973
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001 滬	323,233,345	RMB ordinary share	323,233,345
中央匯金資產管理有限責任公司	315,223,600	RMB ordinary share	315,223,600
中國工商銀行－上證 50 交易型開放式指數證券投資基金	285,589,093	RMB ordinary share	285,589,093
中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金	260,103,497	RMB ordinary share	260,103,497
國信證券股份有限公司	235,473,114	RMB ordinary share	235,473,114

Note 1: Compared to shareholders' at the end of 2024, 國信證券股份有限公司 became one of top ten shareholders, while 國新投資有限公司 withdrew from top ten shareholders.

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

Unit: share

The shareholdings of shareholder with restricted shares					
Trading of restricted shares					
No.	Name of shareholder with restricted shares	Number of restricted shares held	Trading date	Amount	Undertakings
1	China Petrochemical Corporation	2,390,438,247	18 March 2027	2,390,438,247	Not to transfer within 36 months from the completion of the issuance
Statement on related parties or parties acting in concert among the above-mentioned shareholders		None			

## (2) Information disclosed by the shareholders of H shares in accordance with the SFO as of 30 June 2025

Name of shareholders	Status of shareholders	Number of shares interested	% of Sinopec Corp.'s issued voting shares (H Share)
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,666,916,417(L)	6.94(L)
		37,028,000(S)	0.15(S)
Century Bright*	Beneficial owner	1,344,668,000(L)	5.60(L)

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

\* Given that Century Bright is an overseas wholly-owned subsidiary of China Petrochemical Corporation, China Petrochemical Corporation is deemed to be interested in 1,344,668,000 H shares.

## 3 CHANGES IN THE CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

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

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

Bond name	The first medium-term notes in 2021	The first medium-term notes in 2024	The second medium-term notes in 2024	The third medium-term notes in 2024	The fourth medium-term notes in 2024	The first medium-term notes in 2025	The second medium-term notes in 2025	The third medium-term notes in 2025	The first sci-tech innovation bonds in 2025	The second sci-tech innovation bonds in 2025	The third sci-tech innovation bonds in 2025	The fourth sci-tech innovation bonds in 2025	The fourth super short-term commercial papers in 2025
Abbreviation	21中石化 MTN001	24中石化 MTN001	24中石化 MTN002	24中石化 MTN003	24中石化 MTN004	25中石化 MTN001	25中石化 MTN002	25中石化 MTN003	25中石化 SCP001 (科创债)	25中石化 SCP002 (科创债)	25中石化 SCP003 (科创债)	25中石化 MTN004 (科创债)	25中石化 SCP004
Code	102101386	102483276	102483277	102485444	102485443	102580205	102580206	102580639	012581163	012581165	012581167	102582100	012581715
Issuance date	2021/7/23	2024/7/30	2024/7/30	2024/12/16	2024/12/16	2025/1/13	2025/1/13	2025/2/18	2025/5/19	2025/5/19	2025/5/19	2025/5/20	2025/7/18
Interest commencement date	2021/7/27	2024/7/31	2024/7/31	2024/12/17	2024/12/17	2025/1/14	2025/1/14	2025/2/19	2025/5/20	2025/5/20	2025/5/20	2025/5/21	2025/7/18
Maturity date	2026/7/27	2034/7/31	2034/7/31	2026/12/17	2027/12/17	2030/1/14	2035/1/14	2045/2/19	2025/11/18	2025/11/18	2025/11/18	2028/5/21	2025/12/16
Amount issued (RMB billion)	5.0	3.5	3.5	6.0	4.0	12.0	10.0	5.0	5.0	5.0	5.0	5.0	6.0
Outstanding balance (RMB billion)	5.0	3.5	3.5	6.0	4.0	12.0	10.0	5.0	5.0	5.0	5.0	5.0	6.0
Interest rate (%)	3.2	2.24	2.24	1.7	1.75	1.75	1.96	2	1.5	1.5	1.5	1.62	1.45
Principal and interest repayment	For medium-term notes, the interest is paid once a year and the principal will be paid in a lump-sum at maturity with last instalment of interest. For super short-term commercial papers, the interest will be paid along with the principal.												
Investor Qualification Arrangement	Nationwide inter-bank bond market institutional investors												
Applicable trading mechanism	Circulated and transferred in nationwide inter-bank bond market												
Risk of suspension for listed trading (if any), and countermeasures	Not applicable												
Trading market	Nationwide inter-bank bond market												
Use of proceeds	Proceeds from the above-mentioned corporate bonds have been used for their designated purpose as disclosed in the corporate bond prospectus. All the proceeds have been completely used till now.												
Credit rating	Entity rating AAA, 20-year bond rating AAA												
Special terms for issuer or investor option or investor protection, whether triggered or executed	Not applicable												
Guarantee, repayment scheme and other related events during the reporting period	No guarantee. No change on the repayment scheme.												
Convening of corporate bond holders' meeting	During the reporting period, the bondholders' meeting was not convened.												
Performance of corporate bonds trustee	Corporate bonds trustee has performed its duties in accordance with regulatory requirements.												

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

## Principal accounting data and financial indicators at the end of reporting period (in accordance with CASs)

Principal data	At the end of the reporting period	At the end of last year	Change	Reasons for change
Current ratio	0.81	0.78	0.03	Increase in accounts receivable and cash at bank and on hand
Quick ratio	0.45	0.40	0.05	Increase in accounts receivable and cash at bank and on hand
Liability-to-asset ratio	54.10%	53.17%	0.93 percentage points	The impact of the issuance of low-cost financing bonds such as super short-term commercial papers, medium-term notes and sci-tech innovation bonds during reporting period
Loan repayment rate	100%	100%	–	–

	The reporting period for 2025 (January-June)	The corresponding period for 2024 (January-June)	Change	Reason for change
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses (RMB Million)	21,215	35,582	(14,367)	The year-on-year decline in the profit due to the downward fluctuation in crude oil prices, the acceleration of new energy substitution, and continuous release of new chemical capacity
Net profit excluding extraordinary gains and losses (RMB Million)	23,107	40,729	(17,622)	The year-on-year decline in the profit due to the downward fluctuation in crude oil prices, the acceleration of new energy substitution, and continuous release of new chemical capacity
EBITDA-to-total debt ratio	0.22	0.33	(0.11)	Decrease in profit before taxation and increase in total debt
EBITDA-to-interest coverage ratio	9.05	11.37	(2.32)	Decrease in profit before taxation and increase in interest expense
Interest coverage ratio	3.86	6.18	(2.32)	Decrease in profit before taxation and increase in interest expense
Cash interest coverage ratio	20.92	14.09	6.83	Net cash flow from operating activities increased significantly year on year.
Interest payment rate	100%	100%	–	–

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

During the reporting period, the Company paid in full and on time the interest accrued for the other bonds and debt financing instruments. As at 30 June 2025, the Company obtained standby credit line from several domestic financial institutions, providing for a maximum amount of RMB720.9 billion available for unsecured loans. The Company has fulfilled all the relevant undertakings in the bond offering circular and had no significant matters which could influence the Company's operation and debt repayment ability.

On 18 April 2013, Sinopec Capital (2013) Limited, a wholly-owned overseas subsidiary of Sinopec Corp., issued senior notes guaranteed by the Company with four different maturities, 3 years, 5 years, 10 years and 30 years. The 3-year notes principal totaled USD0.75 billion, with an annual interest rate of 1.250% and had been repaid and delisted; the 5-year notes principal totaled USD1 billion, with an annual interest rate of 1.875% and had been repaid and delisted; the 10-year notes principal totaled USD1.25 billion, with an

annual interest rate of 3.125% and had been repaid and delisted; and the 30-year notes principal totaled USD500 million, with an annual interest rate of 4.250%. These notes were listed on the Hong Kong Stock Exchange on 25 April 2013, with interest payable semi-annually. The first payment of interest was made on 24 October 2013. During the reporting period, Sinopec Corp. has paid in full the current-period interests of 30-year notes.



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畢馬威華振專字第 2504379 號

**To the Shareholders of China Petroleum & Chemical Corporation,**

We have reviewed the accompanying interim financial statements of China Petroleum & Chemical Corporation ("Sinopec Corp."), which comprise the consolidated and company balance sheets as of 30 June 2025, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the period from 1 January 2025 to 30 June 2025, and the notes to the financial statements. Management of Sinopec Corp. is responsible for the preparation of these interim financial statements. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with China Standard on Review No. 2101 – Engagements to Review Financial Statements. This standard requires that we plan and perform the review to obtain limited assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of Sinopec Corp. are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs"), and do not present fairly, in all material respects, the consolidated and the company's financial position of Sinopec Corp. as of 30 June 2025, and the consolidated and the company's financial performance and cash flows for the period from 1 January 2025 to 30 June 2025.

**KPMG Huazhen LLP**

Beijing, China

**Certified Public Accountants**

Registered in the People's Republic of China

**Yang Jie** (Engagement Partner)

**He Shu**

21 August 2025

(A) FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES  
UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2025

	Note	At 30 June 2025 RMB million	At 31 December 2024 RMB million
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and on hand	5	163,502	146,799
Financial assets held for trading		3	4
Derivative financial assets	6	2,324	2,554
Accounts receivable	7	64,719	44,333
Receivables financing	8	7,678	2,613
Prepayments	9	7,329	6,429
Other receivables	10	38,123	32,123
Inventories	11	256,690	256,595
Other current assets		32,542	33,065
<b>Total current assets</b>		<b>572,910</b>	<b>524,515</b>
<b>Non-current assets</b>			
Long-term equity investments	12	255,540	246,819
Other equity instrument investments	13	4,843	416
Fixed assets	14	716,872	717,105
Construction in progress	15	194,369	208,747
Right-of-use assets	16	170,294	164,342
Intangible assets	17	137,288	137,983
Goodwill	18	6,478	6,493
Long-term deferred expenses	19	11,228	12,131
Deferred tax assets	20	18,642	18,777
Other non-current assets	21	56,475	47,443
<b>Total non-current assets</b>		<b>1,572,029</b>	<b>1,560,256</b>
<b>Total assets</b>		<b>2,144,939</b>	<b>2,084,771</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans	23	43,285	48,231
Derivative financial liabilities	6	6,047	3,412
Bills payable	24	58,740	47,740
Accounts payable	25	212,433	208,857
Contract liabilities	26	121,862	127,697
Employee benefits payable	27	20,214	14,167
Taxes payable	28	33,135	38,497
Other payables	29	84,998	98,467
Non-current liabilities due within one year	30	90,111	64,602
Other current liabilities	31	32,926	21,567
<b>Total current liabilities</b>		<b>703,751</b>	<b>673,237</b>
<b>Non-current liabilities</b>			
Long-term loans	32	165,157	184,934
Debentures payable	33	57,564	25,562
Lease liabilities	34	160,636	154,904
Provisions	35	50,409	49,668
Deferred tax liabilities	20	6,666	7,324
Other non-current liabilities	36	16,324	12,849
<b>Total non-current liabilities</b>		<b>456,756</b>	<b>435,241</b>
<b>Total liabilities</b>		<b>1,160,507</b>	<b>1,108,478</b>
<b>Shareholders' equity</b>			
Share capital	37	121,245	121,282
Capital reserve	38	125,425	125,368
Less: treasury shares		–	1
Other comprehensive income	39	964	(987)
Specific reserve	40	3,597	2,549
Surplus reserves	41	227,663	227,663
Retained earnings		348,555	344,048
<b>Total equity attributable to shareholders of the Company</b>		<b>827,449</b>	<b>819,922</b>
<b>Non-controlling interests</b>		<b>156,983</b>	<b>156,371</b>
<b>Total shareholders' equity</b>		<b>984,432</b>	<b>976,293</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,144,939</b>	<b>2,084,771</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED BALANCE SHEET

As at 30 June 2025

	Note	At 30 June 2025 RMB million	At 31 December 2024 RMB million
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and on hand		53,823	30,024
Financial assets held for trading		3	4
Derivative financial assets		324	72
Accounts receivable	7	20,321	22,239
Receivables financing		5,110	1,074
Prepayments	9	3,075	2,423
Other receivables	10	66,802	49,654
Inventories		63,289	67,751
Other current assets		23,506	40,075
<b>Total current assets</b>		<b>236,253</b>	<b>213,316</b>
<b>Non-current assets</b>			
Long-term equity investments	12	449,387	440,565
Other equity instrument investments		16	15
Fixed assets	14	304,742	310,814
Construction in progress	15	79,901	85,166
Right-of-use assets	16	87,251	77,896
Intangible assets		8,625	8,265
Long-term deferred expenses		3,860	4,259
Deferred tax assets		4,872	5,601
Other non-current assets		71,738	54,867
<b>Total non-current assets</b>		<b>1,010,392</b>	<b>987,448</b>
<b>Total assets</b>		<b>1,246,645</b>	<b>1,200,764</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans		31,300	38,966
Derivative financial liabilities		294	148
Bills payable		8,263	5,081
Accounts payable		63,671	72,883
Contract liabilities		9,076	9,832
Employee benefits payable		12,102	8,152
Taxes payable		15,685	19,161
Other payables		237,960	236,548
Non-current liabilities due within one year		52,887	32,710
Other current liabilities		16,024	964
<b>Total current liabilities</b>		<b>447,262</b>	<b>424,445</b>
<b>Non-current liabilities</b>			
Long-term loans		85,705	104,050
Debentures payable		53,972	21,989
Lease liabilities		89,519	80,887
Provisions		41,925	41,102
Other non-current liabilities		1,858	1,660
<b>Total non-current liabilities</b>		<b>272,979</b>	<b>249,688</b>
<b>Total liabilities</b>		<b>720,241</b>	<b>674,133</b>
<b>Shareholders' equity</b>			
Share capital		121,245	121,282
Capital reserve		69,062	69,181
Less: treasury shares		–	1
Other comprehensive income		174	365
Specific reserve		2,217	1,624
Surplus reserves		227,663	227,663
Retained earnings		106,043	106,517
<b>Total shareholders' equity</b>		<b>526,404</b>	<b>526,631</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,246,645</b>	<b>1,200,764</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2025

	Note	Six-month period ended 30 June	
		2025	2024
		RMB million	RMB million
<b>Operating income</b>	42	<b>1,409,052</b>	<b>1,576,131</b>
Less: Operating costs	42	1,192,753	1,327,574
Taxes and surcharges	43	123,351	132,612
Selling and distribution expenses	46	28,335	29,664
General and administrative expenses	47	26,457	26,304
Research and development expenses	48	6,186	6,003
Financial expenses	44	8,426	6,275
Including: Interest expenses		9,737	9,654
Interest income		2,807	3,252
Exploration expenses, including dry holes	49	5,646	4,542
Add: Other income	50	3,288	3,505
Investment income	51	7,717	7,565
Including: Income from investment in associates and joint ventures		4,846	6,732
Gains/(Losses) from changes in fair value	52	1,785	(1,275)
Credit impairment reversals		138	23
Impairment losses	53	(2,289)	(1,689)
Asset disposal gains		557	219
<b>Operating profit</b>		<b>29,094</b>	<b>51,505</b>
Add: Non-operating income	54	722	660
Less: Non-operating expenses	55	1,049	1,297
<b>Profit before taxation</b>		<b>28,767</b>	<b>50,868</b>
Less: Income tax expense	56	5,207	9,931
<b>Net profit</b>		<b>23,560</b>	<b>40,937</b>
<b>Classification by continuity of operations:</b>			
Net profit from continuing operations		23,560	40,937
Net profit from discontinued operations		–	–
<b>Classification by ownership:</b>			
Shareholders of the Company		21,483	35,703
Non-controlling interests		2,077	5,234
<b>Basic earnings per share (RMB/share)</b>	66	<b>0.177</b>	<b>0.296</b>
<b>Diluted earnings per share (RMB/share)</b>	66	<b>0.177</b>	<b>0.296</b>
<b>Other comprehensive income</b>	39		
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		1,955	150
Items that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		608	1
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		3,205	1,013
Cash flow hedges		(1,185)	(1,411)
Foreign currency translation differences		(673)	547
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		1,155	429
<b>Total other comprehensive income net of tax</b>		<b>3,110</b>	<b>579</b>
<b>Total comprehensive income</b>		<b>26,670</b>	<b>41,516</b>
<b>Attributable to:</b>			
Shareholders of the Company		23,438	35,853
Non-controlling interests		3,232	5,663

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED INCOME STATEMENT

For the six-month period ended 30 June 2025

	Note	Six-month period ended 30 June	
		2025	2024
		RMB million	RMB million
<b>Operating income</b>	42	<b>459,567</b>	<b>546,308</b>
Less: Operating costs	42	364,183	436,985
Taxes and surcharges		64,017	74,522
Selling and distribution expenses		676	746
General and administrative expenses		10,021	9,816
Research and development expenses		5,590	5,427
Financial expenses		6,587	6,002
Including: Interest expenses		7,681	7,042
Interest income		1,094	1,043
Exploration expenses, including dry holes		4,673	3,978
Add: Other income		2,457	2,620
Investment income	51	12,363	11,928
Including: Income from investment in associates and joint ventures		1,149	2,432
Gains from changes in fair value		78	66
Credit impairment reversals		–	28
Impairment losses		(1,270)	(1,425)
Asset disposal gains/(losses)		97	(1)
<b>Operating profit</b>		<b>17,545</b>	<b>22,048</b>
Add: Non-operating income		166	145
Less: Non-operating expenses		568	806
<b>Profit before taxation</b>		<b>17,143</b>	<b>21,387</b>
Less: Income tax expense		641	2,048
<b>Net profit</b>		<b>16,502</b>	<b>19,339</b>
<b>Classification by continuity of operations:</b>			
Net profit from continuing operations		16,502	19,339
Net profit from discontinued operations		–	–
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in fair value of other equity instrument investments		1	–
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income that can be reclassified to profit or loss under the equity method		(208)	(9)
Cash flow hedges		107	902
<b>Total other comprehensive income net of tax</b>		<b>(100)</b>	<b>893</b>
<b>Total comprehensive income</b>		<b>16,402</b>	<b>20,232</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

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# UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

For the six-month period ended 30 June 2025

	Note	Six-month period ended 30 June	
		2025	2024
		RMB million	RMB million
<b>Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		1,607,049	1,746,492
Refund of taxes and levies		5,767	3,399
Other cash received relating to operating activities		60,935	63,818
<b>Sub-total of cash inflows</b>		<b>1,673,751</b>	<b>1,813,709</b>
Cash paid for goods and services		(1,314,381)	(1,460,197)
Cash paid to and for employees		(44,410)	(43,837)
Payments of taxes and levies		(170,050)	(167,855)
Other cash paid relating to operating activities		(83,894)	(99,551)
<b>Sub-total of cash outflows</b>		<b>(1,612,735)</b>	<b>(1,771,440)</b>
<b>Net cash flow generated from operating activities</b>	58(a)	<b>61,016</b>	<b>42,269</b>
<b>Cash flows from investing activities:</b>			
Cash received from disposal of investments		40	40
Cash received from returns on investments		2,643	3,093
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		588	1,436
Net cash received from disposal of subsidiaries and other business units		30	–
Other cash received relating to investing activities	58(d)	39,738	42,787
<b>Sub-total of cash inflows</b>		<b>43,039</b>	<b>47,356</b>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(52,607)	(58,134)
Cash paid for acquisition of investments		(6,277)	(2,948)
Other cash paid relating to investing activities	58(e)	(44,123)	(65,278)
<b>Sub-total of cash outflows</b>		<b>(103,007)</b>	<b>(126,360)</b>
<b>Net cash flow used in investing activities</b>		<b>(59,968)</b>	<b>(79,004)</b>
<b>Cash flows from financing activities:</b>			
Cash received from capital contributions		834	12,883
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries		834	888
Cash received from borrowings	58(g)	254,938	331,320
Other cash received relating to financing activities		18	1,295
<b>Sub-total of cash inflows</b>		<b>255,790</b>	<b>345,498</b>
Cash repayments of borrowings		(207,282)	(292,145)
Cash paid for dividends, profits distribution or interest		(23,179)	(4,789)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders		(2,710)	(953)
Other cash paid relating to financing activities	58(f)	(10,234)	(11,702)
<b>Sub-total of cash outflows</b>		<b>(240,695)</b>	<b>(308,636)</b>
<b>Net cash flow generated from financing activities</b>		<b>15,095</b>	<b>36,862</b>
<b>Effects of changes in foreign exchange rate</b>		<b>276</b>	<b>248</b>
<b>Net increase in cash and cash equivalents</b>	58(b)	<b>16,419</b>	<b>375</b>
Add: Cash and cash equivalents at the beginning of the year		91,295	121,759
<b>Cash and cash equivalents at the end of the period</b>	58(c)	<b>107,714</b>	<b>122,134</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
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**Zhao Dong**  
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**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED CASH FLOW STATEMENT

For the six-month period ended 30 June 2025

	Note	Six-month period ended 30 June	
		2025	2024
		RMB million	RMB million
<b>Cash flows from operating activities:</b>			
Cash received from sale of goods and rendering of services		509,555	604,569
Refund of taxes and levies		2,485	2,163
Other cash received relating to operating activities		30,837	27,425
<b>Sub-total of cash inflows</b>		<b>542,877</b>	<b>634,157</b>
Cash paid for goods and services		(356,642)	(438,690)
Cash paid to and for employees		(20,425)	(20,196)
Payments of taxes and levies		(79,396)	(88,961)
Other cash paid relating to operating activities		(56,457)	(46,862)
<b>Sub-total of cash outflows</b>		<b>(512,920)</b>	<b>(594,709)</b>
<b>Net cash flow generated from operating activities</b>		<b>29,957</b>	<b>39,448</b>
<b>Cash flows from investing activities:</b>			
Cash received from disposal of investments		20,271	15,074
Cash received from returns on investments		6,277	4,948
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		154	263
Other cash received relating to investing activities		1,937	7,133
<b>Sub-total of cash inflows</b>		<b>28,639</b>	<b>27,418</b>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(29,071)	(25,155)
Cash paid for acquisition of investments		(18,442)	(22,207)
Other cash paid relating to investing activities		(29,036)	(53,632)
<b>Sub-total of cash outflows</b>		<b>(76,549)</b>	<b>(100,994)</b>
<b>Net cash flow used in investing activities</b>		<b>(47,910)</b>	<b>(73,576)</b>
<b>Cash flows from financing activities:</b>			
Cash received from investors		–	11,995
Cash received from borrowings		102,797	82,519
Other cash received relating to financing activities		142,895	133,958
<b>Sub-total of cash inflows</b>		<b>245,692</b>	<b>228,472</b>
Cash repayments of borrowings		(62,279)	(67,168)
Cash paid for dividends or interest		(20,551)	(3,658)
Other cash paid relating to financing activities		(129,771)	(123,125)
<b>Sub-total of cash outflows</b>		<b>(212,601)</b>	<b>(193,951)</b>
<b>Net cash flow generated from financing activities</b>		<b>33,091</b>	<b>34,521</b>
<b>Effects of changes in foreign exchange rate</b>		<b>(2)</b>	<b>–</b>
<b>Net increase in cash and cash equivalents</b>		<b>15,136</b>	<b>393</b>
Add: Cash and cash equivalents at the beginning of the year		27,520	64,471
<b>Cash and cash equivalents at the end of the period</b>		<b>42,656</b>	<b>64,864</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Non-controlling interests RMB million	Total shareholders' equity RMB million
Balance at 1 January 2024	119,349	117,273	-	3,060	2,597	223,134	340,381	805,794	152,861	958,655
Change for the period										
1. Net profit	-	-	-	-	-	-	35,703	35,703	5,234	40,937
2. Other comprehensive income (Note 39)	-	-	-	150	-	-	-	150	429	579
Total comprehensive income	-	-	-	150	-	-	35,703	35,853	5,663	41,516
Amounts transferred to initial carrying amount of hedged items	-	-	-	(1,202)	-	-	-	(1,202)	(41)	(1,243)
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' contributions and decrease of capital:										
- Contribution by ordinary shares (Note 37)	2,391	9,597	-	-	-	-	-	11,988	-	11,988
- Purchase of own shares (Note 37)	-	-	(161)	-	-	-	-	(161)	-	(161)
4. Appropriations of profits:										
- Distributions to shareholders (Note 57)	-	-	-	-	-	-	(24,347)	(24,347)	-	(24,347)
5. Contributions to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	(375)	(375)
6. Transactions with non-controlling interests	-	(1,050)	-	-	-	-	-	(1,050)	1,276	226
7. Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(1,100)	(1,100)
Total transactions with owners, recorded directly in shareholders' equity	2,391	8,547	(161)	-	-	-	(24,347)	(13,570)	(199)	(13,769)
8. Net increase in specific reserve for the period	-	-	-	-	787	-	-	787	76	863
9. Other equity movements under the equity method	-	156	-	-	-	-	-	156	-	156
10. Others	-	323	-	-	-	-	(1)	322	(155)	167
<b>Balance at 30 June 2024</b>	<b>121,740</b>	<b>126,299</b>	<b>(161)</b>	<b>2,008</b>	<b>3,384</b>	<b>223,134</b>	<b>351,736</b>	<b>828,140</b>	<b>158,205</b>	<b>986,345</b>
Balance at 1 January 2025	121,282	125,368	(1)	(987)	2,549	227,663	344,048	819,922	156,371	976,293
Change for the period										
1. Net profit	-	-	-	-	-	-	21,483	21,483	2,077	23,560
2. Other comprehensive income (Note 39)	-	-	-	1,955	-	-	-	1,955	1,155	3,110
Total comprehensive income	-	-	-	1,955	-	-	21,483	23,438	3,232	26,670
Amounts transferred to initial carrying amount of hedged items	-	-	-	(4)	-	-	-	(4)	48	44
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' contributions and decrease of capital:										
- Purchase of own shares (Note 37)	-	-	(138)	-	-	-	-	(138)	-	(138)
- Cancellation of repurchased own shares (Note 37)	(37)	(102)	139	-	-	-	-	-	-	-
4. Appropriations of profits:										
- Distributions to shareholders (Note 57)	-	-	-	-	-	-	(16,974)	(16,974)	-	(16,974)
5. Contributions and reduction to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	744	744
6. Transactions with non-controlling interests	-	(28)	-	-	-	-	-	(28)	(24)	(52)
7. Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(3,270)	(3,270)
Total transactions with owners, recorded directly in shareholders' equity	(37)	(130)	1	-	-	-	(16,974)	(17,140)	(2,550)	(19,690)
8. Net increase in specific reserve for the period	-	-	-	-	1,048	-	-	1,048	77	1,125
9. Other equity movements under the equity method	-	60	-	-	-	-	-	60	8	68
10. Others	-	127	-	-	-	-	(2)	125	(203)	(78)
<b>Balance at 30 June 2025</b>	<b>121,245</b>	<b>125,425</b>	<b>-</b>	<b>964</b>	<b>3,597</b>	<b>227,663</b>	<b>348,555</b>	<b>827,449</b>	<b>156,983</b>	<b>984,432</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
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(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

# UNAUDITED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity RMB million
Balance at 1 January 2024	119,349	61,814	-	700	1,673	223,134	107,879	514,549
Change for the period								
1. Net profit	-	-	-	-	-	-	19,339	19,339
2. Other comprehensive income	-	-	-	893	-	-	-	893
Total comprehensive income	-	-	-	893	-	-	19,339	20,232
Amounts transferred to initial carrying amount of hedged items	-	-	-	(442)	-	-	-	(442)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' contributions and decrease of capital:								
- Contribution by ordinary shares (Note 37)	2,391	9,597	-	-	-	-	-	11,988
- Purchase of own shares (Note 37)	-	-	(161)	-	-	-	-	(161)
4. Appropriations of profits:								
- Distributions to shareholders (Note 57)	-	-	-	-	-	-	(24,347)	(24,347)
Total transactions with owners, recorded directly in shareholders' equity	2,391	9,597	(161)	-	-	-	(24,347)	(12,520)
5. Net increase in specific reserve for the period	-	-	-	-	347	-	-	347
6. Other equity movements under the equity method	-	13	-	-	-	-	-	13
7. Others	-	(597)	-	-	-	-	-	(597)
<b>Balance at 30 June 2024</b>	<b>121,740</b>	<b>70,827</b>	<b>(161)</b>	<b>1,151</b>	<b>2,020</b>	<b>223,134</b>	<b>102,871</b>	<b>521,582</b>
Balance at 1 January 2025	121,282	69,181	(1)	365	1,624	227,663	106,517	526,631
Change for the period								
1. Net profit	-	-	-	-	-	-	16,502	16,502
2. Other comprehensive income	-	-	-	(100)	-	-	-	(100)
Total comprehensive income	-	-	-	(100)	-	-	16,502	16,402
Amounts transferred to initial carrying amount of hedged items	-	-	-	(91)	-	-	-	(91)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' contributions and decrease of capital:								
- Purchase of own shares (Note 37)	-	-	(138)	-	-	-	-	(138)
- Cancellation of repurchased own shares (Note 37)	(37)	(102)	139	-	-	-	-	-
4. Appropriations of profits:								
- Distributions to shareholders (Note 57)	-	-	-	-	-	-	(16,974)	(16,974)
Total transactions with owners, recorded directly in shareholders' equity	(37)	(102)	1	-	-	-	(16,974)	(17,112)
5. Net increase in specific reserve for the period	-	-	-	-	593	-	-	593
6. Others	-	(17)	-	-	-	-	(2)	(19)
<b>Balance at 30 June 2025</b>	<b>121,245</b>	<b>69,062</b>	<b>-</b>	<b>174</b>	<b>2,217</b>	<b>227,663</b>	<b>106,043</b>	<b>526,404</b>

These financial statements have been approved for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

The accompanying notes form part of these financial statements.

## 1 STATUS OF THE COMPANY

China Petroleum & Chemical Corporation (the “Company”) was established on 25 February 2000 as a joint stock limited company. The company is registered in Beijing, the People’s Republic of China, and the headquarter is located in Beijing, the People’s Republic of China. The approval date of the financial report is 21 August 2025.

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

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

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

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

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

- (1) the exploration, development and production of crude oil and natural gas;
- (2) the refining, transportation, storage and marketing of crude oil and petroleum product; and
- (3) the production and sale of chemical.

Details of the Company’s principal subsidiaries are set out in Note 61.

## 2 BASIS OF PREPARATION

### (1) Statement of compliance of China Accounting Standards for Business Enterprises (“CASs”)

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises – Basic Standards, specific standards and relevant regulations (hereafter referred as CASs collectively) issued by the MOF on or after 15 February 2006. These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No.15: General Requirements for Financial Reports” revised in 2023 by the China Securities Regulatory Commission (“CSRC”). These financial statements present truly and completely the consolidated and company financial position as at 30 June 2025, and the consolidated and company financial performance and the consolidated and company cash flows for the six-month period ended 30 June 2025.

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

### (2) Accounting period

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

### (3) Measurement basis

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

- Financial assets held for trading (see Note 3(11))
- Other equity instrument investments (see Note 3(11))
- Derivative financial instruments (see Note 3(11))
- Receivables financing (see Note 3(11))

### (4) Functional currency and presentation currency

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

**2 BASIS OF PREPARATION (Continued)**
**(5) Materiality criteria: Determination method and selection basis**

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

**3 SIGNIFICANT ACCOUNTING POLICIES**

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

Principal accounting estimates and judgements of the Group are set out in Note 60.

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

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

**(b) Business combination involving entities not under common control**

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

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

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

Foreign currency transactions are, on initial recognition, translated into Renminbi at the spot exchange rates quoted by the People's Bank of China ("PBOC rates") at the transaction dates.

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

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

#### (3) Cash and cash equivalents

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(4) Inventories**
**(a) Inventories categories**

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

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

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

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

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

**(c) Inventory system**

Inventories are recorded by perpetual method.

**(5) Long-term equity investments**
**(a) Investment in subsidiaries**

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

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(6) Leases**

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

**(a) As Lessee**

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

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

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

**(b) As Lessor**

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

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

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(7) Fixed assets and construction in progress (Continued)**

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

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

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

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

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

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

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

**(8) Oil and gas properties**

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(8) Oil and gas properties (Continued)**

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

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

**(9) Intangible assets**

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

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

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

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

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

For the sales of products or by-products produced during the research and development process, the group shall conduct accounting treatment for the relevant income and costs in accordance with the *Accounting Standards for Business Enterprises No. 14 – Revenue*, *Accounting Standards for Business Enterprises No. 1 – Inventory*, and include in the current profit and loss.

**(10) Goodwill**

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

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

**(11) Financial Instruments**

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

**(a) Financial assets**
**(i) Classification and measurement**

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (11) Financial Instruments (Continued)

##### (a) Financial assets (Continued)

##### (i) Classification and measurement (Continued)

###### *Debt instruments*

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

- Measured at amortised cost:

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

- Measured at fair value through other comprehensive income:

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

###### *Equity instruments*

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

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

##### (ii) Impairment

###### • *Expected credit losses measurement*

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(11) Financial Instruments (Continued)**
**(a) Financial assets (Continued)**
**(ii) Impairment (Continued)**

- Allowance for doubtful accounts on receivables

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

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

- (b) According to the criteria for judging the individual provision for bad debts

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

**(iii) Derecognition**

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

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

**(b) Financial liabilities**

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

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

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

**Financial guarantee liabilities**

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

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

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (11) Financial Instruments (Continued)

##### (c) Determination of fair value

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

##### (d) Derivative financial instruments and hedge accounting

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

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

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

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

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

- (1) There is an economic relationship between the hedged item and the hedging instrument, which share a risk and that gives rise to opposite changes in fair value that tend to offset each other.
- (2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

##### – Cash flow hedges

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

- The cumulative gain or loss on the hedging instrument from inception of the hedge;
- The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (11) Financial Instruments (Continued)

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

###### – Cash flow hedges (Continued)

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

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

###### – Fair value hedges

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

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

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

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

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(13) Long-term deferred expenses**

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

**(14) Employee benefits**

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

**(a) Short-term compensation**

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

**(b) Post-employment benefits**

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

**Basic pension insurance**

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

**(c) Termination benefits**

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

**(15) Income tax**

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

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

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

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

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

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

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

**3 SIGNIFICANT ACCOUNTING POLICIES (Continued)**
**(15) Income tax (Continued)**

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

- the same taxable entity; or;
- different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

**(16) Provisions**

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

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

Loss-making contracts exist when the costs of performing contractual obligations inevitably exceed the expected economic benefits in the contracts entered into by the Group. The projected liability for loss-making contracts is calculated at the present value of the lesser of the expected cost of termination and the net cost of continuing to perform the contract. The cost of performing a contract includes the allocation of incremental costs for the performance of the contract and other costs directly related to the performance of the contract.

**(17) Specific reserve**

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

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

**(18) Revenue recognition**

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

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

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

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

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

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

### 3 SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (18) Revenue recognition (Continued)

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

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

#### (19) Government grants

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

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

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

#### (20) Borrowing costs

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

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

#### (21) Repairs and maintenance expenses

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

#### (22) Environmental expenditures

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

#### (23) Research and development costs

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

#### (24) Dividends

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

#### (25) Related parties

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

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

#### (26) Segment reporting

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

- engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

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

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 4 TAXATION

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

Tax rates of products are presented as below:

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

## 5 CASH AT BANK AND ON HAND

### The Group

	At 30 June 2025			At 31 December 2024		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Cash on hand						
Renminbi			1			1
Cash at bank						
Renminbi			63,551			50,313
US Dollar	1,723	7.1586	12,338	3,490	7.1884	25,087
Hong Kong Dollar	4,649	0.9120	4,240	4,343	0.9260	4,021
EUR	1	8.4024	5	1	7.5257	4
Others			1,647			940
			<b>81,782</b>			<b>80,366</b>
Deposits at related parties						
Renminbi			14,960			8,390
US Dollar	9,217	7.1586	65,979	7,987	7.1884	57,416
EUR	39	8.4024	330	29	7.5257	222
Others			451			405
			<b>81,720</b>			<b>66,433</b>
<b>Total</b>			<b>163,502</b>			<b>146,799</b>

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

At 30 June 2025, time deposits with maturities over three months in financial institutions of the Group amounted to RMB54,617 million (31 December 2024: RMB54,285 million), security deposit and other restricted deposits totally amounted to RMB1,171 million (31 December 2024: RMB1,219 million), which was not reported as cash and cash equivalents.

**6 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES**

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and hedge accounting. See Note 65(c) for commodity price risk.

	30 June 2025 RMB Million		31 December 2024 RMB Million	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Commodity derivatives	2,217	6,041	2,538	3,381
Financial derivatives	107	6	16	31
	<b>2,324</b>	<b>6,047</b>	<b>2,554</b>	<b>3,412</b>

**7 ACCOUNTS RECEIVABLE**

	The Group		The Company	
	At 30 June 2025 RMB million	At 31 December 2024 RMB million	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Accounts receivable	68,742	48,515	20,410	22,337
Less: Allowance for doubtful accounts	4,023	4,182	89	98
<b>Total</b>	<b>64,719</b>	<b>44,333</b>	<b>20,321</b>	<b>22,239</b>

Ageing analysis on accounts receivable is as follows:

	The Group				At 31 December 2024			
	At 30 June 2025		Percentage of allowance to other receivables balance		At 31 December 2024		Percentage of allowance to other receivables balance	
	Amount million	Percentage to total other receivables %	Allowance million	%	Amount million	Percentage to total other receivables %	Allowance million	%
Within one year	64,154	93.3	54	0.1	43,813	90.3	114	0.3
Between one and two years	478	0.7	80	16.7	466	1.0	62	13.3
Between two and three years	105	0.2	41	39.0	154	0.3	57	37.0
Over three years	4,005	5.8	3,848	96.1	4,082	8.4	3,949	96.7
<b>Total</b>	<b>68,742</b>	<b>100.0</b>	<b>4,023</b>		<b>48,515</b>	<b>100.0</b>	<b>4,182</b>	

	The Company				At 31 December 2024			
	At 30 June 2025		Percentage of allowance to other receivables balance		At 31 December 2024		Percentage of allowance to other receivables balance	
	Amount million	Percentage to total other receivables %	Allowance million	%	Amount million	Percentage to total other receivables %	Allowance million	%
Within one year	19,542	95.8	4	–	21,389	95.8	11	0.1
Between one and two years	609	3.0	1	0.2	691	3.1	2	0.3
Between two and three years	5	–	–	–	33	0.1	6	18.2
Over three years	254	1.2	84	33.1	224	1.0	79	35.3
<b>Total</b>	<b>20,410</b>	<b>100.0</b>	<b>89</b>		<b>22,337</b>	<b>100.0</b>	<b>98</b>	

At 30 June 2025 and 31 December 2024, the total amounts of the top five accounts receivable of the Group are set out below:

	At 30 June 2025	At 31 December 2024
Total amount (RMB million)	14,863	8,304
Percentage to the total balance of accounts receivable	21.6%	17.1%
Allowance for doubtful accounts	2,121	2,238

At 30 June 2025, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB15,731 million (31 December 2024: RMB13,527 million).

**7 ACCOUNTS RECEIVABLE (Continued)**

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

These receivables relate to a wide range of customers for whom there is no recent history of default. Information about the impairment of accounts receivable and the Group exposure to credit risk can be found in Note 65.

During for the six-month periods ended 30 June 2025 and 2024, the Group and the Company had no individually significant accounts receivable been fully or substantially provided allowance for doubtful accounts.

During for the six-month periods ended 30 June 2025 and 2024, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

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

30 June 2025	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount	Carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
	RMB million	RMB million	RMB million		RMB million	RMB million
Current and within 1 year past due	64,154	10,732	4	0.1%	50	54
1 to 2 years past due	478	330	32	32.4%	48	80
2 to 3 years past due	105	56	–	83.7%	41	41
Over 3 years past due	4,005	3,571	3,414	100.0%	434	3,848
<b>Total</b>	<b>68,742</b>	<b>14,689</b>	<b>3,450</b>		<b>573</b>	<b>4,023</b>

31 December 2024	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount	Carrying amount	Impairment provision on individual basis	Weighted-average loss rate	Impairment provision	Loss allowance
	RMB million	RMB million	RMB million		RMB million	RMB million
Current and within 1 year past due	43,813	6,048	4	0.3%	110	114
1 to 2 years past due	466	366	32	30.0%	30	62
2 to 3 years past due	154	53	1	55.4%	56	57
Over 3 years past due	4,082	3,670	3,537	100.0%	412	3,949
<b>Total</b>	<b>48,515</b>	<b>10,137</b>	<b>3,574</b>		<b>608</b>	<b>4,182</b>

**8 RECEIVABLES FINANCING**

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

At 30 June 2025, the Group considers that its bills of acceptance issued by banks do not pose a significant credit risk and will not cause any significant loss due to the default of drawers.

At 30 June 2025, the Group's derecognised but outstanding bills due to endorsement or discount amounted to RMB53,318 million (31 December 2024: RMB71,762 million).

**9 PREPAYMENTS**

	The Group		The Company	
	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024
	RMB million	RMB million	RMB million	RMB million
Prepayments	7,404	6,497	3,083	2,431
Less: Allowance for doubtful accounts	75	68	8	8
<b>Total</b>	<b>7,329</b>	<b>6,429</b>	<b>3,075</b>	<b>2,423</b>

Ageing analysis of prepayments is as follows:

	The Group				The Company			
	At 30 June 2025		At 31 December 2024		At 30 June 2025		At 31 December 2024	
	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	6,952	93.9	–	–	6,032	92.8	–	–
Between one and two years	195	2.6	9	4.6	170	2.6	6	3.5
Between two and three years	109	1.5	1	0.9	174	2.7	3	1.7
Over three years	148	2.0	65	43.9	121	1.9	59	48.8
<b>Total</b>	<b>7,404</b>	<b>100.0</b>	<b>75</b>		<b>6,497</b>	<b>100.0</b>	<b>68</b>	

	The Company				The Company			
	At 30 June 2025		At 31 December 2024		At 30 June 2025		At 31 December 2024	
	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	3,000	97.3	–	–	2,300	94.6	–	–
Between one and two years	75	2.4	1	1.3	122	5.0	1	0.8
Between two and three years	1	0.1	–	–	1	0.1	–	–
Over three years	7	0.2	7	100.0	8	0.3	7	87.5
<b>Total</b>	<b>3,083</b>	<b>100.0</b>	<b>8</b>		<b>2,431</b>	<b>100.0</b>	<b>8</b>	

At 30 June 2025 and 31 December 2024, the total amounts of the top five prepayments of the Group are set out below:

	At 30 June 2025	At 31 December 2024
Total amount (RMB million)	1,560	1,715
Percentage to the total balance of prepayments	21.1%	26.4%

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 10 OTHER RECEIVABLES

	The Group		The Company	
	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024
	RMB million	RMB million	RMB million	RMB million
Other receivables	39,710	33,712	67,689	50,533
Less: Allowance for doubtful accounts	1,587	1,589	887	879
<b>Total</b>	<b>38,123</b>	<b>32,123</b>	<b>66,802</b>	<b>49,654</b>

Other receivables mainly include security deposits and deposits.

Ageing analysis of other receivables is as follows:

	The Group				The Company			
	At 30 June 2025		At 31 December 2024		At 30 June 2025		At 31 December 2024	
	Amount	Percentage to total other receivables	Amount	Percentage of allowance to other receivables balance	Amount	Percentage to total other receivables	Amount	Percentage of allowance to other receivables balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	24,328	61.3	5	–	21,101	62.7	6	–
Between one and two years	5,168	13.0	40	0.8	2,409	7.1	30	1.2
Between two and three years	127	0.3	24	18.9	106	0.3	22	20.8
Over three years	10,087	25.4	1,518	15.0	10,096	29.9	1,531	15.2
<b>Total</b>	<b>39,710</b>	<b>100.0</b>	<b>1,587</b>		<b>33,712</b>	<b>100.0</b>	<b>1,589</b>	

	The Company				The Company			
	At 30 June 2025		At 31 December 2024		At 30 June 2025		At 31 December 2024	
	Amount	Percentage to total other receivables	Amount	Percentage of allowance to other receivables balance	Amount	Percentage to total other receivables	Amount	Percentage of allowance to other receivables balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	60,384	89.3	–	–	43,241	85.6	–	–
Between one and two years	1,982	2.9	11	0.6	2,215	4.4	2	0.1
Between two and three years	1,991	2.9	4	0.2	1,560	3.0	5	0.3
Over three years	3,332	4.9	872	26.2	3,517	7.0	872	24.8
<b>Total</b>	<b>67,689</b>	<b>100.0</b>	<b>887</b>		<b>50,533</b>	<b>100.0</b>	<b>879</b>	

At 30 June 2025 and at 31 December 2024, the total amounts of the top five other receivables of the Group are set out below:

	At 30 June 2025	At 31 December 2024
Total amount (RMB million)	24,983	22,121
Ageing	Within one year, between one and two years, between two and three years and over three years	Within one year, between one and two years, between two and three years and over three years
Percentage to the total balance of other receivables	62.9%	65.6%
Allowance for doubtful accounts	72	72

During the six-month periods ended 30 June 2025 and 2024, the Group and the Company had no individually significant other receivables been fully or substantially provided allowance for doubtful accounts.

During the six-month periods ended 30 June 2025 and 2024, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 11 INVENTORIES

### The Group

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Raw materials	135,049	134,970
Work in progress	19,329	20,282
Finished goods	103,060	103,249
Spare parts and consumables	4,060	3,359
	<b>261,498</b>	<b>261,860</b>
Less: Provision for diminution in value of inventories	4,808	5,265
<b>Total</b>	<b>256,690</b>	<b>256,595</b>

During the six-month period ended 30 June 2025, the provision for diminution in value of inventories of the Group was primarily due to the costs of finished products and raw materials were higher than net realisable value.

## 12 LONG-TERM EQUITY INVESTMENTS

### The Group

	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2025	82,747	168,016	(3,944)	246,819
Additions for the period	2,811	424	–	3,235
Share of profits less losses under the equity method	(1,402)	6,248	–	4,846
Change of other comprehensive income under the equity method	1,864	2,424	–	4,288
Other equity movements under the equity method	17	51	–	68
Dividends declared	(1,185)	(2,118)	–	(3,303)
Disposals for the period	–	(134)	–	(134)
Foreign currency translation differences	(184)	(118)	13	(289)
Other movements	–	–	10	10
<b>Balance at 30 June 2025</b>	<b>84,668</b>	<b>174,793</b>	<b>(3,921)</b>	<b>255,540</b>

### The Company

	Investments in subsidiaries RMB million	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2025	344,615	23,832	80,046	(7,928)	440,565
Additions for the period	7,087	1,786	16	–	8,889
Share of profits less losses under the equity method	–	(1,243)	2,392	–	1,149
Change of other comprehensive income under the equity method	–	2	(210)	–	(208)
Other equity movements under the equity method	–	6	(23)	–	(17)
Dividends declared	–	(324)	(643)	–	(967)
Disposals for the period	(2)	–	(31)	–	(33)
Provision for impairment losses	–	–	–	9	9
<b>Balance at 30 June 2025</b>	<b>351,700</b>	<b>24,059</b>	<b>81,547</b>	<b>(7,919)</b>	<b>449,387</b>

For the six-month period ended 30 June 2025, the Group and the Company had no individually significant long-term investment impairment.

Details of the Company's principal subsidiaries are set out in Note 61.

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 12 LONG-TERM EQUITY INVESTMENTS (Continued)

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

### (a) Principal joint ventures and associates

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

Joint ventures and associates above are limited companies.

Note:

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

### (b) Major financial information of principal joint ventures

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

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
<b>Current assets</b>										
cash and cash equivalents	3,481	3,704	2,496	1,553	537	933	2,438	538	1,518	1,025
Other current assets	9,577	10,676	3,883	5,648	12,078	6,811	2,261	4,462	3,128	2,253
<b>Total current assets</b>	<b>13,058</b>	<b>14,380</b>	<b>6,379</b>	<b>7,201</b>	<b>12,615</b>	<b>7,744</b>	<b>4,699</b>	<b>5,000</b>	<b>4,646</b>	<b>3,278</b>
<b>Non-current assets</b>	<b>11,843</b>	<b>11,873</b>	<b>8,202</b>	<b>8,206</b>	<b>11,140</b>	<b>9,726</b>	<b>15,518</b>	<b>16,087</b>	<b>26,959</b>	<b>26,928</b>
<b>Current liabilities</b>										
Current financial liabilities	(35)	(907)	(5)	(6)	(64)	(51)	(3,612)	(5,088)	(480)	(1,681)
Other current liabilities	(10,142)	(12,064)	(1,867)	(1,743)	(831)	(718)	(2,370)	(2,168)	(7,567)	(2,298)
<b>Total current liabilities</b>	<b>(10,177)</b>	<b>(12,971)</b>	<b>(1,872)</b>	<b>(1,749)</b>	<b>(895)</b>	<b>(769)</b>	<b>(5,982)</b>	<b>(7,256)</b>	<b>(8,047)</b>	<b>(3,979)</b>
<b>Non-current liabilities</b>										
Non-current financial liabilities	(6,707)	(4,781)	-	-	(123)	(118)	(5,558)	(4,060)	(4,280)	(6,424)
Other non-current liabilities	(233)	(239)	(65)	(137)	(1,391)	(1,054)	(549)	(568)	(878)	(896)
<b>Total non-current liabilities</b>	<b>(6,940)</b>	<b>(5,020)</b>	<b>(65)</b>	<b>(137)</b>	<b>(1,514)</b>	<b>(1,172)</b>	<b>(6,107)</b>	<b>(4,628)</b>	<b>(5,158)</b>	<b>(7,320)</b>
<b>Net assets</b>	<b>7,784</b>	<b>8,262</b>	<b>12,644</b>	<b>13,521</b>	<b>21,346</b>	<b>15,529</b>	<b>8,128</b>	<b>9,203</b>	<b>18,400</b>	<b>18,907</b>
Net assets attributable to shareholders of the Company	7,784	8,262	12,644	13,521	20,757	15,105	8,128	9,203	18,400	18,907
Net assets attributable to non-controlling interests	-	-	-	-	589	424	-	-	-	-
Share of net assets from joint ventures	3,892	4,131	5,058	5,408	10,171	7,401	4,064	4,602	9,200	9,454
<b>Carrying amounts</b>	<b>3,892</b>	<b>4,131</b>	<b>5,058</b>	<b>5,408</b>	<b>10,171</b>	<b>7,401</b>	<b>4,064</b>	<b>4,602</b>	<b>9,200</b>	<b>9,454</b>

**12 LONG-TERM EQUITY INVESTMENTS (Continued)**
**(b) Major financial information of principal joint ventures (Continued)**
**Summarised income statement**

Six-month period ended 30 June	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	26,900	28,351	7,462	10,063	7,229	8,606	9,942	11,789	10,125	10,641
Interest income	73	80	18	16	1,054	351	14	36	11	12
Interest expense	(166)	(156)	–	(1)	(106)	(24)	(81)	(83)	(108)	(99)
(Loss)/profit before taxation	(642)	(680)	(823)	185	1,920	1,246	(1,074)	(681)	(676)	(497)
Tax expense	164	174	206	(47)	(336)	(260)	(1)	3	169	123
(Loss)/profit for the period	(478)	(506)	(617)	138	1,584	986	(1,075)	(678)	(507)	(374)
Other comprehensive income	–	–	–	–	4,233	1,034	–	–	–	–
<b>Total comprehensive income</b>	<b>(478)</b>	<b>(506)</b>	<b>(617)</b>	<b>138</b>	<b>5,817</b>	<b>2,020</b>	<b>(1,075)</b>	<b>(678)</b>	<b>(507)</b>	<b>(374)</b>
Dividends from joint ventures	–	–	104	–	–	–	–	–	–	–
Share of net (loss)/profit from joint ventures	(239)	(253)	(246)	55	755	470	(538)	(339)	(254)	(187)
Share of other comprehensive income from joint ventures	–	–	–	–	2,015	494	–	–	–	–

The share of profit and other comprehensive income for the six-month period ended 30 June 2025 in all individually immaterial joint ventures accounted for using equity method in aggregate was loss RMB880 million (six-month period ended 30 June 2024: RMB192 million) and loss RMB151 million (six-month period ended 30 June 2024: RMB384 million) respectively. As at 30 June 2025, the carrying amount of all individually immaterial joint ventures accounted for using equity method in aggregate was RMB49,192 million (31 December 2024: RMB48,650 million).

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

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

	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31	At 30	At 31
	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024	June 2025	December 2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	75,802	70,803	139,336	132,724	18,184	17,592	3,529	2,713	25,645	21,747
Non-current assets	859,154	857,411	75,800	71,744	1,141	513	44,986	46,377	15,925	15,847
Current liabilities	(96,440)	(111,879)	(179,287)	(168,058)	(96)	(172)	(4,165)	(6,499)	(17,487)	(14,213)
Non-current liabilities	(222,394)	(218,629)	(884)	(1,004)	(3,652)	(2,659)	(14,413)	(14,086)	(1,946)	(1,543)
<b>Net assets</b>	<b>616,122</b>	<b>597,706</b>	<b>34,965</b>	<b>35,406</b>	<b>15,577</b>	<b>15,274</b>	<b>29,937</b>	<b>28,505</b>	<b>22,137</b>	<b>21,838</b>
Net assets attributable to shareholders of the Company	565,077	548,484	34,965	35,406	15,577	15,274	29,937	28,505	19,399	19,290
Net assets attributable to non-controlling interests	51,045	49,222	–	–	–	–	–	–	2,738	2,548
Share of net assets from associates	79,111	76,788	17,133	17,349	7,633	7,484	11,601	11,045	5,626	5,594
<b>Carrying amounts</b>	<b>79,111</b>	<b>76,788</b>	<b>17,133</b>	<b>17,349</b>	<b>7,633</b>	<b>7,484</b>	<b>11,601</b>	<b>11,045</b>	<b>5,626</b>	<b>5,594</b>

**Summarised income statement**

Six-month period ended 30 June	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	60,141	60,708	2,548	3,015	2	2	7,946	8,469	86,184	95,285
Profit for the period	18,535	18,979	1,117	1,171	373	223	1,262	1,319	1,468	1,228
Other comprehensive income	–	–	(358)	(19)	(70)	–	–	–	–	–
<b>Total comprehensive income</b>	<b>18,535</b>	<b>18,979</b>	<b>759</b>	<b>1,152</b>	<b>303</b>	<b>223</b>	<b>1,262</b>	<b>1,319</b>	<b>1,468</b>	<b>1,228</b>
Dividends declared by associates	–	–	588	490	–	174	–	–	377	–
Share of net profit from associates	2,348	2,404	547	574	183	109	489	511	371	322
Share of other comprehensive income from associates	–	–	(175)	(9)	(34)	–	–	–	–	–

The share of net profit and other comprehensive loss of the Group for the six-month period ended 30 June 2025 in all individually immaterial associates accounted for using equity method in aggregate was RMB2,310 million (six-month period ended 30 June 2024: RMB2,874 million) and RMB2,633 million (six-month period ended 30 June 2024: RMB354 million) respectively. As at 30 June 2025, the carrying amount of all individually immaterial associates accounted for using equity method in aggregate was RMB52,859 million (31 December 2024: RMB48,913 million).

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 13 OTHER EQUITY INSTRUMENT INVESTMENTS

As of 30 June 2025, the other equity instrument investments held by the Group primarily consisted of an equity investment in Contemporary Amperex Technology Co., Ltd. (CATL), with a carrying amount of RMB4,424 million.

## 14 FIXED ASSETS

### The Group

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Fixed assets (a)	716,725	717,083
Fixed assets pending for disposal	147	22
<b>Total</b>	<b>716,872</b>	<b>717,105</b>

### (a) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
<b>Cost:</b>				
Balance at 1 January 2025	167,795	947,575	1,217,090	2,332,460
Additions for the period	39	894	724	1,657
Transferred from construction in progress	1,525	19,438	25,503	46,466
Reclassifications	906	(2)	(904)	–
Decreases for the period	(366)	(6)	(4,095)	(4,467)
Exchange adjustments	(28)	(193)	(35)	(256)
<b>Balance at 30 June 2025</b>	<b>169,871</b>	<b>967,706</b>	<b>1,238,283</b>	<b>2,375,860</b>
<b>Less: Accumulated depreciation:</b>				
Balance at 1 January 2025	77,380	709,816	728,293	1,515,489
Additions for the period	2,731	17,368	27,685	47,784
Reclassifications	184	(1)	(183)	–
Decreases for the period	(246)	(4)	(3,001)	(3,251)
Exchange adjustments	(18)	(176)	(23)	(217)
<b>Balance at 30 June 2025</b>	<b>80,031</b>	<b>727,003</b>	<b>752,771</b>	<b>1,559,805</b>
<b>Less: Provision for impairment losses:</b>				
Balance at 1 January 2025	4,794	53,568	41,526	99,888
Decreases for the period	(6)	–	(540)	(546)
Exchange adjustments	–	(12)	–	(12)
<b>Balance at 30 June 2025</b>	<b>4,788</b>	<b>53,556</b>	<b>40,986</b>	<b>99,330</b>
<b>Net book value:</b>				
<b>Balance at 30 June 2025</b>	<b>85,052</b>	<b>187,147</b>	<b>444,526</b>	<b>716,725</b>
<b>Balance at 31 December 2024</b>	<b>85,621</b>	<b>184,191</b>	<b>447,271</b>	<b>717,083</b>

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 14 FIXED ASSETS (Continued)

### The Company

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Fixed assets (b)	304,666	310,796
Fixed assets pending for disposal	76	18
<b>Total</b>	<b>304,742</b>	<b>310,814</b>

### (b) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
<b>Cost:</b>				
Balance at 1 January 2025	50,799	757,370	502,855	1,311,024
Additions for the period	–	704	196	900
Transferred from construction in progress	151	14,319	8,805	23,275
Reclassifications	(68)	(1)	69	–
Transferred from subsidiaries	–	–	1	1
Transferred to subsidiaries	(1,143)	(188)	(20,665)	(21,996)
Decreases for the period	(165)	(3)	(1,153)	(1,321)
<b>Balance at 30 June 2025</b>	<b>49,574</b>	<b>772,201</b>	<b>490,108</b>	<b>1,311,883</b>
<b>Less: Accumulated depreciation:</b>				
Balance at 1 January 2025	28,862	569,372	333,444	931,678
Additions for the period	722	13,224	9,801	23,747
Reclassifications	35	(1)	(34)	–
Transferred from subsidiaries	–	–	1	1
Transferred to subsidiaries	(817)	–	(12,249)	(13,066)
Decreases for the period	(142)	(2)	(991)	(1,135)
<b>Balance at 30 June 2025</b>	<b>28,660</b>	<b>582,593</b>	<b>329,972</b>	<b>941,225</b>
<b>Less: Provision for impairment losses:</b>				
Balance at 1 January 2025	2,252	45,844	20,454	68,550
Transferred to subsidiaries	(111)	–	(2,433)	(2,544)
Decreases for the period	(5)	–	(9)	(14)
<b>Balance at 30 June 2025</b>	<b>2,136</b>	<b>45,844</b>	<b>18,012</b>	<b>65,992</b>
<b>Net book value:</b>				
<b>Balance at 30 June 2025</b>	<b>18,778</b>	<b>143,764</b>	<b>142,124</b>	<b>304,666</b>
<b>Balance at 31 December 2024</b>	<b>19,685</b>	<b>142,154</b>	<b>148,957</b>	<b>310,796</b>

The additions to oil and gas properties of the Group and the Company for the six-month period ended 30 June 2025 included RMB879 million (six-month period ended 30 June 2024: RMB1,090 million) (Note 35) and RMB704 million (six-month period ended 30 June 2024: RMB799 million), respectively of the estimated dismantlement costs for site restoration.

At 30 June 2025 and 31 December 2024, the Group and the Company had no individually significant fixed assets which were temporarily idle or pending for disposal, or individually significant fully depreciated fixed assets which were still in use.

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 15 CONSTRUCTION IN PROGRESS

	The Group RMB million	The Company RMB million
<b>Cost:</b>		
Balance at 1 January 2025	211,605	85,561
Additions for the period	40,538	24,208
Disposals for the year	(1,229)	(1,229)
Dry hole costs written off	(4,571)	(3,944)
Transferred to fixed assets	(46,466)	(23,275)
Reclassification to other assets	(2,652)	(1,025)
Exchange adjustments	(10)	–
<b>Balance at 30 June 2025</b>	<b>197,215</b>	<b>80,296</b>
<b>Less: Provision for impairment losses:</b>		
Balance at 1 January 2025	2,858	395
Decreases for the period	(6)	–
Exchange adjustments	(6)	–
<b>Balance at 30 June 2025</b>	<b>2,846</b>	<b>395</b>
<b>Net book value:</b>		
<b>Balance at 30 June 2025</b>	<b>194,369</b>	<b>79,901</b>
<b>Balance at 31 December 2024</b>	<b>208,747</b>	<b>85,166</b>

At 30 June 2025, major construction projects of the Group are as follows:

Project name	Budgeted amount RMB million	Balance at 1 January 2025 RMB million	Net change for the period RMB million	Balance at 30 June 2025 RMB million	Percentage of project investment to budgeted amount	Source of funding	Accumulated interest capitalised at 30 June 2025 RMB million
Zhenhai Refining and Chemical Refining and High-end Synthetic New Material Project	42,189	30,228	(6,396)	23,832	80.51%	Bank loans & self-financing	647
Maoming Refinery Upgrading and Transformation Project and Ethylene Quality Improvement Renovation Project	30,074	5,960	2,768	8,728	18.06%	Bank loans & self-financing	44

## 16 RIGHT-OF-USE ASSETS

### The Group

	Land RMB million	Others RMB million	Total RMB million
<b>Cost:</b>			
Balance at 1 January 2025	165,909	60,862	226,771
Additions for the period	24,914	5,214	30,128
Decreases for the period	(15,919)	(2,187)	(18,106)
<b>Balance at 30 June 2025</b>	<b>174,904</b>	<b>63,889</b>	<b>238,793</b>
<b>Less: Accumulated depreciation:</b>			
Balance at 1 January 2025	32,221	30,208	62,429
Additions for the period	3,495	4,966	8,461
Decreases for the period	(602)	(1,789)	(2,391)
<b>Balance at 30 June 2025</b>	<b>35,114</b>	<b>33,385</b>	<b>68,499</b>
<b>Net book value:</b>			
<b>Balance at 30 June 2025</b>	<b>139,790</b>	<b>30,504</b>	<b>170,294</b>
<b>Balance at 31 December 2024</b>	<b>133,688</b>	<b>30,654</b>	<b>164,342</b>

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 16 RIGHT-OF-USE ASSETS (Continued)

### The Company

	Land RMB million	Others RMB million	Total RMB million
<b>Cost:</b>			
Balance at 1 January 2025	92,282	5,138	97,420
Additions for the period	13,795	1,812	15,607
Decreases for the period	(3,926)	(462)	(4,388)
<b>Balance at 30 June 2025</b>	<b>102,151</b>	<b>6,488</b>	<b>108,639</b>
<b>Less: Accumulated depreciation:</b>			
Balance at 1 January 2025	16,170	3,354	19,524
Additions for the period	1,745	892	2,637
Decreases for the period	(335)	(438)	(773)
<b>Balance at 30 June 2025</b>	<b>17,580</b>	<b>3,808</b>	<b>21,388</b>
<b>Net book value:</b>			
<b>Balance at 30 June 2025</b>	<b>84,571</b>	<b>2,680</b>	<b>87,251</b>
<b>Balance at 31 December 2024</b>	<b>76,112</b>	<b>1,784</b>	<b>77,896</b>

Depreciation of the right-of-use assets of the Group and Company charged for the six-month period ended 30 June 2025 are RMB8,423 million (during the six-month period ended 30 June 2024: RMB7,856 million) and RMB2,637 million respectively (during the six-month period ended 30 June 2024: RMB2,334 million).

## 17 INTANGIBLE ASSETS

### The Group

	Land use rights RMB million	Patents RMB million	Non-patent technology RMB million	Operation rights RMB million	Others RMB million	Total RMB million
<b>Cost:</b>						
Balance at 1 January 2025	129,819	5,098	5,897	53,871	26,009	220,694
Additions for the period	2,570	124	40	132	368	3,234
Decreases for the period	(366)	(98)	(5)	(197)	(1)	(667)
<b>Balance at 30 June 2025</b>	<b>132,023</b>	<b>5,124</b>	<b>5,932</b>	<b>53,806</b>	<b>26,376</b>	<b>223,261</b>
<b>Less: Accumulated amortisation:</b>						
Balance at 1 January 2025	38,087	4,006	4,121	29,384	5,980	81,578
Additions for the period	1,793	133	128	1,017	463	3,534
Decreases for the period	(75)	(57)	(5)	(124)	–	(261)
<b>Balance at 30 June 2025</b>	<b>39,805</b>	<b>4,082</b>	<b>4,244</b>	<b>30,277</b>	<b>6,443</b>	<b>84,851</b>
<b>Less: Provision for impairment losses:</b>						
Balance at 1 January 2025	258	326	123	409	17	1,133
Decreases for the period	(4)	–	–	(7)	–	(11)
<b>Balance at 30 June 2025</b>	<b>254</b>	<b>326</b>	<b>123</b>	<b>402</b>	<b>17</b>	<b>1,122</b>
<b>Net book value:</b>						
<b>Balance at 30 June 2025</b>	<b>91,964</b>	<b>716</b>	<b>1,565</b>	<b>23,127</b>	<b>19,916</b>	<b>137,288</b>
<b>Balance at 31 December 2024</b>	<b>91,474</b>	<b>766</b>	<b>1,653</b>	<b>24,078</b>	<b>20,012</b>	<b>137,983</b>

Amortisation of the intangible assets of the Group charged for the six-month period ended 30 June 2025 is RMB3,397 million (six-month period ended 30 June 2024: RMB3,357 million).

## 18 GOODWILL

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

Name of investees	Principal activities	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Sinopec Zhenhai Refining and Chemical Branch	Manufacturing of intermediate petrochemical products and petroleum products	4,043	4,043
Other units without individual significant goodwill		2,435	2,450
<b>Total</b>		<b>6,478</b>	<b>6,493</b>

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

## 19 LONG-TERM DEFERRED EXPENSES

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

## 20 DEFERRED TAX ASSETS AND LIABILITIES

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

	Deferred tax assets		Deferred tax liabilities	
	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024
	RMB million	RMB million	RMB million	RMB million
Receivables and inventories	3,898	4,294	(1)	(49)
Payables	2,927	2,649	–	–
Cash flow hedges	109	41	(641)	(667)
Fixed assets	17,203	17,529	(30,144)	(31,560)
Tax value of losses carried forward	10,094	12,256	–	–
Other equity instrument investments	140	139	(4)	(4)
Intangible assets	1,256	1,296	(93)	(93)
Lease liabilities and Right of use assets	42,837	40,876	(37,292)	(36,594)
Others	2,887	2,457	(1,200)	(1,117)
<b>Deferred tax assets/(liabilities)</b>	<b>81,351</b>	<b>81,537</b>	<b>(69,375)</b>	<b>(70,084)</b>

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

	At 30 June 2025	At 31 December 2024
	RMB million	RMB million
Deferred tax assets	62,709	62,760
Deferred tax liabilities	62,709	62,760

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

	At 30 June 2025	At 31 December 2024
	RMB million	RMB million
Deferred tax assets	18,642	18,777
Deferred tax liabilities	6,666	7,324

At 30 June 2025, certain subsidiaries of the Company did not recognise deferred tax of deductible loss carried forward of RMB30,450 million (at 31 December 2024: RMB28,197 million), of which RMB2,253 million (during the six-month period ended 30 June 2024: RMB1,983 million) was incurred for the six-month period ended 30 June 2025, because it was not probable that the related tax benefit will be realised. These deductible losses carried forward of RMB3,349 million, RMB5,310 million, RMB8,972 million, RMB5,496 million, RMB5,070 million and RMB2,253 million will expire in 2025, 2026, 2027, 2028, 2029, 2030 and after, respectively.

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

## 21 OTHER NON-CURRENT ASSETS

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

**22 DETAILS OF IMPAIRMENT LOSSES**

At 30 June 2025, impairment losses of the Group are analysed as follows:

	Note	Balance at 31 December 2024 RMB million	Provision for the period RMB million	Written back for the period RMB million	Written off for the period RMB million	Other increase/ (decrease) RMB million	Balance at 30 June 2025 RMB million
Allowance for doubtful accounts							
Included: Accounts receivable	7	4,182	49	(187)	(5)	(16)	4,023
Prepayments	9	68	1	(7)	–	13	75
Other receivables	10	1,589	18	(18)	(2)	–	1,587
Other non-current assets		904	–	–	–	(4)	900
<b>Total</b>		<b>6,743</b>	<b>68</b>	<b>(212)</b>	<b>(7)</b>	<b>(7)</b>	<b>6,585</b>
Inventories	11	5,265	2,319	(16)	(2,750)	(10)	4,808
Long-term equity investments	12	3,944	–	–	(10)	(13)	3,921
Fixed assets	14	99,888	–	–	(546)	(12)	99,330
Construction in progress	15	2,858	–	–	(5)	(7)	2,846
Intangible assets	17	1,133	–	–	(12)	1	1,122
Goodwill		7,861	–	–	–	–	7,861
Others		55	–	(8)	–	–	47
<b>Total</b>		<b>127,747</b>	<b>2,387</b>	<b>(236)</b>	<b>(3,330)</b>	<b>(48)</b>	<b>126,520</b>

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

**23 SHORT-TERM LOANS**

The Group's short-term loans represent:

	At 30 June 2025			At 31 December 2024		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
<b>Short-term bank loans</b>			<b>37,520</b>			<b>44,369</b>
– Renminbi loans			37,520			44,369
<b>Short-term loans from Sinopec Group</b>						
<b>Company and fellow subsidiaries</b>			<b>5,765</b>			<b>3,862</b>
– Renminbi loans			3,706			1,459
– US Dollar loans	276	7.1586	1,976	334	7.1884	2,403
– Pound loans	7	9.0430	65	–	9.0765	–
– Other loans	2	8.4024	18	–	7.5257	–
<b>Total</b>			<b>43,285</b>			<b>48,231</b>

At 30 June 2025, the Group's interest rates on short-term loans were from interest 1.00% to 5.11% (at 31 December 2024: from interest 1.45% to 5.42%) per annum. The majority of the above loans are by credit.

At 30 June 2025 and 31 December 2024, the Group had no significant overdue short-term loans.

**24 BILLS PAYABLE**

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

At 30 June 2025 and 31 December 2024 the Group had no overdue unpaid bills.

**25 ACCOUNTS PAYABLE**

At 30 June 2025 and 31 December 2024, the Group had no individually significant accounts payable aged over one year.

**26 CONTRACT LIABILITIES**

As at 30 June 2025 and 31 December 2024, the Group's contract liabilities primarily represent advances from customers. Related performance obligations are satisfied and revenue is recognised within one year.

**27 EMPLOYEE BENEFITS PAYABLE**
**(1) Employee benefits payable:**

	At 31 December 2024 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	At 30 June 2025 RMB million
Short-term employee benefits	14,113	44,855	(38,814)	20,154
Post-employment benefits – defined contribution plans	47	7,553	(7,547)	53
Termination benefits	7	80	(80)	7
	<b>14,167</b>	<b>52,488</b>	<b>(46,441)</b>	<b>20,214</b>

**(2) Short-term employee benefits**

	At 31 December 2024 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	At 30 June 2025 RMB million
Salaries, bonuses, allowances	11,874	32,124	(26,040)	17,958
Staff welfare	1,621	3,426	(3,424)	1,623
Social insurance	328	3,642	(3,573)	397
Included: Medical insurance	325	3,285	(3,216)	394
Work-related injury insurance	2	293	(293)	2
Maternity insurance	1	64	(64)	1
Housing fund	36	3,841	(3,838)	39
Labour union fee, staff and workers' education fee	225	811	(930)	106
Other short-term employee benefits	29	1,011	(1,009)	31
	<b>14,113</b>	<b>44,855</b>	<b>(38,814)</b>	<b>20,154</b>

**(3) Post-employment benefits – defined contribution plans**

	At 31 December 2024 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	At 30 June 2025 RMB million
Basic pension insurance	39	5,047	(5,044)	42
Unemployment insurance	1	194	(194)	1
Annuity	7	2,312	(2,309)	10
	<b>47</b>	<b>7,553</b>	<b>(7,547)</b>	<b>53</b>

**28 TAXES PAYABLE**
**The Group**

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Value-added tax payable	2,735	2,535
Consumption tax payable	17,169	18,860
Income tax payable	1,270	1,706
Levy for mineral rights concessions	5,508	7,114
Other taxes	6,453	8,282
<b>Total</b>	<b>33,135</b>	<b>38,497</b>

**29 OTHER PAYABLES**

At 30 June 2025 and 31 December 2024, other payables of the Group over one year primarily represented payables for constructions.

**30 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR**

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

	At 30 June 2025			At 31 December 2024		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
<b>Long-term bank loans</b>						
– Renminbi loans			63,345			43,246
– US Dollar loans	–	7.1586	1	–	7.1884	–
<b>Long-term loans from Sinopec Group Company and fellow subsidiaries</b>						
– Renminbi loans			5,003			822
<b>Long-term loans due within one year</b>			<b>68,349</b>			<b>44,068</b>
<b>Debentures payable due within one year</b>						
– Renminbi debentures			587			165
<b>Lease liabilities due within one year</b>			<b>19,273</b>			<b>17,831</b>
<b>Others</b>			<b>1,902</b>			<b>2,538</b>
<b>Non-current liabilities due within one year</b>			<b>90,111</b>			<b>64,602</b>

At 30 June 2025 and 31 December 2024, the Group had no significant overdue long-term loans.

**31 OTHER CURRENT LIABILITIES**

As at 30 June 2025, other current liabilities mainly represent RMB15,019 million (31 December 2024: RMB0 million) loans to short-term bonds payable, RMB12,088 million (31 December 2024: RMB13,351 million) output VAT to be transferred.

**32 LONG-TERM LOANS**

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

	Interest rate and final maturity	At 30 June 2025			At 31 December 2024		
		Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
<b>Long-term bank loans</b>							
– Renminbi loans	Interest rates ranging from interest 1.08% to 3.90% per annum at 30 June 2025 (2024: 1.08% to 3.90%) with maturities through 2040			208,969			204,840
– US Dollar loans	Interest rates at 0.00% per annum at 30 June 2025 (2024: 0.00%) with maturities through 2031	6	7.1586	45	6	7.1884	46
Less: Portion due within one year (note 30)				(63,346)			(43,246)
<b>Long-term bank loans</b>				<b>145,668</b>			<b>161,640</b>
<b>Long-term loans from Sinopec Group Company and fellow subsidiaries</b>							
– Renminbi loans	Interest rates ranging from interest 2.10% to 3.95% per annum at 30 June 2025 (2024: 2.20% to 4.50%) with maturities through 2040			24,492			24,116
Less: Portion due within one year (note 30)				(5,003)			(822)
<b>Long-term loans from Sinopec Group Company and fellow subsidiaries</b>				<b>19,489</b>			<b>23,294</b>
<b>Total</b>				<b>165,157</b>			<b>184,934</b>

**32 LONG-TERM LOANS (Continued)**

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

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Between one and two years	42,464	81,436
Between two and five years	80,587	67,514
After five years	42,106	35,984
<b>Total</b>	<b>165,157</b>	<b>184,934</b>

Long-term loans are carried at amortised costs.

**33 DEBENTURES PAYABLE**
**The Group**

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Debentures payable:		
– Corporate Bonds (i)	58,151	25,727
Less: Portion with one year (note 30)	587	165
<b>Total</b>	<b>57,564</b>	<b>25,562</b>

Note:

- (i) These corporate bonds are carried at amortised cost. At 30 June 2025, USD denominated corporate bonds were equivalent to RMB3,593 million, and RMB denominated corporate bonds were RMB54,558 million (31 December 2024: USD denominated corporate bonds of RMB3,607 million, and RMB denominated corporate bonds of RMB22,120 million).

**34 LEASE LIABILITIES**
**The Group**

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Lease liabilities	179,909	172,735
Less: Portion of lease liabilities due within one year (note 30)	19,273	17,831
<b>Total</b>	<b>160,636</b>	<b>154,904</b>

**35 PROVISIONS**

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

	The Group RMB million
Balance at 1 January 2025	46,528
Provision for the period	879
Accretion expenses	378
Decrease for the period	(310)
Exchange adjustments	(11)
<b>Balance at 30 June 2025</b>	<b>47,464</b>

**36 OTHER NON-CURRENT LIABILITIES**

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

**37 SHARE CAPITAL**
**The Group**

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
<b>Registered, issued and fully paid:</b>		
97,232,263,098 listed A shares (31 December 2024: 97,232,263,098) of RMB1.00 each	97,233	97,233
24,012,974,600 listed H shares (31 December 2024: 24,049,292,600) of RMB1.00 each	24,012	24,049
<b>Total</b>	<b>121,245</b>	<b>121,282</b>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**37 SHARE CAPITAL (Continued)**
**The Group (Continued)**

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

During the year ended 31 December 2024, the Company repurchased 130,146,195 listed A shares and 328,126,000 listed H shares respectively at a price of RMB6.16 per share to RMB6.43 per share for the repurchase of listed A shares, with a total amount of RMB816,001,427.20, and a price of HKD4.09 per share to HKD4.89 per share for the repurchase of listed H shares, with a total amount of HKD1,436,267,366.40. The 130,146,195 listed A shares and 327,988,000 listed H shares repurchased from 26 March to 18 December 2024 had been canceled, while the 138,000 listed H shares repurchased on 30 December 2024 had not been canceled in the year ended 31 December 2024.

During the period ended 30 June 2025, the Company has repurchased 36,180,000 listed H shares at prices of HKD4.09 per share to HKD4.17 per share, with a total amount of HKD149,221,546, which had been cancelled in the six-month period ended 30 June 2025 together the 138,000 listed H shares repurchased on 30 December 2024.

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

**Capital management**

Management optimises the structure of the Group's capital, which comprises of equity and debts and bonds. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2025, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 21.2% (31 December 2024: 20.4%) and 54.1% (31 December 2024: 53.2%), respectively.

The schedule of the contractual maturities of loans, debentures payable and commitments are disclosed in Notes 32, 33 and 62, respectively.

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

### 38 CAPITAL RESERVE

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

	RMB million
Balance at 1 January 2025	125,368
Cancellation of treasury shares	(102)
Transactions with minority shareholders	(28)
Other equity movements under the equity method	60
Others	127
<b>Balance at 30 June 2025</b>	<b>125,425</b>

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

### 39 OTHER COMPREHENSIVE INCOME

#### The Group

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

	Six-month period ended 30 June 2025		
	Before-tax amount RMB million	Tax effect RMB million	Net-of-tax amount RMB million
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the period	101	(133)	(32)
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	1,382	(239)	1,143
<b>Subtotal</b>	<b>(1,281)</b>	<b>106</b>	<b>(1,175)</b>
Changes in fair value of other equity instrument investments	862	1	863
Other comprehensive loss that can be reclassified to profit or loss under the equity method	4,288	–	4,288
Foreign currency translation differences	(866)	–	(866)
<b>Other comprehensive income</b>	<b>3,003</b>	<b>107</b>	<b>3,110</b>

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

**39 OTHER COMPREHENSIVE INCOME (Continued)**
**The Group (Continued)**
**(b) The change of each item in other comprehensive income**

	Equity attributable to shareholders of the company						Total other comprehensive income
	Other comprehensive income that can be reclassified to profit or loss under the equity method RMB million	Changes in fair value of other equity instrument investments RMB million	Cash flow hedges RMB million	Foreign currency translation differences RMB million	Subtotal RMB million	Non-controlling interests RMB million	
1 January 2024	(8,442)	(91)	5,656	5,937	3,060	(3,105)	(45)
Change for the period	1,013	1	(2,613)	547	(1,052)	388	(664)
30 June 2024	(7,429)	(90)	3,043	6,484	2,008	(2,717)	(709)
1 January 2025	(11,500)	(112)	3,253	7,372	(987)	(2,997)	(3,984)
Change for the period	3,205	608	(1,189)	(673)	1,951	1,203	3,154
30 June 2025	(8,295)	496	2,064	6,699	964	(1,794)	(830)

As at 30 June 2025, cash flow hedge reserve amounted to a gain of RMB2,207 million (31 December 2024: a gain of RMB3,338 million), of which a gain of RMB2,064 million was attributable to shareholders of the Company (31 December 2024: a gain of RMB3,253 million).

**40 SPECIFIC RESERVE**

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

**41 SURPLUS RESERVES**

Movements in surplus reserves are as follows:

	Statutory surplus reserve RMB million	The Group Discretionary surplus reserves RMB million	Total RMB million
Balance at 1 January 2025	110,663	117,000	227,663
Appropriation	–	–	–
<b>Balance at 30 June 2025</b>	<b>110,663</b>	<b>117,000</b>	<b>227,663</b>

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

- 10% of the net profit is transferred to the statutory surplus reserve. In the event that the reserve balance reaches 50% of the registered capital, no transfer is needed;
- After the transfer to the statutory surplus reserve, a transfer to discretionary surplus reserve can be made upon the passing of a resolution at the shareholders' meeting.

**42 OPERATING INCOME AND OPERATING COSTS**

	Six-month period ended 30 June			
	The Group		The Company	
	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million
Income from principal operations	1,380,387	1,545,920	448,773	533,583
Income from other operations	28,665	30,211	10,794	12,725
<b>Total</b>	<b>1,409,052</b>	<b>1,576,131</b>	<b>459,567</b>	<b>546,308</b>
<b>Operating costs</b>	<b>1,192,753</b>	<b>1,327,574</b>	<b>364,183</b>	<b>436,985</b>

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

Operating costs primarily represent the products cost related to the principal operations. The Group's segmental information is set out in Note 64.

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

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Income from principal operations</b>	<b>1,380,387</b>	<b>1,545,920</b>
Included: Gasoline	392,763	439,583
Diesel	268,388	326,697
Crude oil	186,071	206,141
Chemical feedstock	19,610	19,840
Basic organic chemicals	96,824	109,901
Synthetic resin	64,143	60,186
Kerosene	102,849	119,133
Natural gas	49,667	42,077
Synthetic fiber monomers and polymers	21,212	20,011
Others (i)	178,860	202,351
<b>Income from other operations</b>	<b>28,665</b>	<b>30,211</b>
Included: Sale of materials and others	27,839	29,564
Rental income	826	647
<b>Total</b>	<b>1,409,052</b>	<b>1,576,131</b>

Notes:

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

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

**43 TAXES AND SURCHARGES**
**The Group**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Consumption tax	99,493	105,801
City maintenance and construction tax	8,861	8,959
Special oil income levy	1,077	3,446
Education surcharge	6,383	6,542
Resources tax	4,092	4,342
Levy for mineral rights concessions	722	753
Others	2,723	2,769
<b>Total</b>	<b>123,351</b>	<b>132,612</b>

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

#### 44 FINANCIAL EXPENSES

##### The Group

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Interest expenses incurred	5,614	5,395
Less: Capitalised interest expenses	686	666
Add: Interest expense on lease liabilities	4,431	4,421
Net interest expenses	9,359	9,150
Accretion expenses (Note 35)	378	504
Interest income	(2,807)	(3,252)
Net foreign exchange loss/(gain)	1,496	(127)
<b>Total</b>	<b>8,426</b>	<b>6,275</b>

The interest rates per annum at which borrowing costs were capitalised during the six-month period ended 30 June 2025 by the Group ranged from 2.00% to 2.98% (six-month period ended 30 June 2024: 1.80% to 3.45%).

#### 45 CLASSIFICATION OF EXPENSES BY NATURE

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

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Purchased crude oil, products and operating supplies and expenses	1,118,440	1,254,213
Personnel expenses	49,442	50,290
Depreciation, depletion and amortisation	61,155	59,418
Exploration expenses (including dry holes)	5,646	4,542
Other expenses	24,694	25,624
<b>Total</b>	<b>1,259,377</b>	<b>1,394,087</b>

#### 46 SELLING AND DISTRIBUTION EXPENSES

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

#### 47 GENERAL AND ADMINISTRATIVE EXPENSES

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

#### 48 RESEARCH AND DEVELOPMENT EXPENSES

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

#### 49 EXPLORATION EXPENSES

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

#### 50 OTHER INCOME

Classified by characteristic		
	2025	2024
	RMB million	RMB million
Government grants	3,122	3,319
Others	166	186
<b>Total</b>	<b>3,288</b>	<b>3,505</b>

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

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 51 INVESTMENT INCOME

	Six-month period ended 30 June			
	The Group 2025 RMB million	2024 RMB million	The Company 2025 RMB million	2024 RMB million
Income from investment of subsidiaries accounted for under cost method	–	–	10,844	8,790
Income from investment accounted for under equity method	4,846	6,732	1,149	2,432
Investment income from disposal of long-term equity investments	2	1	(38)	–
Dividend income from holding of other equity instrument investments	3	2	–	–
Investment gain/(loss) from disposal/holding of financial assets and liabilities and derivative financial instruments at fair value through profit or loss	2,778	222	(1)	–
Gain/(loss) from ineffective portion of cash flow hedges	18	332	(52)	109
Others	70	276	461	597
<b>Total</b>	<b>7,717</b>	<b>7,565</b>	<b>12,363</b>	<b>11,928</b>

## 52 GAINS/(LOSSES) FROM CHANGES IN FAIR VALUE

### The Group

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Net fair value gains/(losses) on financial assets and financial liabilities at fair value through profit or loss	1,533	(1,760)
Unrealised gains from ineffective portion cash flow hedges, net	252	485
<b>Total</b>	<b>1,785</b>	<b>(1,275)</b>

## 53 IMPAIRMENT LOSSES

### The Group

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Prepayments	(6)	(33)
Inventories	2,303	1,725
Others	(8)	(3)
<b>Total</b>	<b>2,289</b>	<b>1,689</b>

## 54 NON-OPERATING INCOME

### The Group

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Government grants	130	239
Others	592	421
<b>Total</b>	<b>722</b>	<b>660</b>

## 55 NON-OPERATING EXPENSES

### The Group

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
Fines, penalties and compensation	140	339
Donations	42	40
Asset scrap, damage loss	244	168
Others	623	750
<b>Total</b>	<b>1,049</b>	<b>1,297</b>

**56 INCOME TAX EXPENSE**
**The Group**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Provision for income tax for the period	5,714	8,473
Deferred taxation	(378)	1,130
Under-provision for income tax in respect of preceding year	(129)	328
<b>Total</b>	<b>5,207</b>	<b>9,931</b>

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

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Profit before taxation</b>	<b>28,767</b>	<b>50,868</b>
Expected income tax expense at a tax rate of 25%	7,192	12,717
Tax effect of non-deductible expenses	1,580	1,258
Tax effect of non-taxable income	(2,435)	(2,666)
Tax effect of preferential tax rate (i)	(1,684)	(1,483)
Effect of income taxes at foreign operations	(177)	(608)
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(43)	(121)
Tax effect of tax losses not recognised	563	496
Write-down of deferred tax assets	340	10
Adjustment for under provision for income tax in respect of preceding years	(129)	328
<b>Actual income tax expense</b>	<b>5,207</b>	<b>9,931</b>

Note:

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

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

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 21 August 2025, the directors authorised to declare the interim dividends for the year ended 31 December 2025 of RMB0.088 (2024: RMB0.146) per share totaling RMB10,670 million (2024: RMB17,768 million). Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

**(b) Dividends of ordinary shares declared during the period**

Pursuant to the shareholders' approval at the Annual General Meeting on 28 May 2025, a final dividend of RMB0.140 per share totaling RMB16,974 million according to total shares on 17 June 2025 was approved. All dividends have been paid in June 2025.

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

**58 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT**
**The Group**
**(a) Reconciliation of net profit to cash flows from operating activities:**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Net profit	23,560	40,937
Add: Impairment losses on assets	2,289	1,689
Credit impairment reversals	(138)	(23)
Depreciation of right-of-use assets	8,423	7,856
Depreciation of fixed assets	47,784	46,346
Amortisation of intangible assets and long-term deferred expenses	4,948	5,216
Dry hole costs written off	4,571	2,924
Net gain on disposal of non-current assets	(313)	(51)
(Gains)/losses from changes in fair value	(1,785)	1,275
Financial expenses	8,690	6,402
Investment income	(7,717)	(7,565)
Decrease/(increase) in deferred tax assets	381	(1,879)
(Decrease)/increase in deferred tax liabilities	(759)	3,009
Increase in inventories	(2,442)	(46,201)
Safety fund reserve	1,125	863
Increase in operating receivables	(29,942)	(44,460)
Increase in operating payables	2,341	25,931
<b>Net cash flow generated from operating activities</b>	<b>61,016</b>	<b>42,269</b>

**(b) Net change in cash:**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Cash balance at the end of the period	107,714	122,134
Less: Cash at the beginning of the period	91,295	121,759
<b>Net increase of cash</b>	<b>16,419</b>	<b>375</b>

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

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Cash at bank and on hand		
– Cash on hand	1	1
– Demand deposits	107,713	122,133
<b>Cash at the end of the period</b>	<b>107,714</b>	<b>122,134</b>

**58 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT (Continued)**
**The Group (Continued)**
**(d) Other cash received relating to investing activities:**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Decrease in time deposits with maturities over three months	37,983	40,909
Interest income	1,561	1,459
Others	194	419
<b>Total</b>	<b>39,738</b>	<b>42,787</b>

**(e) Other cash paid relating to investing activities:**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Increase in time deposits with maturities over three months	(43,346)	(64,656)
Loans from fellow subsidiaries	(613)	(240)
Others	(164)	(382)
<b>Total</b>	<b>(44,123)</b>	<b>(65,278)</b>

**(f) Other cash paid relating to financing activities:**

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Repayments of lease liabilities	(9,289)	(9,756)
Repayment of other financial liabilities	(509)	–
Non-controlling shareholders' decrease of capital	(69)	(1,441)
Cash payments to purchase own shares	(138)	(161)
Others	(229)	(344)
<b>Total</b>	<b>(10,234)</b>	<b>(11,702)</b>

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

	Balance at 1 January 2025 RMB million	Additions for the period		Decreases for the period		Balance at 30 June 2025 RMB million
		Cash RMB million	Non-cash RMB million	Cash RMB million	Non-cash RMB million	
Long-term and Short-term loans and debentures payable	302,960	239,859	63,591	(210,700)	(60,768)	334,942
Other current liabilities – short-term debentures payable	–	15,000	19	–	–	15,019
Other non-current liabilities – loans to related parties	5,143	79	509	(77)	2,116	7,770
<b>Total</b>	<b>308,103</b>	<b>254,938</b>	<b>64,119</b>	<b>(210,777)</b>	<b>(58,652)</b>	<b>357,731</b>

The decrease in cash for the year includes interest actually paid RMB3,495 million.

## 59 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

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

Sinopec Group Company is an enterprise controlled by the PRC government. Sinopec Group Company directly and indirectly holds 69.64% shareholding of the Company.

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

*Related parties under common control of a parent company with the Company:*

Sinopec Finance Co., Ltd (Note)  
 Sinopec Shengli Petroleum Administration Bureau Co., Ltd  
 Sinopec Zhongyuan Petroleum Exploration Bureau Co., Ltd  
 Sinopec Assets Management Corporation  
 Sinopec Engineering Incorporation  
 Sinopec Century Bright Capital Investment Limited  
 Sinopec Petroleum Storage and Reserve Limited

*Associates of the Group:*

PipeChina  
 Sinopec Finance Co., Ltd  
 Sinopec Capital  
 Zhongtian Synergetic Energy  
 Aviation Fuel

*Joint ventures of the Group:*

FREP  
 BASF-YPC  
 Taihu  
 Sinopec SABIC Tianjin  
 Shanghai SECCO

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

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

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

	Note	The Group Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Sales of goods	(i)	187,531	194,279
Purchases	(ii)	95,538	84,193
Transportation and storage	(iii)	12,431	12,668
Exploration and development services	(iv)	13,815	15,686
Production related services	(v)	12,117	15,069
Agency commission income	(vi)	49	72
Interest income	(vii)	1,323	1,593
Interest expense	(viii)	494	624
Net deposits placed with from related parties	(vii)	(15,287)	(5,904)
Net funds obtained from related parties	(ix)	21,689	21,091

The amounts set out in the table above in respect of the six-month periods ended 30 June 2025 and 2024 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2025 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB74,287 million (six-month period ended 30 June 2024: RMB64,184 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB67,422 million (six-month period ended 30 June 2024: RMB57,415 million), lease charges for land, buildings and others paid by the Group of RMB5,591 million, RMB607 million and RMB173 million (six-month period ended 30 June 2024: RMB5,464 million, RMB549 million and RMB132 million), respectively and interest expenses of RMB494 million (six-month period ended 30 June 2024: RMB624 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB39,529 million (six-month period ended 30 June 2024: RMB35,498 million), comprising RMB38,173 million (six-month period ended 30 June 2024: RMB33,878 million) for sales of goods, RMB1,323 million (six-month period ended 30 June 2024: RMB1,593 million) for interest income and RMB33 million (six-month period ended 30 June 2024: RMB27 million) for agency commission income.

For the six-month period ended 30 June 2025, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,594 million, RMB611 million and RMB189 million (six-month period ended 30 June 2024: RMB5,467 million, RMB554 million and RMB157 million). Interest expense on lease liabilities is RMB3,784 million (six-month period ended 30 June 2024: RMB3,754 million). For the six-month period ended 30 June 2025, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group.

As of 30 June 2025 and 31 December 2024, the Group's guarantee on bank credit to associated companies and joint ventures is shown in Note 63 (b). In addition, the Group has no other bank guarantee for Sinopec Group and its subsidiaries, associates and joint ventures.

Notes:

- (i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.
- (ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.
- (iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.
- (iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.
- (v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management and environmental protection, and management services.
- (vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.
- (vii) Interest income represents interest received from deposits placed with Sinopec Finance and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate.
- (viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.
- (ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries.

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

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2025. The terms of these agreements are summarised as follows:

- (a) The Company has entered into a non-exclusive "Agreement for Mutual Provision of Products and Ancillary Services" ("Mutual Provision Agreement") with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six months' notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:
  - the government-prescribed price;
  - where there is no government-prescribed price, the government-guidance price;
  - where there is neither a government-prescribed price nor a government-guidance price, the market price; or
  - where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.
- (b) The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement.
- (c) The Company has entered into a number of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.
- (d) The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.
- (e) The Company has entered into a service station franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.
- (f) On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to "Mutual Supply Agreement" and "Buildings Leasing Contract".

**59 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**
**(4) Balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures**

The balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures at 30 June 2025 and 31 December 2024 are as follows:

	The ultimate holding company		Other related companies	
	At 30 June 2025	At 31 December 2024	At 30 June 2025	At 31 December 2024
	RMB million	RMB million	RMB million	RMB million
Cash at bank and on hand	–	–	81,720	66,433
Accounts receivable	19	3	14,493	9,148
Receivables financing	–	–	148	166
Other receivables	70	71	19,479	14,804
Prepayments and other current assets	157	150	814	1,039
Other non-current assets	–	–	7,652	4,648
Bills payable	–	–	7,401	7,267
Accounts payable	37	35	11,460	19,073
Contract liabilities	12	1	3,280	5,348
Other payables and other current liabilities	211	13	23,221	30,464
Other non-current liabilities	–	–	8,973	6,415
Short-term loans	–	–	5,765	3,862
Long-term loans (including current portion)	–	–	24,492	24,116
Lease liabilities (including current portion)	59,462	62,783	94,434	83,572

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 23 and Note 32.

As at and for the six-month period ended 30 June 2025, and as at and for the year ended 31 December 2024, no individually significant impairment losses for bad and doubtful debts were recorded in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

**(5) Key management personnel emoluments**

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

	Six-month period ended 30 June	
	2025	2024
	RMB thousand	RMB thousand
Short-term employee benefits	4,617	4,520
Retirement scheme contributions	294	238
<b>Total</b>	<b>4,911</b>	<b>4,758</b>

**60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

**60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**
**(a) Oil and gas properties and reserves**

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

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

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

**(b) Impairment for assets**

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

**(c) Depreciation**

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

**(d) Measurement of expected credit losses**

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

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

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

**60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)**
**(e) Allowance for diminution in value of inventories**

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

**61 PRINCIPAL SUBSIDIARIES**

The Company's principal subsidiaries have been consolidated into the Group's financial statements for the six-month period ended 30 June 2025. The following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group:

Full name of enterprise	Principal activities	Registered capital/ paid-up capital million	Actual investment at 30 June 2025 million	Percentage of equity interest/ voting right held by the Group %	Non-controlling Interests at 30 June 2025 RMB million
<b>(a) Subsidiaries acquired through group restructuring:</b>					
China Petrochemical International Company Limited	Trading of petrochemical products	RMB1,400	RMB1,856	100.00	10
China International United Petroleum and Chemical Company Limited	Trading of crude oil and petrochemical products	RMB5,000	RMB6,585	100.00	6,135
Sinopec Catalyst Company Limited	Production and sale of catalyst products	RMB1,500	RMB2,981	100.00	340
Sinopec Yangzi Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB15,651	RMB15,756	100.00	–
Sinopec Lubricant Company Limited	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials	RMB3,374	RMB3,374	100.00	81
Sinopec Yizheng Chemical Fibre Limited Liability Company	Production and sale of polyester chips and polyester fibres	RMB4,000	RMB7,437	100.00	–
Sinopec (Henan) Refining and Chemical Company Limited	Petroleum, coal, and other fuel processing industries	RMB10	RMB1,843	100.00	–
Sinopec Marketing Company Limited ("Marketing Company")	Sales of refined oil products	RMB28,403	RMB20,000	70.42	86,487
Sinopec Kantons Holdings Limited ("Sinopec Kantons")	Provision of pipeline transmission services	HKD248	HKD3,952	60.33	5,739
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical")	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products	RMB10,799	RMB5,462	51.81	11,813
Fujian Petrochemical Company Limited ("Fujian Petrochemical") (i)	Manufacturing of plastics, intermediate petrochemical products and petroleum products	RMB10,492	RMB5,246	50.00	3,469
<b>(b) Subsidiaries established by the Group:</b>					
Sinopec International Petroleum Exploration and Production Limited ("SIPL")	Investment in exploration, production and sale of petroleum and natural gas	RMB8,250	RMB8,250	100.00	4,614
Sinopec Overseas Investment Holding Limited ("SOIH")	Investment holding of overseas business	USD4,780	USD4,780	100.00	–
Sinopec Chemical Sales Company Limited	Marketing and distribution of petrochemical products	RMB1,000	RMB1,165	100.00	161
Sinopec Great Wall Energy & Chemical Company Limited	Coal chemical industry investment management, production and sale of coal chemical products	RMB22,761	RMB26,087	100.00	23
Sinopec Beihai Refining and Chemical Limited Liability Company	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products	RMB5,294	RMB5,240	98.98	136
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	Crude oil processing and petroleum products manufacturing	RMB8,168	RMB6,306	90.30	2,428
Sinopec Qingdao Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB5,153	RMB4,380	85.00	2,144
Sinopec-SK (Wuhan) Petrochemical Company Limited ("Sinopec-SK")	Production, sale, research and development of petroleum products, chemical products, ethylene and downstream by products	RMB7,193	RMB4,244	59.00	2,639
<b>(c) Subsidiaries acquired through business combination under common control:</b>					
Sinopec Hainan Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB9,606	RMB12,615	100.00	319
Sinopec Qingdao Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB1,595	RMB7,233	100.00	–
Sinopec Shanghai Gaoqiao Petrochemical Company Limited ("Gaoqiao Petrochemical")	Manufacturing of intermediate petrochemical products and petroleum products	RMB10,000	RMB4,804	55.00	9,625
Sinopec Hunan Petrochemical Company Limited ("Hunan Petrochemical")	Crude oil processing and petroleum products manufacturing	RMB7,333	RMB5,477	74.69	4,006

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

# UNAUDITED NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 61 PRINCIPAL SUBSIDIARIES (Continued)

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

Note:

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

### Summarised financial information on subsidiaries with material non-controlling interests

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

#### Summarised consolidated balance sheet

	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December	At 30 June	At 31 December
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	232,259	220,984	19,104	20,088	18,786	20,633	7,384	6,599	15,792	16,797	4,792	6,417
Current liabilities	(230,873)	(228,365)	(1,069)	(778)	(16,910)	(16,289)	(488)	(155)	(5,092)	(5,736)	(13,670)	(14,328)
<b>Net current assets/(liabilities)</b>	<b>1,386</b>	<b>(7,381)</b>	<b>18,035</b>	<b>19,310</b>	<b>1,876</b>	<b>4,344</b>	<b>6,896</b>	<b>6,444</b>	<b>10,700</b>	<b>11,061</b>	<b>(8,878)</b>	<b>(7,911)</b>
Non-current assets	314,609	318,997	12,675	9,439	23,188	21,136	7,704	7,960	13,643	14,578	30,549	30,828
Non-current liabilities	(50,741)	(53,557)	(13,978)	(11,535)	(658)	(336)	(206)	(196)	(2,954)	(3,933)	(5,843)	(6,166)
<b>Net non-current assets/(liabilities)</b>	<b>263,868</b>	<b>265,440</b>	<b>(1,303)</b>	<b>(2,096)</b>	<b>22,530</b>	<b>20,800</b>	<b>7,498</b>	<b>7,764</b>	<b>10,689</b>	<b>10,645</b>	<b>24,706</b>	<b>24,662</b>

#### Summarised consolidated statement of comprehensive income and cash flow

Six-month period ended 30 June	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	750,908	861,719	1,065	1,753	39,523	43,533	283	302	19,485	30,558	21,813	34,680
Net profit/(loss) for the period	6,942	12,406	(515)	1,253	(461)	31	519	626	(258)	(205)	(968)	(11)
<b>Total comprehensive income</b>	<b>7,485</b>	<b>12,742</b>	<b>1,505</b>	<b>1,809</b>	<b>(446)</b>	<b>28</b>	<b>529</b>	<b>652</b>	<b>(257)</b>	<b>(206)</b>	<b>(964)</b>	<b>(11)</b>
Comprehensive income attributable to non-controlling interests	2,740	4,610	540	760	(214)	15	210	261	(115)	(93)	(244)	(3)
Dividends paid to non-controlling interests	636	499	1,987	-	107	8	136	134	-	30	-	-
<b>Net cash flow generated from/ (used in) operating activities</b>	<b>22,855</b>	<b>9,603</b>	<b>536</b>	<b>1,082</b>	<b>779</b>	<b>342</b>	<b>68</b>	<b>(97)</b>	<b>(1,565)</b>	<b>(681)</b>	<b>(73)</b>	<b>1,718</b>

## 62 COMMITMENTS

### Capital commitments

At 30 June 2025 and 31 December 2024, the capital commitments of the Group are as follows:

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Authorised and contracted for	115,176	177,173
Authorised but not contracted for	100,421	61,996
<b>Total</b>	<b>215,597</b>	<b>239,169</b>

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments. The investment commitments of the Group is RMB10,769 million (31 December 2024: RMB13,353 million).

**62 COMMITMENTS (Continued)**
**Commitments to joint ventures**

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

**Exploration and production licenses**

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed three times within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of the production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed.

Estimated future annual payments are as follows:

	At 30 June 2025	At 31 December 2024
	RMB million	RMB million
Within one year	235	237
Between one and two years	180	179
Between two and three years	134	134
Between three and four years	77	76
Between four and five years	78	76
Thereafter	906	862
<b>Total</b>	<b>1,610</b>	<b>1,564</b>

The implementation of commitments in previous year and the Group's commitments did not have material discrepancy.

**63 CONTINGENT LIABILITIES**

- (a) The Company has been advised by its PRC lawyers that, except for liabilities constituting or arising from or relating to the business assumed by the Company in the Reorganisation, no other liabilities were assumed by the Company, and the Company is not jointly and severally liable for other debts and obligations incurred by Sinopec Group Company prior to the Reorganisation.
- (b) At 30 June 2025 and 31 December 2024, the guarantees by the Group in respect of credit facilities, supply agreement and engineering services agreement granted to the parties below are as follows:

	At 30 June 2025	At 31 December 2024
	RMB million	RMB million
Joint ventures (i)	3,962	8,193

Note: The Group provided guarantees in respect to standby credit facilities amounting to RMB11,407 million (31 December 2024: RMB34,351 million) to certain joint ventures. As at 30 June 2025, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) from banks and guaranteed by the Group was RMB3,962 million (31 December 2024: RMB8,193 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under an certain agreement amount to RMB17,395 million (31 December 2024: RMB17,468 million). As at 30 June 2025, there has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2024: Nil).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2025 and 31 December 2024, the Group estimates that there is no material liability has been accrued for ECLs related to the Group's obligation under these guarantee arrangements.

**63 CONTINGENT LIABILITIES** *(Continued)*
**Environmental contingencies**

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group recognised normal routine pollutant discharge fees of approximately RMB6,867 million in the consolidated financial statements for the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: RMB6,500 million).

**Legal contingencies**

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

**64 SEGMENT REPORTING**

Segment information is presented in respect of the Group's operating segments. The format is based on the Group's management and internal reporting structure.

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

- (i) Exploration and production — which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.
- (ii) Refining — which processes and purifies crude oil, which is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.
- (iii) Marketing and distribution — which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline, diesel and natural gas) in the PRC through wholesale and retail sales networks.
- (iv) Chemicals — which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products to external customers.
- (v) Corporate and others — which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

**(1) Information of reportable segmental revenues, profits or losses, assets and liabilities**

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash at bank and on hand, long-term equity investments, deferred tax assets and other unallocated assets. Segment liabilities exclude short-term loans, non-current liabilities due within one year, long-term loans, debentures payable, deferred tax liabilities, other non-current liabilities and other unallocated liabilities.

**64 SEGMENT REPORTING (Continued)**
**(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)**

Reportable information on the Group's operating segments is as follows:

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Income from principal operations</b>		
Exploration and production		
External sales	82,883	92,719
Inter-segment sales	60,349	59,203
	<b>143,232</b>	<b>151,922</b>
Refining		
External sales	80,040	81,434
Inter-segment sales	576,790	666,473
	<b>656,830</b>	<b>747,907</b>
Marketing and distribution		
External sales	727,814	838,994
Inter-segment sales	3,703	4,108
	<b>731,517</b>	<b>843,102</b>
Chemicals		
External sales	196,479	204,016
Inter-segment sales	42,060	48,495
	<b>238,539</b>	<b>252,511</b>
Corporate and others		
External sales	293,171	328,757
Inter-segment sales	368,526	466,333
	<b>661,697</b>	<b>795,090</b>
Elimination of inter-segment sales	(1,051,428)	(1,244,612)
<b>Consolidated income from principal operations</b>	<b>1,380,387</b>	<b>1,545,920</b>
<b>Income from other operations</b>		
Exploration and production	1,424	1,840
Refining	1,494	1,758
Marketing and distribution	21,070	20,395
Chemicals	3,399	4,740
Corporate and others	1,278	1,478
<b>Consolidated income from other operations</b>	<b>28,665</b>	<b>30,211</b>
<b>Consolidated operating income</b>	<b>1,409,052</b>	<b>1,576,131</b>
	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Operating profit/(loss)</b>		
By segment		
Exploration and production	21,267	26,834
Refining	2,597	6,398
Marketing and distribution	7,170	14,529
Chemicals	(4,518)	(3,649)
Corporate and others	(3,213)	4,694
Elimination	870	(1,040)
<b>Total segment operating profit</b>	<b>24,173</b>	<b>47,766</b>
<b>Investment income</b>		
Exploration and production	1,830	1,826
Refining	(225)	(220)
Marketing and distribution	1,419	2,095
Chemicals	(1,053)	478
Corporate and others	5,746	3,386
<b>Total segment investment income</b>	<b>7,717</b>	<b>7,565</b>
Less: Financial expenses	8,426	6,275
Add: Other income	3,288	3,505
Gains/(losses) from changes in fair value	1,785	(1,275)
Asset disposal gains	557	219
<b>Operating profit</b>	<b>29,094</b>	<b>51,505</b>
Add: Non-operating income	722	660
Less: Non-operating expenses	1,049	1,297
<b>Profit before taxation</b>	<b>28,767</b>	<b>50,868</b>

**64 SEGMENT REPORTING (Continued)**
**(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)**

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
<b>Assets</b>		
<b>Segment assets</b>		
Exploration and production	501,099	484,172
Refining	323,038	330,301
Marketing and distribution	382,101	390,475
Chemicals	275,202	268,375
Corporate and others	165,457	152,682
<b>Total segment assets</b>	<b>1,646,897</b>	<b>1,626,005</b>
Cash at bank and on hand	163,502	146,799
Long-term equity investments	255,540	246,819
Deferred tax assets	18,642	18,777
Other unallocated assets	60,358	46,371
<b>Total assets</b>	<b>2,144,939</b>	<b>2,084,771</b>
<b>Liabilities</b>		
<b>Segment liabilities</b>		
Exploration and production	189,874	186,878
Refining	69,340	68,967
Marketing and distribution	232,616	232,264
Chemicals	88,256	99,053
Corporate and others	166,420	154,325
<b>Total segment liabilities</b>	<b>746,506</b>	<b>741,487</b>
Short-term loans	43,285	48,231
Non-current liabilities due within one year	90,111	64,602
Long-term loans	165,157	184,934
Debentures payable	57,564	25,562
Deferred tax liabilities	6,666	7,324
Other non-current liabilities	16,324	12,849
Other unallocated liabilities	34,894	23,489
<b>Total liabilities</b>	<b>1,160,507</b>	<b>1,108,478</b>
	Six-month period ended 30 June 2025 RMB million	2024 RMB million
<b>Capital expenditure</b>		
Exploration and production	27,609	33,788
Refining	5,518	9,201
Marketing and distribution	2,754	2,952
Chemicals	7,348	8,633
Corporate and others	539	1,319
	<b>43,768</b>	<b>55,893</b>
<b>Depreciation, depletion and amortisation</b>		
Exploration and production	25,926	24,726
Refining	10,122	10,046
Marketing and distribution	12,230	12,096
Chemicals	10,391	10,313
Corporate and others	2,486	2,237
	<b>61,155</b>	<b>59,418</b>
<b>Impairment losses on long-lived assets</b>		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	–	–
Chemicals	–	–
Corporate and others	–	–
	<b>–</b>	<b>–</b>

**64 SEGMENT REPORTING (Continued)**
**(2) Geographical information**

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets are analysed by different regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. Six-month period ended 30 June 2025, the Group's external sales and non-current assets from mainland China were RMB1,128,512 million (six-month period ended 30 June 2024: RMB1,242,018 million) and RMB1,492,359 million (2024: RMB1,491,020 million), respectively. The proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 80.1% (six-month period ended 30 June 2024: 78.8%) and 96.6% (31 December 2024: 96.9%) respectively. In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

**65 FINANCIAL INSTRUMENTS**
**Overview**

Financial assets of the Group include cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and other equity instrument investments. Financial liabilities of the Group include short-term loans, derivative financial liabilities, bills payable, accounts payable, employee benefits payable, other payables, long-term loans, debentures payable and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

**Credit risk**
**(i) Risk management**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's accounts receivable relates to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total accounts receivable at 30 June 2025, except for the amounts due from Sinopec Group Company and fellow subsidiaries. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable. The Group maintains an impairment loss for doubtful accounts and actual losses have been within management's expectations.

The carrying amounts of cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and long-term receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

**65 FINANCIAL INSTRUMENTS (Continued)**
**Credit risk (Continued)**
**(ii) Impairment of financial assets**

The Group's primary type of financial assets that are subject to the expected credit loss model is accounts receivable, receivables financing and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For accounts receivable, and receivables financing, the Group applies the "No.22 Accounting Standards for Business Enterprises – Financial instruments: recognition and measurement" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable, and receivables financing.

To measure the expected credit losses, accounts receivable, and receivables financing have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2025 or 31 December 2024, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the accounts receivable, and receivables financing.

The detailed analysis of accounts receivable and receivables financing is listed in Note 7 and Note 8.

The Group's other receivables (Note 10) are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. The Group considers "low credit risk" for other receivables when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

**Liquidity risk**

Liquidity risk is the risk that the Group encounters short fall of capital when meeting its obligation of financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed capital conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group prepares monthly cash flow budget to ensure that they will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the liquidity risk.

At 30 June 2025, the Group has standby credit facilities with several PRC financial institutions which provide the Group to borrow up to RMB720,927 million (31 December 2024: RMB722,258 million) on an unsecured basis, at a weighted average interest rate of 2.22% per annum (31 December 2024: 2.31%). At 30 June 2025, the Group's outstanding borrowings under these facilities were RMB43,280 million (31 December 2024: RMB48,231 million) and were included in loans.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	At 30 June 2025					
	Carrying amount	Total contractual undiscounted cash flow	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Short-term loans	43,285	43,285	43,285	–	–	–
Derivative financial liabilities	6,047	6,047	6,047	–	–	–
Bills payable	58,740	58,740	58,740	–	–	–
Accounts payable	212,433	212,433	212,433	–	–	–
Other payables	84,998	84,998	84,998	–	–	–
Non-current liabilities due within one year	90,050	90,851	90,851	–	–	–
Other current liabilities – short-term debentures payable	15,019	15,108	15,108	–	–	–
Long-term loans	165,157	188,108	13,161	44,825	81,864	48,258
Debentures payable	57,564	67,214	1,231	12,027	23,454	30,502
Lease liabilities	160,636	239,154	–	11,436	33,516	194,202
<b>Total</b>	<b>893,929</b>	<b>1,005,938</b>	<b>525,854</b>	<b>68,288</b>	<b>138,834</b>	<b>272,962</b>

**65 FINANCIAL INSTRUMENTS (Continued)**
**Liquidity risk (Continued)**

	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	At 31 December 2024			
			Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	48,231	48,760	48,760	–	–	–
Derivative financial liabilities	3,412	3,412	3,412	–	–	–
Bills payable	47,740	47,740	47,740	–	–	–
Accounts payable	208,857	208,857	208,857	–	–	–
Other payables	98,467	98,467	98,467	–	–	–
Non-current liabilities due within one year	64,602	65,378	65,378	–	–	–
Long-term loans	184,934	192,680	1,109	84,284	68,115	39,172
Debentures payable	25,562	30,458	645	11,572	4,996	13,245
Lease liabilities	154,904	247,772	–	12,025	34,449	201,298
<b>Total</b>	<b>836,709</b>	<b>943,524</b>	<b>474,368</b>	<b>107,881</b>	<b>107,560</b>	<b>253,715</b>

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**(a) Currency risk**

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

**(b) Interest rate risk**

The Group's interest rate risk exposure arises primarily from its short-term and long-term loans. Loans carrying interest at variable interest rates and at fixed interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term loans of the Group are disclosed in Note 23 and Note 32, respectively.

At 30 June 2025, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's net profit for the period by approximately RMB2,488 million (31 December 2024: decrease/increase RMB1,794 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the balance sheet date with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2024.

**(c) Commodity price risk and hedge accounting**

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of such risk.

Evaluate and monitor market risk exposure arising from trading positions based on dynamic market research and judgment, combined with resource demand and production and management plans, to continuously manage and hedge the risk of commodity price fluctuations arising from market changes.

At 30 June 2025, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. At 30 June 2025, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's net profit for the period by approximately RMB3,416 million (31 December 2024: decrease/increase RMB8,698 million), and decrease/increase the Group's other comprehensive income by approximately RMB1,700 million (31 December 2024: increase/decrease RMB5,883 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the balance sheet date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2024.

**65 FINANCIAL INSTRUMENTS (Continued)**
**Market risk (Continued)**
**(c) Commodity price risk and hedge accounting (Continued)**

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Beginning of the period	3,338	5,758
Effective portion of changes in fair value of hedging instruments recognised during the period	101	(2,032)
Reclassification adjustments for amounts transferred to the consolidated income statement	(1,382)	414
Amounts transferred to initial carrying amount of hedged items	14	(1,477)
Related tax	136	496
<b>End of the period</b>	<b>2,207</b>	<b>3,159</b>

The ineffective portion of cash flow hedge relationship is disclosed in Note 51 and Note 52.

**Fair values**
**(i) Financial instruments carried at fair value**

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy. With the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

**At 30 June 2025**
**The Group**

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
<b>Assets</b>				
Financial assets held for trading:				
– Fund investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	685	1,639	–	2,324
Receivables financing:				
– Receivables financing	–	–	7,678	7,678
Other equity instrument investments:				
– Other Investments	4,527	–	316	4,843
	<b>5,215</b>	<b>1,639</b>	<b>7,994</b>	<b>14,848</b>
<b>Liabilities</b>				
Derivative financial liabilities:				
– Derivative financial liabilities	3,962	2,085	–	6,047
	<b>3,962</b>	<b>2,085</b>	<b>–</b>	<b>6,047</b>

**65 FINANCIAL INSTRUMENTS (Continued)**
**Fair values (Continued)**
**(i) Financial instruments carried at fair value (Continued)**

At 31 December 2024

**The Group**

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
<b>Assets</b>				
Financial assets held for trading:				
– Fund investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	824	1,730	–	2,554
Receivables financing:				
– Receivables financing	–	–	2,613	2,613
Other equity instrument investments:				
– Other Investments	93	–	323	416
	<b>921</b>	<b>1,730</b>	<b>2,936</b>	<b>5,587</b>
<b>Liabilities</b>				
Derivative financial liabilities:				
– Derivative financial liabilities	2,496	916	–	3,412
	<b>2,496</b>	<b>916</b>	<b>–</b>	<b>3,412</b>

During the six-month period ended 30 June 2025, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the receivables financing classified as Level 3 financial assets.

**(ii) Fair values of financial instruments carried at other than fair value**

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.78% to 4.45% (31 December 2024: from 1.74% to 4.49%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2025 and 31 December 2024:

	At 30 June 2025 RMB million	At 31 December 2024 RMB million
Carrying amount	267,165	230,613
Fair value	264,962	228,946

The Group has not developed an internal valuation model necessary to estimate the fair value of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair value because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on Group's existing capital structure and the terms of the borrowings. The cost of obtaining the discount rate and interest rate of similar borrowings is unduly high. Therefore, it is not feasible to assess the fair value of such borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2025 and 31 December 2024.

**66 BASIC AND DILUTED EARNINGS PER SHARE**
**(i) Basic earnings per share**

Basic earnings per share is calculated by the net profit attributable to shareholders of the Company and the weighted average number of outstanding ordinary shares of the Company:

	Six-month period ended 30 June	
	2025	2024
Net profit attributable to shareholders of the Company (RMB million)	21,483	35,703
Weighted average number of outstanding ordinary shares of the Company (million shares)	121,262	120,708
<b>Basic earnings per share (RMB/share)</b>	<b>0.177</b>	<b>0.296</b>

The calculation of the weighted average number of ordinary shares is as follows:

	Six-month period ended 30 June	
	2025	2024
Number of outstanding ordinary shares of the Company at 1 January (million shares)	121,282	119,349
Impact of issuing ordinary shares (million shares)	–	1,379
Impact of repurchasing shares (million shares)	(20)	(20)
<b>Weighted average number of outstanding ordinary shares of the Company at 30 June (million shares)</b>	<b>121,262</b>	<b>120,708</b>

**(ii) Diluted earnings per share**

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

**67 RETURN ON NET ASSETS AND EARNINGS PER SHARE**

In accordance with “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

Six-month period ended 30 June	2025			2024		
	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profit attributable to the Company’s ordinary equity shareholders	2.61	0.177	0.177	4.37	0.296	0.296
Net profit deducted extraordinary gains attributable to the Company’s ordinary equity shareholders	2.58	0.175	0.175	4.36	0.295	0.295

**68 NON-RECURRING PROFIT/LOSS ITEMS**

Non-recurring profit/loss items	Six-month period ended 30 June 2025 (Profit)/loss (RMB Million)	Six-month period ended 30 June 2024 (Profit)/loss (RMB Million)
Net profit on disposal of non-current assets	(557)	(219)
Donations	42	40
Government grants	(453)	(683)
Gains on holding and disposal of business and various investments	(71)	(265)
Other non-operating income and expenses, net	330	837
<b>Subtotal</b>	<b>(709)</b>	<b>(290)</b>
Tax effect	256	82
<b>Total</b>	<b>(453)</b>	<b>(208)</b>
<b>Attributable to:</b>		
Shareholders of the Company	(268)	(121)
Non-controlling interests	(185)	(87)



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## REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA PETROLEUM & CHEMICAL CORPORATION

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

### INTRODUCTION

We have reviewed the interim financial report set out on page 116 to 150 which comprises the consolidated statement of financial position of China Petroleum & Chemical Corporation (the "Company") as of 30 June 2025 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

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

### KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
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Central, Hong Kong

21 August 2025

**(B) FINANCIAL STATEMENTS PREPARED UNDER IFRS ACCOUNTING STANDARDS**  
**UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT**  
For the six-month period ended 30 June 2025  
(Amounts in million, except per share data)

	Note	Six-month period ended 30 June 2025 RMB	2024 RMB
<b>Revenue</b>			
Revenue from primary business	3	1,380,387	1,545,920
Other operating revenues		28,665	30,211
<b>Total revenue</b>		<b>1,409,052</b>	<b>1,576,131</b>
<b>Operating expenses</b>			
Purchased crude oil, products and operating supplies and expenses		(1,118,440)	(1,254,213)
Selling, general and administrative expenses		(25,869)	(26,486)
Depreciation, depletion and amortisation		(61,155)	(59,418)
Exploration expenses, including dry holes		(5,646)	(4,542)
Personnel expenses		(49,442)	(50,290)
Taxes other than income tax	4	(123,351)	(132,612)
Impairment reversals on trade and other receivables		138	23
Other operating income, net		8,136	2,428
<b>Total operating expenses</b>		<b>(1,375,629)</b>	<b>(1,525,110)</b>
<b>Operating profit</b>		<b>33,423</b>	<b>51,021</b>
<b>Finance costs</b>			
Interest expense		(9,737)	(9,654)
Interest income		2,807	3,252
Foreign currency exchange (losses)/gains, net		(1,496)	127
<b>Net finance costs</b>		<b>(8,426)</b>	<b>(6,275)</b>
Investment income		75	278
Share of profits less losses from associates and joint ventures		6,045	7,298
<b>Profit before taxation</b>		<b>31,117</b>	<b>52,322</b>
Income tax expense	5	(5,207)	(9,931)
<b>Profit for the period</b>		<b>25,910</b>	<b>42,391</b>
<b>Attributable to:</b>			
Shareholders of the Company		23,752	37,079
Non-controlling interests		2,158	5,312
<b>Profit for the period</b>		<b>25,910</b>	<b>42,391</b>
<b>Earnings per share:</b>			
Basic	7	<b>0.196</b>	<b>0.307</b>
Diluted	7	<b>0.196</b>	<b>0.307</b>

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report. Details of dividends payable to shareholders of the Company attributable to the profit for the period are set out in Note 6.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2025

(Amounts in million)

	Note	Six-month period ended 30 June	
		2025 RMB	2024 RMB
<b>Profit for the period</b>		<b>25,910</b>	<b>42,391</b>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income (net of tax) attributable to shareholders of the Company</i>		1,955	150
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of investments in other equity instruments		608	1
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income of associates and joint ventures		3,205	1,013
Cash flow hedges		(1,185)	(1,411)
Foreign currency translation differences		(673)	547
<i>Other comprehensive income (net of tax) attributable to non-controlling interests</i>		1,155	429
<b>Total other comprehensive income net of tax</b>		<b>3,110</b>	<b>579</b>
<b>Total comprehensive income for the period</b>		<b>29,020</b>	<b>42,970</b>
<b>Attributable to:</b>			
Shareholders of the Company		25,707	37,229
Non-controlling interests		3,313	5,741

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(Amounts in million)

	Note	30 June 2025 RMB	31 December 2024 RMB
<b>Non-current assets</b>			
Property, plant and equipment, net	8	716,725	717,083
Construction in progress	9	194,369	208,747
Right-of-use assets	10	262,256	255,816
Goodwill		6,478	6,493
Interest in associates		173,711	166,786
Interest in joint ventures		79,697	76,702
Financial assets at fair value through other comprehensive income	14	4,843	416
Deferred tax assets		18,642	18,777
Long-term prepayments and other assets	11	113,176	106,105
<b>Total non-current assets</b>		<b>1,569,897</b>	<b>1,556,925</b>
<b>Current assets</b>			
Cash and cash equivalents		107,714	91,295
Time deposits with financial institutions		54,617	54,285
Financial assets at fair value through profit or loss		3	4
Derivative financial assets	12	2,324	2,554
Trade accounts receivable	13	64,719	44,333
Financial assets at fair value through other comprehensive income	14	7,678	2,613
Inventories		256,690	256,595
Prepaid expenses and other current assets		79,165	72,836
<b>Total current assets</b>		<b>572,910</b>	<b>524,515</b>
<b>Current liabilities</b>			
Short-term debts	15	116,472	87,780
Loans from Sinopec Group Company and fellow subsidiaries	15	10,768	4,684
Lease liabilities	16	19,273	17,831
Derivative financial liabilities	12	6,047	3,412
Trade accounts payable and bills payable	17	271,173	256,597
Contract liabilities		121,862	127,697
Other payables		156,886	173,530
Income tax payable		1,270	1,706
<b>Total current liabilities</b>		<b>703,751</b>	<b>673,237</b>
<b>Net current liabilities</b>		<b>130,841</b>	<b>148,722</b>
<b>Total assets less current liabilities</b>		<b>1,439,056</b>	<b>1,408,203</b>
<b>Non-current liabilities</b>			
Long-term debts	15	203,232	187,202
Loans from Sinopec Group Company and fellow subsidiaries	15	19,489	23,294
Lease liabilities	16	160,636	154,904
Deferred tax liabilities		6,666	7,324
Provisions		50,409	49,668
Other long-term liabilities		17,111	13,664
<b>Total non-current liabilities</b>		<b>457,543</b>	<b>436,056</b>
<b>Net assets</b>		<b>981,513</b>	<b>972,147</b>
<b>Equity</b>			
Share capital	18	121,245	121,282
Reserves		703,320	694,533
<b>Total equity attributable to shareholders of the Company</b>		<b>824,565</b>	<b>815,815</b>
<b>Non-controlling interests</b>		<b>156,948</b>	<b>156,332</b>
<b>Total equity</b>		<b>981,513</b>	<b>972,147</b>

These financial statements have been approved and authorised for issue by the board of directors on 21 August 2025.

**Hou Qijun**  
Chairman  
(Legal representative)

**Zhao Dong**  
President

**Shou Donghua**  
Chief Financial Officer

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2024

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2024	119,349	28,929	51,068	106,134	117,000	6,179	374,330	802,989	152,820	955,809
Profit for the period	-	-	-	-	-	-	37,079	37,079	5,312	42,391
Other comprehensive income	-	-	-	-	-	150	-	150	429	579
Total comprehensive income for the period	-	-	-	-	-	150	37,079	37,229	5,741	42,970
Amounts transferred to initial carrying amount of hedged items	-	-	-	-	-	(1,202)	-	(1,202)	(41)	(1,243)
Transactions with owners, recorded directly in equity:										
Purchase of own shares (Note 18)	-	-	(161)	-	-	-	-	(161)	-	(161)
Contributions by and distributions to owners:										
Issue of ordinary shares (Note 18)	2,391	-	9,597	-	-	-	-	11,988	-	11,988
Final dividend for 2023 (Note 6)	-	-	-	-	-	-	(24,347)	(24,347)	-	(24,347)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(1,100)	(1,100)
Contributions to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	(375)	(375)
Total contributions by and distributions to owners	2,391	-	9,597	-	-	-	(24,347)	(12,359)	(1,475)	(13,834)
Transactions with non-controlling interests	-	(1,050)	-	-	-	-	-	(1,050)	1,276	226
Total transactions with owners	2,391	(1,050)	9,436	-	-	-	(24,347)	(13,570)	(199)	(13,769)
Other equity movements under the equity method	-	156	-	-	-	-	-	156	-	156
Others	-	323	-	-	-	787	(787)	323	(155)	168
Balance at 30 June 2024	121,740	28,358	60,504	106,134	117,000	5,914	386,275	825,925	158,166	984,091

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six-month period ended 30 June 2025

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Treasury shares RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non- controlling interests RMB	Total equity RMB
Balance at 1 January 2025	121,282	29,099	58,993	(1)	110,663	117,000	2,084	376,695	815,815	156,332	972,147
Profit for the period	-	-	-	-	-	-	-	23,752	23,752	2,158	25,910
Other comprehensive income	-	-	-	-	-	-	1,955	-	1,955	1,155	3,110
Total comprehensive income for the period	-	-	-	-	-	-	1,955	23,752	25,707	3,313	29,020
Amounts transferred to initial carrying amount of hedged items	-	-	-	-	-	-	(4)	-	(4)	48	44
Transactions with owners, recorded directly in equity:											
Purchase of own shares (Note 18)	-	-	-	(138)	-	-	-	-	(138)	-	(138)
Cancellation of repurchased own shares (Note 18)	(37)	-	(102)	139	-	-	-	-	-	-	-
Contributions by and distributions to owners:											
Final dividend for 2024 (Note 6)	-	-	-	-	-	-	-	(16,974)	(16,974)	-	(16,974)
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(3,270)	(3,270)
Contributions to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	744	744
Total contributions by and distributions to owners	-	-	-	-	-	-	-	(16,974)	(16,974)	(2,526)	(19,500)
Transactions with non-controlling interests	-	(28)	-	-	-	-	-	-	(28)	(24)	(52)
Total transactions with owners	(37)	(28)	(102)	1	-	-	-	(16,974)	(17,140)	(2,550)	(19,690)
Other equity movements under the equity method	-	60	-	-	-	-	-	-	60	8	68
Others	-	127	-	-	-	-	1,048	(1,048)	127	(203)	(76)
<b>Balance at 30 June 2025</b>	<b>121,245</b>	<b>29,258</b>	<b>58,891</b>	<b>-</b>	<b>110,663</b>	<b>117,000</b>	<b>5,083</b>	<b>382,425</b>	<b>824,565</b>	<b>156,948</b>	<b>981,513</b>

Notes:

- (a) The usage of the discretionary surplus reserve is similar to that of statutory surplus reserve.
- (b) As at 30 June 2025, the amount of retained earnings available for distribution was RMB106,043 million (30 June 2024: RMB102,871 million), being the amount determined in accordance with CASs. According to the Articles of Association of the Company, the amount of retained earnings available for distribution to shareholders of the Company is lower of the amount determined in accordance with the accounting policies complying with CASs and the amount determined in accordance with the accounting policies complying with IFRS Accounting Standards.
- (c) The capital reserve primarily represents (i) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation (Note 1); and (ii) the difference between the considerations paid over or received the amount of the net assets of entities and related operations acquired from or sold to Sinopec Group Company and non-controlling interests.
- (d) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

# UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

(Amounts in million)

	Note	Six-month period ended 30 June	
		2025	2024
		RMB	RMB
<b>Net cash generated from operating activities</b>	(a)	<b>61,016</b>	<b>42,269</b>
<b>Investing activities</b>			
Capital expenditure		(45,185)	(49,828)
Exploratory wells expenditure		(7,422)	(8,306)
Purchase of investments		(6,277)	(2,948)
Proceeds from disposal of investments		70	40
Proceeds from disposal of property, plant, equipment and other non-current assets		588	1,436
Increase in time deposits with maturities over three months		(43,346)	(64,656)
Decrease in time deposits with maturities over three months		37,983	40,909
Interest received		1,561	1,459
Investment and dividend income received		2,643	3,093
Payments of other investing activities		(583)	(203)
<b>Net cash used in investing activities</b>		<b>(59,968)</b>	<b>(79,004)</b>
<b>Financing activities</b>			
Proceeds from bank and other loans		254,938	331,320
Repayments of bank and other loans		(207,282)	(292,145)
Issue of new shares		–	11,995
Contributions to subsidiaries from non-controlling interests		834	888
Dividends paid by the Company		(16,974)	(72)
Distributions by subsidiaries to non-controlling interests		(2,710)	(953)
Interest paid		(3,495)	(3,764)
Non-controlling shareholders' decrease of capital		(69)	(1,441)
Cash payments to purchase own shares		(138)	(161)
Repayments of lease liabilities		(9,289)	(9,756)
Proceeds from other financing activities		18	1,295
Payments of other financing activities		(738)	(344)
<b>Net cash generated from financing activities</b>		<b>15,095</b>	<b>36,862</b>
<b>Net increase in cash and cash equivalents</b>		<b>16,143</b>	<b>127</b>
<b>Cash and cash equivalents at 1 January</b>		<b>91,295</b>	<b>121,759</b>
<b>Effect of foreign currency exchange rate changes</b>		<b>276</b>	<b>248</b>
<b>Cash and cash equivalents at 30 June</b>		<b>107,714</b>	<b>122,134</b>

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

# NOTES TO UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended 30 June 2025

(Amounts in million)

## (a) Reconciliation from profit before taxation to net cash generated from operating activities

	Six-month period ended 30 June	
	2025 RMB	2024 RMB
<b>Operating activities</b>		
Profit before taxation	31,117	52,322
Adjustments for:		
Depreciation, depletion and amortisation	61,155	59,418
Dry hole costs written off	4,571	2,924
Share of profits less losses from associates and joint ventures	(6,045)	(7,298)
Investment income	(75)	(278)
Interest income	(2,807)	(3,252)
Interest expense	9,737	9,654
(Gain)/loss on foreign currency exchange rate changes and derivative financial instruments	(2,466)	1,329
Gain on disposal of property, plant, equipment and other non-current assets, net	(313)	(51)
Impairment losses on assets	2,289	1,689
Impairment reversal on trade and other receivables	(138)	(23)
	<b>97,025</b>	<b>116,434</b>
<b>Net changes from:</b>		
Accounts receivable and other current assets	(29,942)	(44,460)
Inventories	(2,442)	(46,201)
Accounts payable and other current liabilities	4,984	23,490
	<b>69,625</b>	<b>49,263</b>
Income tax paid	(8,609)	(6,994)
<b>Net cash generated from operating activities</b>	<b>61,016</b>	<b>42,269</b>

Notes to the financial statements on pages 123 to 150 are parts of the interim financial report.

## 1 PRINCIPAL ACTIVITIES AND ORGANISATION

### Principal activities

China Petroleum & Chemical Corporation (the “Company”) is an energy and chemical company incorporated in the People’s Republic of China (the “PRC”) that, through its subsidiaries (hereinafter collectively referred to as the “Group”), engages in oil and gas and chemical operations. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.

### Organisation

The Company was established in the PRC on 25 February 2000 as a joint stock limited company as part of the reorganisation (the “Reorganisation”) of China Petrochemical Corporation (“Sinopec Group Company”), the ultimate holding company of the Group and a ministry-level enterprise under the direct supervision of the State Council of the PRC. Prior to the incorporation of the Company, the oil and gas and chemical operations of the Group were carried on by oil administration bureaux, petrochemical and refining production enterprises and sales and marketing companies of Sinopec Group Company.

As part of the Reorganisation, certain of Sinopec Group Company’s core oil and gas and chemical operations and businesses together with the related assets and liabilities were transferred to the Company. On 25 February 2000, in consideration for Sinopec Group Company transferring such oil and gas and chemical operations and businesses and the related assets and liabilities to the Company, the Company issued 68.8 billion domestic state-owned ordinary shares with a par value of RMB1.00 each to Sinopec Group Company. The shares issued to Sinopec Group Company on 25 February 2000 represented the entire registered and issued share capital of the Company on that date. The oil and gas and chemical operations and businesses transferred to the Company were related to (i) the exploration, development and production of crude oil and natural gas, (ii) the refining, transportation, storage and marketing of crude oil and petroleum products, and (iii) the production and sales of chemicals.

## 2 BASIS OF PREPARATION

This interim consolidated financial report for the half-year reporting period ended 30 June 2025 has been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the Group during the interim reporting period.

### New and amended standards and interpretations adopted by the Group:

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3 REVENUE FROM PRIMARY BUSINESS

Revenue from primary business mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas, which are recognised at a point in time.

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Gasoline	392,763	439,583
Diesel	268,388	326,697
Crude oil	186,071	206,141
Chemical feedstock	19,610	19,840
Basic organic chemicals	96,824	109,901
Synthetic resin	64,143	60,186
Kerosene	102,849	119,133
Natural gas	49,667	42,077
Synthetic fiber monomers and polymers	21,212	20,011
Others (i)	178,860	202,351
	<b>1,380,387</b>	<b>1,545,920</b>

Note:

(i) Others are primarily liquefied petroleum gas and other refinery and chemical by-products and joint products.

### 4 TAXES OTHER THAN INCOME TAX

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Consumption tax (i)	99,493	105,801
City maintenance and construction tax (ii)	8,861	8,959
Special oil income levy	1,077	3,446
Education surcharge (ii)	6,383	6,542
Resources tax	4,092	4,342
Levy for mineral rights concessions	722	753
Others	2,723	2,769
	<b>123,351</b>	<b>132,612</b>

Notes:

(i) Consumption tax was levied based on sales quantities of taxable products, tax rates of respective products are presented as below:

Products	RMB/Ton
Gasoline	2,109.76
Diesel	1,411.20
Naphtha	2,105.20
Solvent oil	1,948.64
Lubricant oil	1,711.52
Fuel oil	1,218.00
Jet fuel oil	1,495.20

(ii) City construction tax and education surcharge are levied on an entity based on its paid amount of value-added tax and consumption tax.

## 5 INCOME TAX EXPENSE

Income tax expense in the consolidated income statement represents:

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Current tax		
– Provision for the period	5,714	8,473
– Adjustment of prior years	(129)	328
Deferred taxation	(378)	1,130
	<b>5,207</b>	<b>9,931</b>

## 6 DIVIDENDS

Dividends payable to shareholders of the Company attributable to the period represent:

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Interim dividends declared after the date of the statement of financial position of RMB0.088 per share (2024: RMB0.146 per share)	10,670	17,768

Pursuant to the approval at the directors' meeting on 21 August 2025, the directors authorised to declare the interim dividends for the year ending 31 December 2025 of RMB0.088 (2024: RMB0.146) per share totalling RMB10,670 million (2024: RMB17,768 million). Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the period represent:

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Final cash dividends in respect of the previous financial year, approved during the period of RMB0.140 per share (2024: RMB0.200 per share)	16,974	24,340

Pursuant to the shareholders' approval at the Annual General Meeting on 28 May 2025, a final dividend of RMB0.140 per share totalling RMB16,974 million according to total shares on 17 June 2025 was approved. All dividends have been paid in June 2025.

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

## 7 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month period ended 30 June 2025 is based on profit attributable to ordinary shareholders of the Company of RMB23,752 million (six-month period ended 30 June 2024: profit of RMB37,079 million) and the weighted average number of shares of approximately 121,262 million (six-month period ended 30 June 2024: approximately 120,708 million) during the period.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

# 8 PROPERTY, PLANT AND EQUIPMENT

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
<b>Cost:</b>				
Balance at 1 January 2024	158,385	896,453	1,171,364	2,226,202
Additions	327	1,090	1,551	2,968
Transferred from construction in progress	1,779	17,382	18,048	37,209
Reclassifications	1,171	(395)	(776)	–
Transferred to other long-term assets	(44)	(109)	(396)	(549)
Disposals	(241)	(28)	(4,825)	(5,094)
Exchange adjustments	18	282	21	321
<b>Balance at 30 June 2024</b>	<b>161,395</b>	<b>914,675</b>	<b>1,184,987</b>	<b>2,261,057</b>
Balance at 1 January 2025	167,795	947,575	1,217,090	2,332,460
Additions	39	894	724	1,657
Transferred from construction in progress	1,525	19,438	25,503	46,466
Reclassifications	906	(2)	(904)	–
Transferred to other long-term assets	(57)	(6)	(309)	(372)
Disposals	(309)	–	(3,786)	(4,095)
Exchange adjustments	(28)	(193)	(35)	(256)
<b>Balance at 30 June 2025</b>	<b>169,871</b>	<b>967,706</b>	<b>1,238,283</b>	<b>2,375,860</b>
<b>Accumulated depreciation and impairment losses:</b>				
Balance at 1 January 2024	76,451	729,546	729,308	1,535,305
Depreciation for the period	2,601	16,725	27,020	46,346
Impairment losses for the period	26	–	47	73
Reclassifications	723	(364)	(359)	–
Transferred to other long-term assets	(1)	(79)	(176)	(256)
Disposals	(92)	(27)	(4,065)	(4,184)
Exchange adjustments	9	275	13	297
<b>Balance at 30 June 2024</b>	<b>79,717</b>	<b>746,076</b>	<b>751,788</b>	<b>1,577,581</b>
Balance at 1 January 2025	82,174	763,384	769,819	1,615,377
Depreciation for the period	2,731	17,368	27,685	47,784
Reclassifications	184	(1)	(183)	–
Transferred to other long-term assets	(8)	(4)	(96)	(108)
Disposals	(244)	–	(3,445)	(3,689)
Exchange adjustments	(18)	(188)	(23)	(229)
<b>Balance at 30 June 2025</b>	<b>84,819</b>	<b>780,559</b>	<b>793,757</b>	<b>1,659,135</b>
<b>Net book value:</b>				
Balance at 1 January 2024	81,934	166,907	442,056	690,897
<b>Balance at 30 June 2024</b>	<b>81,678</b>	<b>168,599</b>	<b>433,199</b>	<b>683,476</b>
Balance at 1 January 2025	85,621	184,191	447,271	717,083
<b>Balance at 30 June 2025</b>	<b>85,052</b>	<b>187,147</b>	<b>444,526</b>	<b>716,725</b>

The additions to oil and gas properties of the Group for the six-month period ended 30 June 2025 included RMB879 million (six-month period ended 30 June 2024: RMB1,090 million) of estimated dismantlement costs for site restoration.

At 30 June 2025 and 31 December 2024, the Group had no individual significant property, plant and equipment which were temporarily idle or pending for disposal or individually significant fully depreciated fixed assets which were still in use.

# 9 CONSTRUCTION IN PROGRESS

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
Balance at 1 January	208,747	180,250
Additions	40,538	53,378
Dry hole costs written off	(4,571)	(2,924)
Transferred to property, plant and equipment	(46,466)	(37,209)
Reclassification to other long-term assets	(2,652)	(1,717)
Disposals and others	(1,223)	–
Exchange adjustments	(4)	2
<b>Balance at 30 June</b>	<b>194,369</b>	<b>191,780</b>

As at 30 June 2025, the amount of capitalised cost of exploratory wells included in construction in progress related to the exploration and production segment was RMB22,512 million (31 December 2024: RMB24,591 million). The geological and geophysical exploration costs paid during the period ended 30 June 2025 were RMB1,162 million (six-month period ended 30 June 2024: RMB2,016 million).

# NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 10 RIGHT-OF-USE ASSETS

	Land RMB million	Others RMB million	Total RMB million
<b>Cost:</b>			
Balance at 1 January 2025	275,514	60,862	336,376
Additions	27,484	5,214	32,698
Decreases	(16,285)	(2,187)	(18,472)
<b>Balance at 30 June 2025</b>	<b>286,713</b>	<b>63,889</b>	<b>350,602</b>
<b>Accumulated depreciation:</b>			
Balance at 1 January 2025	50,352	30,208	80,560
Additions	5,290	4,967	10,257
Decreases	(681)	(1,790)	(2,471)
<b>Balance at 30 June 2025</b>	<b>54,961</b>	<b>33,385</b>	<b>88,346</b>
<b>Net book value:</b>			
<b>Balance at 1 January 2025</b>	<b>225,162</b>	<b>30,654</b>	<b>255,816</b>
<b>Balance at 30 June 2025</b>	<b>231,752</b>	<b>30,504</b>	<b>262,256</b>

## 11 LONG-TERM PREPAYMENTS AND OTHER ASSETS

	30 June 2025 RMB million	31 December 2024 RMB million
Operating rights of service stations	23,127	24,078
Long-term receivables due from and prepayment to Sinopec Group Company and fellow subsidiaries	4,650	1,727
Prepayments for construction projects to third parties	4,088	4,322
Others (i)	81,311	75,978
	<b>113,176</b>	<b>106,105</b>

Note:

- (i) Others mainly comprise catalyst expenditures, improvement expenditures of property, plant and equipment and time deposits with maturities over one year.

The cost of operating rights of service stations is charged to expense on a straight-line basis over the respective periods of the rights. The movement of operating rights of service stations is as follows:

	Six-month period ended 30 June	
	2025 RMB million	2024 RMB million
<b>Operating rights of service stations</b>		
<b>Cost:</b>		
Balance at 1 January	53,871	54,186
Additions	132	97
Decreases	(197)	(166)
<b>Balance at 30 June</b>	<b>53,806</b>	<b>54,117</b>
<b>Accumulated amortisation:</b>		
Balance at 1 January	29,793	28,002
Additions	1,017	1,069
Decreases	(131)	(75)
<b>Balance at 30 June</b>	<b>30,679</b>	<b>28,996</b>
<b>Net book value at 30 June</b>	<b>23,127</b>	<b>25,121</b>

## 12 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and swaps contracts. See Note 22.

	30 June 2025 RMB million		31 December 2024 RMB million	
	Fair value of assets	Fair value of liabilities	Fair value of assets	Fair value of liabilities
Commodity derivatives	2,217	6,041	2,538	3,381
Financial derivatives	107	6	16	31
	<b>2,324</b>	<b>6,047</b>	<b>2,554</b>	<b>3,412</b>

## 13 TRADE ACCOUNTS RECEIVABLE

	30 June 2025 RMB million	31 December 2024 RMB million
Amounts due from third parties	54,209	39,320
Amounts due from Sinopec Group Company and fellow subsidiaries	7,363	2,252
Amounts due from associates and joint ventures	7,170	6,943
	<b>68,742</b>	<b>48,515</b>
Less: Loss allowance for expected credit losses	(4,023)	(4,182)
	<b>64,719</b>	<b>44,333</b>

The aging analysis of trade accounts receivable (net of loss allowance for expected credit losses) is as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Within one year	64,100	43,699
Between one and two years	398	404
Between two and three years	64	97
Over three years	157	133
	<b>64,719</b>	<b>44,333</b>

Loss allowance for expected credit losses are analysed as follows:

	Six-month period ended 30 June 2025 RMB million	2024 RMB million
Balance at 1 January	4,182	4,016
Provision for the period	49	688
Written back for the period	(187)	(680)
Written off for the period	(5)	(1)
Others	(16)	30
<b>Balance at 30 June</b>	<b>4,023</b>	<b>4,053</b>

As at 30 June 2025, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB15,731 million (31 December 2024: RMB13,527 million).

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

These receivables relate to a wide range of customers for whom there is no recent history of default.

Information about the impairment of trade accounts receivable and the Group's exposure to credit risk can be found in Note 22.

#### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2025 RMB million	31 December 2024 RMB million
<b>Non-current assets</b>		
Unlisted equity instruments	316	323
Listed equity instruments	4,527	93
<b>Current assets</b>		
Trade accounts receivable and bills receivable (i)	7,678	2,613
	<b>12,521</b>	<b>3,029</b>

Note:

- (i) As at 30 June 2025 and 31 December 2024, bills receivable and certain trade accounts receivable were classified as financial assets at fair value through other comprehensive income ("FVOCI"), as relevant business model is achieved both by collecting contractual cash flows and selling of these assets.

#### 15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES

Short-term and long-term bank loans, short-term other loans and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Short-term debts represent:

	30 June 2025 RMB million	31 December 2024 RMB million
<b>Third parties' debts</b>		
<b>Short-term bank loans</b>	<b>37,520</b>	<b>44,369</b>
RMB denominated	37,520	44,369
<b>Current portion of long-term bank loans</b>	<b>63,346</b>	<b>43,246</b>
RMB denominated	63,345	43,246
USD denominated	1	-
<b>Current portion of long-term corporate bonds</b>	<b>587</b>	<b>165</b>
RMB denominated	587	165
<b>Corporate bonds (i)</b>	<b>15,019</b>	<b>-</b>
RMB denominated	15,019	-
	<b>116,472</b>	<b>87,780</b>
<b>Loans from Sinopec Group Company and fellow subsidiaries</b>		
<b>Short-term loans</b>	<b>5,765</b>	<b>3,862</b>
RMB denominated	3,706	1,459
USD denominated	1,976	2,403
GBP denominated	65	-
Other denominated	18	-
<b>Current portion of long-term loans</b>	<b>5,003</b>	<b>822</b>
RMB denominated	5,003	822
	<b>10,768</b>	<b>4,684</b>
	<b>127,240</b>	<b>92,464</b>

The Group's weighted average interest rate on short-term loans was 2.20% (31 December 2024: 2.28%) per annum at 30 June 2025. The above borrowings are unsecured.

Note:

- (i) The total amount of the 180-day corporate bonds issued on 20 May 2025 is RMB15.00 billion with a fixed rate at 1.50% per annum.

## 15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES (Continued)

Long-term debts represent:

Interest rate and final maturity		30 June 2025 RMB million	31 December 2024 RMB million
<b>Third parties' debts</b>			
<b>Long-term bank loans</b>			
RMB denominated	Interest rates ranging from 1.08% to 3.90% per annum at 30 June 2025 with maturities through 2040	208,969	204,840
USD denominated	Interest rates at 0.00% per annum at 30 June 2025 with maturities through 2031	45	46
		<b>209,014</b>	<b>204,886</b>
<b>Corporate bonds</b>			
RMB denominated	Fixed interest rates ranging from 1.62% to 3.20% per annum at 30 June 2025 with maturities through 2045	54,559	22,120
USD denominated	Fixed interest rates ranging 4.25% per annum at 30 June 2025 with maturities through 2043	3,592	3,607
		<b>58,151</b>	<b>25,727</b>
<b>Total third parties' long-term debts</b>		<b>267,165</b>	<b>230,613</b>
Less: Current portion		(63,933)	(43,411)
		<b>203,232</b>	<b>187,202</b>
<b>Long-term loans from Sinopec Group Company and fellow subsidiaries</b>			
RMB denominated	Interest rates ranging from 2.10% to 3.95% per annum at 30 June 2025 with maturities through 2040	24,492	24,116
Less: Current portion		(5,003)	(822)
		<b>19,489</b>	<b>23,294</b>
		<b>222,721</b>	<b>210,496</b>

Short-term and long-term bank loans, short-term other loans and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Note:

(i) These corporate bonds are carried at amortised cost.

## 16 LEASE LIABILITIES

	30 June 2025 RMB million	31 December 2024 RMB million
<b>Lease liabilities</b>		
Current	19,273	17,831
Non-current	160,636	154,904
	<b>179,909</b>	<b>172,735</b>

## 17 TRADE ACCOUNTS PAYABLE AND BILLS PAYABLE

	30 June 2025	31 December 2024
	RMB million	RMB million
Amounts due to third parties	200,936	189,747
Amounts due to Sinopec Group Company and fellow subsidiaries	3,984	12,139
Amounts due to associates and joint ventures	7,513	6,971
	<b>212,433</b>	<b>208,857</b>
Bills payable	58,740	47,740
<b>Trade accounts payable and bills payable measured at amortised cost</b>	<b>271,173</b>	<b>256,597</b>

The aging analysis of trade accounts payable and bills payable is as follows:

	30 June 2025	31 December 2024
	RMB million	RMB million
Within 1 month or on demand	133,790	158,734
Between 1 month and 6 months	136,615	95,929
Over 6 months	768	1,934
	<b>271,173</b>	<b>256,597</b>

## 18 SHARE CAPITAL

	30 June 2025	31 December 2024
	RMB million	RMB million
<b>Registered, issued and fully paid</b>		
97,232,263,098 listed A shares (31 December 2024: 97,232,263,098) of RMB1.00 each	97,233	97,233
24,012,974,600 listed H shares (31 December 2024: 24,049,292,600) of RMB1.00 each	24,012	24,049
	<b>121,245</b>	<b>121,282</b>

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

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

In October 2000, the Company issued 15,102,439,000 H shares with a par value of RMB1.00 each, representing 12,521,864,000 H shares and 25,805,750 American Depositary Shares ("ADSs", each representing 100 H shares), at prices of Hong Kong Dollar ("HKD")1.59 per H share and USD20.645 per ADS, respectively, by way of a global initial public offering to Hong Kong and overseas investors. As part of the global initial public offering, 1,678,049,000 state-owned ordinary shares of RMB1.00 each owned by Sinopec Group Company were converted into H shares and sold to Hong Kong and overseas investors.

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

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

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

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

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

**18 SHARE CAPITAL** (Continued)

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

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

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

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

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

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

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110 (證監許可[2024]110號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company on 18 March 2024. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

During the year ended 31 December 2024, the Company repurchased 130,146,195 listed A shares and 328,126,000 listed H shares respectively at prices of RMB6.16 per share to RMB6.43 per share for the repurchase of listed A shares, with a total amount of RMB816,001,427.20, and prices of HKD4.09 per share to HKD4.89 per share for the repurchase of listed H shares, with a total amount of HKD1,436,267,366.40. The 130,146,195 listed A shares and 327,988,000 listed H shares repurchased from 26 March to 18 December 2024 had been canceled, while the 138,000 listed H shares repurchased on 30 December 2024 had not been canceled in the year ended 31 December 2024.

During the period ended 30 June 2025, the Company repurchased 36,180,000 listed H shares at prices of HKD4.09 per share to HKD4.17 per share, with a total amount of HKD149,221,546, which had been cancelled in the six-month period ended 30 June 2025 together the 138,000 listed H shares repurchased on 30 December 2024.

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

**Capital management**

Management optimises the structure of the Group's capital, which comprises of equity and debts. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion), including long-term debts and loans from Sinopec Group Company and fellow subsidiaries, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion), and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2025, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 21.3% (31 December 2024: 20.5%) and 54.2% (31 December 2024: 53.3%), respectively.

The schedule of the contractual maturities of loans and commitments are disclosed in Notes 15 and 19, respectively.

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

## 19 COMMITMENTS AND CONTINGENT LIABILITIES

### Capital commitments

At 30 June 2025 and 31 December 2024, capital commitments of the Group are as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Authorised and contracted for (i)	115,176	177,173
Authorised but not contracted for	100,421	61,996
	<b>215,597</b>	<b>239,169</b>

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.

Note:

(i) The investment commitments of the Group is RMB10,769 million (31 December 2024: RMB13,353 million).

### Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

### Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed three times within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed.

Estimated future annual payments are as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Within one year	235	237
Between one and two years	180	179
Between two and three years	134	134
Between three and four years	77	76
Between four and five years	78	76
Thereafter	906	862
	<b>1,610</b>	<b>1,564</b>

## 19 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

### Contingent liabilities

At 30 June 2025 and 31 December 2024, the guarantees by the Group in respect of facilities granted to the parties below are as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Joint ventures (i)	3,962	8,193

Note:

- (i) The Group provided guarantees in respect to standby credit facilities amounting to RMB11,407 million (31 December 2024: RMB34,351 million) to certain joint ventures. As at 30 June 2025, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) from banks and guaranteed by the Group was RMB3,962 million (31 December 2024: RMB8,193 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under an certain agreement amount to RMB17,395 million (31 December 2024: RMB17,468 million). As at 30 June 2025, there has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2024: Nil).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when expected credit losses on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2025 and 31 December 2024, the Group estimates that there is no material liability has been accrued for expected credit losses related to the Group's obligation under these guarantee arrangements.

### Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect management's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group paid normal routine pollutant discharge fees of approximately RMB6,867 million for the six-month period ended 30 June 2025 (six-month period ended 30 June 2024: RMB6,500 million).

### Legal contingencies

The Group is defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

## 20 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

### (a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

The Group is part of a larger group of companies under Sinopec Group Company, which is controlled by the PRC government, and has significant transactions and relationships with Sinopec Group Company and fellow subsidiaries. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

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

	Note	Six-month period ended 30 June	
		2025 RMB million	2024 RMB million
Sales of goods	(i)	187,531	194,279
Purchases	(ii)	95,538	84,193
Transportation and storage	(iii)	12,431	12,668
Exploration and development services	(iv)	13,815	15,686
Production related services	(v)	12,117	15,069
Agency commission income	(vi)	49	72
Interest income	(vii)	1,323	1,593
Interest expense	(viii)	494	624
Net deposits placed with related parties	(vii)	(15,287)	(5,904)
Net funds obtained from related parties	(ix)	21,689	21,091

The amounts set out in the table above in respect of the six-month periods ended 30 June 2025 and 2024 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2025 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB74,287 million (six-month period ended 30 June 2024: RMB64,184 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB67,422 million (six-month period ended 30 June 2024: RMB57,415 million), lease charges for land, buildings and others paid by the Group of RMB5,591 million, RMB607 million and RMB173 million (six-month period ended 30 June 2024: RMB5,464 million, RMB549 million and RMB132 million), respectively and interest expenses of RMB494 million (six-month period ended 30 June 2024: RMB624 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB39,529 million (six-month period ended 30 June 2024: RMB35,498 million), comprising RMB38,173 million (six-month period ended 30 June 2024: RMB33,878 million) for sales of goods, RMB1,323 million (six-month period ended 30 June 2024: RMB1,593 million) for interest income and RMB33 million (six-month period ended 30 June 2024: RMB27 million) for agency commission income.

## 20 RELATED PARTY TRANSACTIONS *(Continued)*

### (a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

For the six-month period ended 30 June 2025, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,594 million, RMB611 million and RMB189 million (six-month period ended 30 June 2024: RMB5,467 million, RMB554 million and RMB157 million). Interest expense on lease liabilities is RMB3,784 million (six-month period ended 30 June 2024: RMB3,754 million). For the six-month period ended 30 June 2025, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group.

As at 30 June 2025 and 31 December 2024, the Group's guarantee on bank credit to associated companies and joint ventures is shown in Note 19. In addition, the Group has no other bank guarantee for Sinopec Group Company and its subsidiaries, associates and joint ventures.

Notes:

- (i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.
- (ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.
- (iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.
- (iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.
- (v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management, environmental protection and management services.
- (vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.
- (vii) Interest income represents interest received from deposits placed with Sinopec Finance Company Limited ("Sinopec Finance") and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate. The balance of deposits at 30 June 2025 was RMB81,720 million (31 December 2024: RMB66,433 million).
- (viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.
- (ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries.

**20 RELATED PARTY TRANSACTIONS** *(Continued)*

**(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures** *(Continued)*

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2025. The terms of these agreements are summarised as follows:

- The Company has entered into a non-exclusive “Agreement for Mutual Provision of Products and Ancillary Services” (“Mutual Provision Agreement”) with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six-months notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:
  - (1) the government-prescribed price;
  - (2) where there is no government-prescribed price, the government-guidance price;
  - (3) where there is neither a government-prescribed price nor a government-guidance price, the market price; or
  - (4) where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.
- The Company has entered into a non-exclusive “Agreement for Provision of Cultural and Educational, Health Care and Community Services” with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement.
- The Company has entered into a series of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.
- The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.
- The Company has entered into a service stations franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.
- On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to “Mutual Supply Agreement” and “Buildings Leasing Contract”, etc.

## 20 RELATED PARTY TRANSACTIONS (Continued)

### (a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures (Continued)

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	30 June 2025 RMB million	31 December 2024 RMB million
Trade accounts receivable	14,512	9,151
Financial assets at fair value through other comprehensive income	148	166
Prepaid expenses and other current assets	20,520	16,064
Long-term prepayments and other assets	7,652	4,648
<b>Total</b>	<b>42,832</b>	<b>30,029</b>
Trade accounts payable and bills payable	18,898	26,375
Contract liabilities	3,292	5,349
Other payables	23,432	30,477
Other long-term liabilities	8,973	6,415
Short-term loans and current portion of long-term loans from Sinopec Group Company and fellow subsidiaries	10,768	4,684
Long-term loans excluding current portion from Sinopec Group Company and fellow subsidiaries	19,489	23,294
Lease liabilities (including to be paid within one year)	153,896	146,355
<b>Total</b>	<b>238,748</b>	<b>242,949</b>

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 15.

As at and for the six-month period ended 30 June 2025, and as at and for the year ended 31 December 2024, no individually significant loss allowance for expected credit losses were recognised in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

### (b) Key management personnel emoluments

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

	Six-month period ended 30 June	
	2025 RMB'000	2024 RMB'000
Short-term employee benefits	4,617	4,520
Retirement scheme contributions	294	238
	<b>4,911</b>	<b>4,758</b>

### (c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its staff. As at 30 June 2025 and 31 December 2024, the accrual for the contribution to post-employment benefit plans was not material.

## 20 RELATED PARTY TRANSACTIONS (Continued)

### (d) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled energy and chemical enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred as “state-controlled entities”).

Apart from transactions with Sinopec Group Company and fellow subsidiaries, the Group has transactions with other state-controlled entities, include but not limited to the followings:

- sales and purchases of goods and ancillary materials;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- uses of public utilities.

These transactions are conducted in the ordinary course of the Group’s business on terms comparable to those with other entities that are not state-controlled.

## 21 SEGMENT REPORTING

Segment information is presented in respect of the Group’s business segments. The format is based on the Group’s management and internal reporting structure.

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

- (i) Exploration and production, which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.
- (ii) Refining, which processes and purifies crude oil, that is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.
- (iii) Marketing and distribution, which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline, diesel and natural gas) in the PRC through wholesale and retail sales networks.
- (iv) Chemicals, which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products mainly to external customers.
- (v) Corporate and others, which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

## 21 SEGMENT REPORTING (Continued)

### (1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for interest in associates and joint ventures, investments, deferred tax assets, cash and cash equivalents, time deposits with financial institutions and other unallocated assets. Segment liabilities exclude short-term debts, income tax payable, long-term debts, loans from Sinopec Group Company and fellow subsidiaries, deferred tax liabilities and other unallocated liabilities.

Information of the Group's reportable segments is as follows:

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Revenue from primary business</b>		
Exploration and production		
External sales	82,883	92,719
Inter-segment sales	60,349	59,203
	<b>143,232</b>	<b>151,922</b>
Refining		
External sales	80,040	81,434
Inter-segment sales	576,790	666,473
	<b>656,830</b>	<b>747,907</b>
Marketing and distribution		
External sales	727,814	838,994
Inter-segment sales	3,703	4,108
	<b>731,517</b>	<b>843,102</b>
Chemicals		
External sales	196,479	204,016
Inter-segment sales	42,060	48,495
	<b>238,539</b>	<b>252,511</b>
Corporate and others		
External sales	293,171	328,757
Inter-segment sales	368,526	466,333
	<b>661,697</b>	<b>795,090</b>
Elimination of inter-segment sales	(1,051,428)	(1,244,612)
<b>Revenue from primary business</b>	<b>1,380,387</b>	<b>1,545,920</b>
<b>Other operating revenues</b>		
Exploration and production	1,424	1,840
Refining	1,494	1,758
Marketing and distribution	21,070	20,395
Chemicals	3,399	4,740
Corporate and others	1,278	1,478
<b>Other operating revenues</b>	<b>28,665</b>	<b>30,211</b>
<b>Revenue</b>	<b>1,409,052</b>	<b>1,576,131</b>

# NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six-month period ended 30 June 2025

## 21 SEGMENT REPORTING (Continued)

### (1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Result</b>		
<b>Operating profit/(loss)</b>		
<b>By segment</b>		
– Exploration and production	23,638	29,148
– Refining	3,535	7,125
– Marketing and distribution	7,959	14,648
– Chemicals	(4,224)	(3,164)
– Corporate and others	1,645	4,304
– Elimination	870	(1,040)
<b>Total segment operating profit</b>	<b>33,423</b>	<b>51,021</b>
<b>Share of profits from associates and joint ventures</b>		
– Exploration and production	1,883	1,717
– Refining	(267)	(233)
– Marketing and distribution	1,366	1,809
– Chemicals	390	1,185
– Corporate and others	2,673	2,820
<b>Aggregate share of profits from associates and joint ventures</b>	<b>6,045</b>	<b>7,298</b>
<b>Investment income/(loss)</b>		
– Exploration and production	–	–
– Refining	13	14
– Marketing and distribution	37	15
– Chemicals	(261)	(160)
– Corporate and others	286	409
<b>Aggregate investment income</b>	<b>75</b>	<b>278</b>
<b>Net finance costs</b>	<b>(8,426)</b>	<b>(6,275)</b>
<b>Profit before taxation</b>	<b>31,117</b>	<b>52,322</b>

	30 June	31 December
	2025	2024
	RMB million	RMB million
<b>Assets</b>		
<b>Segment assets</b>		
– Exploration and production	502,107	485,208
– Refining	323,038	330,332
– Marketing and distribution	382,135	390,483
– Chemicals	275,272	268,458
– Corporate and others	165,516	152,743
<b>Total segment assets</b>	<b>1,648,068</b>	<b>1,627,224</b>
Interest in associates and joint ventures	253,408	243,488
Financial assets at fair value through other comprehensive income	4,843	416
Deferred tax assets	18,642	18,777
Cash and cash equivalents, time deposits with financial institutions	162,331	145,580
Other unallocated assets	55,515	45,955
<b>Total assets</b>	<b>2,142,807</b>	<b>2,081,440</b>
<b>Liabilities</b>		
<b>Segment liabilities</b>		
– Exploration and production	197,051	193,350
– Refining	71,419	71,783
– Marketing and distribution	251,747	252,247
– Chemicals	90,407	100,617
– Corporate and others	174,901	165,426
<b>Total segment liabilities</b>	<b>785,525</b>	<b>783,423</b>
Short-term debts	116,472	87,780
Income tax payable	1,270	1,706
Long-term debts	203,232	187,202
Loans from Sinopec Group Company and fellow subsidiaries	30,257	27,978
Deferred tax liabilities	6,666	7,324
Other unallocated liabilities	17,872	13,880
<b>Total liabilities</b>	<b>1,161,294</b>	<b>1,109,293</b>

## 21 SEGMENT REPORTING (Continued)

## (1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

	Six-month period ended 30 June	
	2025	2024
	RMB million	RMB million
<b>Capital expenditure</b>		
Exploration and production	27,609	33,788
Refining	5,518	9,201
Marketing and distribution	2,754	2,952
Chemicals	7,348	8,633
Corporate and others	539	1,319
	<b>43,768</b>	<b>55,893</b>
<b>Depreciation, depletion and amortisation</b>		
Exploration and production	25,926	24,726
Refining	10,122	10,046
Marketing and distribution	12,230	12,096
Chemicals	10,391	10,313
Corporate and others	2,486	2,237
	<b>61,155</b>	<b>59,418</b>
<b>Impairment losses on long-lived assets</b>		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	–	–
Chemicals	–	–
Corporate and others	–	–
	<b>–</b>	<b>–</b>

## (2) Geographical information

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets are analysed by different regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. Six-month period ended 30 June 2025, the Group's external sales and non-current assets from mainland China were RMB1,128,512 million (six-month period ended 30 June 2024: RMB1,242,018 million) and RMB1,492,359 million (31 December 2024: RMB1,491,020 million), respectively. The proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 80.1% (six-month period ended 30 June 2024: 78.8%) and 96.7% (31 December 2024: 97.1%) respectively. In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

**22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES****Overview**

Financial assets of the Group include cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, amounts due from Sinopec Group Company and fellow subsidiaries, amounts due from associates and joint ventures, financial assets at FVOCI and other receivables. Financial liabilities of the Group include short-term debts, loans from Sinopec Group Company and fellow subsidiaries, derivative financial liabilities, trade accounts payable and bills payable, amounts due to Sinopec Group Company and fellow subsidiaries, amounts due to associates and joint ventures, other payables, long-term debts and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment, oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

**Credit risk****(i) Risk management**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's trade accounts receivable relate to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total trade accounts receivable at 30 June 2025, except the amounts due from Sinopec Group Company and fellow subsidiaries. Management performs ongoing credit evaluations of the Group's customers' financial condition and generally does not require collateral on trade accounts receivable. The Group maintains a loss allowance for expected credit losses and actual losses have been within management's expectations.

The carrying amounts of cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, financial assets at FVOCI and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

**(ii) Impairment of financial assets**

The Group's primary type of financial assets that are subject to the expected credit loss model is cash deposits, trade accounts receivable and bills receivable and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For trade accounts receivable and financial assets at FVOCI, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade accounts receivable and financial assets at FVOCI.

To measure the expected credit losses, trade accounts receivable and financial assets at FVOCI have been grouped based on shared credit risk characteristics and the days past due.

The expected credit losses were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of expected credit loss rates by the operating segment.

## 22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

### Credit risk (Continued)

#### (ii) Impairment of financial assets (Continued)

The following table provides information about the exposure to credit risk and expected credit losses for accounts receivable as at 30 June 2025 and 31 December 2024.

	Gross carrying amount RMB million	Impairment provision on individual basis		Impairment provision on provision matrix basis		
		Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted- average loss rate %	Impairment provision RMB million	Loss allowance RMB million
<b>30 June 2025</b>						
Current and within 1 year past due	64,154	10,732	4	0.1%	50	54
1 to 2 years past due	478	330	32	32.4%	48	80
2 to 3 years past due	105	56	–	83.7%	41	41
Over 3 years past due	4,005	3,571	3,414	100.0%	434	3,848
<b>Total</b>	<b>68,742</b>	<b>14,689</b>	<b>3,450</b>		<b>573</b>	<b>4,023</b>
	Gross carrying amount RMB million	Impairment provision on individual basis		Impairment provision on provision matrix basis		
		Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted- average loss rate %	Impairment provision RMB million	Loss allowance RMB million
<b>31 December 2024</b>						
Current and within 1 year past due	43,813	6,048	4	0.3%	110	114
1 to 2 years past due	466	366	32	30.0%	30	62
2 to 3 years past due	154	53	1	55.4%	56	57
Over 3 years past due	4,082	3,670	3,537	100.0%	412	3,949
<b>Total</b>	<b>48,515</b>	<b>10,137</b>	<b>3,574</b>		<b>608</b>	<b>4,182</b>

All of the entity's other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group considers there was no significant increase in credit risk for other receivables by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

### Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the Group's liquidity risk.

As at 30 June 2025, the Group has standby credit facilities with several PRC financial institutions which provide borrowings up to RMB720,927 million (31 December 2024: RMB722,258 million) on an unsecured basis, at a weighted average interest rate of 2.22% per annum (2024: 2.31%). As at 30 June 2025, the Group's outstanding borrowings under these facilities were RMB43,280 million (31 December 2024: RMB48,231 million) and were included in debts.

## 22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

### Liquidity risk (Continued)

The following table sets out the remaining contractual maturities at the date of the statement of financial position of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates current at the date of the statement of financial position) and the earliest date the Group would be required to repay:

	30 June 2025					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	116,472	116,522	116,522	–	–	–
Long-term debts	203,232	232,415	13,460	53,643	98,232	67,080
Loans from Sinopec Group Company and fellow subsidiaries	30,257	33,677	11,702	3,209	7,086	11,680
Lease liabilities	179,909	259,265	20,111	11,436	33,516	194,202
Derivative financial liabilities	6,047	6,047	6,047	–	–	–
Trade accounts payable and bills payable	271,173	271,173	271,173	–	–	–
Other payables	86,839	86,839	86,839	–	–	–
	<b>893,929</b>	<b>1,005,938</b>	<b>525,854</b>	<b>68,288</b>	<b>138,834</b>	<b>272,962</b>

	31 December 2024					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	87,780	88,186	88,186	–	–	–
Long-term debts	187,202	199,405	1,281	89,384	65,805	42,935
Loans from Sinopec Group Company and fellow subsidiaries	27,978	28,540	5,280	6,472	7,306	9,482
Lease liabilities	172,735	266,379	18,607	12,025	34,449	201,298
Derivative financial liabilities	3,412	3,412	3,412	–	–	–
Trade accounts payable and bills payable	256,597	256,597	256,597	–	–	–
Other payables	101,005	101,005	101,005	–	–	–
	<b>836,709</b>	<b>943,524</b>	<b>474,368</b>	<b>107,881</b>	<b>107,560</b>	<b>253,715</b>

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

**22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES** (Continued)**Market risk** (Continued)**(a) Currency risk**

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

**(b) Interest rate risk**

The Group's interest rate risk exposure arises primarily from its short-term and long-term debts and loans from Sinopec Group Company and fellow subsidiaries. Debts bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term debts, and loans from Sinopec Group Company and fellow subsidiaries of the Group are disclosed in Note 15.

As at 30 June 2025, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's profit for the period by approximately RMB2,488 million (31 December 2024: decrease/increase by approximately RMB1,794 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the date of the statement of financial position with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2024.

**(c) Commodity price risk and hedge accounting**

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of this risk.

Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluate and monitor the market risk exposure caused by transaction positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes.

As at 30 June 2025, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. As at 30 June 2025, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's profit for the period by approximately RMB3,416 million (31 December 2024: decrease/increase RMB8,698 million), and decrease/increase the Group's other reserves by approximately RMB1,700 million (31 December 2024: increase/decrease RMB5,883 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the date of the statement of financial position and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2024.

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group	
	Six-month period ended 30 June 2025	2024
	RMB million	RMB million
Beginning of the period	3,338	5,758
Effective portion of changes in fair value of hedging instruments recognised during the year	101	(2,032)
Reclassification adjustments for amounts transferred to the consolidated income statement	(1,382)	414
Amounts transferred to initial carrying amount of hedged items	14	(1,477)
Related tax	136	496
<b>End of the period</b>	<b>2,207</b>	<b>3,159</b>

## 22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

### Fair values

#### (i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the date of the statement of financial position across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

#### At 30 June 2025

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
– Fund Investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	685	1,639	–	2,324
Financial assets at fair value through other comprehensive income:				
– Equity instruments	4,527	–	316	4,843
– Trade accounts receivable and bills receivable	–	–	7,678	7,678
	<b>5,215</b>	<b>1,639</b>	<b>7,994</b>	<b>14,848</b>
<b>Liabilities</b>				
Derivative financial liabilities				
– Derivative financial liabilities	3,962	2,085	–	6,047
	<b>3,962</b>	<b>2,085</b>	<b>–</b>	<b>6,047</b>

#### At 31 December 2024

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
– Fund Investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	824	1,730	–	2,554
Financial assets at fair value through other comprehensive income:				
– Equity instruments	93	–	323	416
– Trade accounts receivable and bills receivable	–	–	2,613	2,613
	<b>921</b>	<b>1,730</b>	<b>2,936</b>	<b>5,587</b>
<b>Liabilities</b>				
Derivative financial liabilities				
– Derivative financial liabilities	2,496	916	–	3,412
	<b>2,496</b>	<b>916</b>	<b>–</b>	<b>3,412</b>

During the six-month period ended 30 June 2025, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of trade accounts receivable and bills receivable classified as Level 3 financial assets.

**22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES** (Continued)**Fair values** (Continued)**(ii) Fair values of financial instruments carried at other than fair value**

The disclosures of the fair value estimates, and their methods and assumptions of the Group's financial instruments, are made to comply with the requirements of IFRS 7 and IFRS 9 and should be read in conjunction with the Group's consolidated financial statements and related notes. The estimated fair value amounts have been determined by the Group using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.78% to 4.45% (31 December 2024: 1.74% to 4.49%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2025 and 31 December 2024:

	30 June 2025 RMB million	31 December 2024 RMB million
Carrying amount	267,165	230,613
Fair value	264,962	228,946

The Group has not developed an internal valuation model necessary to estimate the fair values of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair values because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on the Reorganisation of the Group, the Group's existing capital structure and the terms of the borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2025 and 31 December 2024.

**23 ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

The selection of material accounting policies, the judgements and other uncertainties affecting application of such policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in Note 2. Management believes the following material accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

**23 ACCOUNTING ESTIMATES AND JUDGEMENTS** *(Continued)***Oil and gas properties and reserves**

The accounting for the exploration and production's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. There are two methods to account for oil and gas business activities, the successful efforts method and the full cost method. The Group has elected to use the successful efforts method. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense as they are incurred. These costs primarily include dry hole costs, seismic costs and other exploratory costs. Under the full cost method, these costs are capitalised and written-off or depreciated over time.

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

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

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

**Impairment for long-lived assets**

If circumstances indicate that the net book value of a long-lived asset, may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36 "Impairment of Assets". The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances, including environmental protection and energy structure transition variables, indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets or cash-generating units are not readily available. Accordingly, the Group determines the recoverable amount based on the present value in use.

The projected future cash flows of an asset are based on data from the most recent financial budget approved by management, as well as on a stabilized growth rate for the years following the period of that budget. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Projected cash flows based on budgets usually cover five years, or longer periods if that is reasonable. When projecting cash flows for years beyond the budgeted period, the growth rate used does not exceed the long-term average growth rate of the business or markets in which products are located, or the long-term average growth rate of the market in which the asset is located, except where a higher growth rate can be justified. In determining the discount rate, the weighted average cost of capital is usually used as the basis.

In determining the value in use, expected cash flows generated by the asset or the cash-generating units are discounted to their present value, which requires significant judgement relating to future selling prices of crude oil, natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profiles, the oil and gas reserves and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price, amount of operating costs and discount rate.

**Depreciation**

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

**23 ACCOUNTING ESTIMATES AND JUDGEMENTS** *(Continued)***Measurement of expected credit losses**

The Group measures and recognises ECLs using readiness matrix, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions. The Group regularly monitors and reviews the assumptions used for estimating ECLs.

**Allowance for diminution in value of inventories**

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

**24 STANDARDS ISSUED BUT NOT YET EFFECTIVE**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2025 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated interim financial statements.

## (C) DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ACCOUNTING POLICIES COMPLYING WITH CASS AND IFRS ACCOUNTING STANDARDS (UNAUDITED)

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Group's consolidated financial statements prepared in accordance with the accounting policies complying with CASS and IFRS Accounting Standards. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

### (i) GOVERNMENT GRANTS

Under CASS, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS Accounting Standards, government grants relating to the purchase of fixed assets are recognised as deferred income and are transferred to the income statement over the useful life of these assets.

### (ii) SAFETY PRODUCTION FUND

Under CASS, safety production fund should be recognised in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, payments are expensed as incurred, or capitalised as fixed assets and depreciated according to applicable depreciation methods.

### (iii) CAPITALISATION OF EXCHANGE DIFFERENCE OF SPECIFIC LOANS

Under CASS, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency should be capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.

Effects of major differences between the shareholders' equity under CASS and the total equity under IFRS Accounting Standards are analysed as follows:

	Note	30 June 2025 RMB million	31 December 2024 RMB million
Shareholders' equity under CASS		984,432	976,293
Adjustments:			
Government grants	(i)	(787)	(815)
Capitalisation of exchange difference of specific loans	(iii)	(2,132)	(3,331)
<b>Total equity under IFRS Accounting Standards*</b>		<b>981,513</b>	<b>972,147</b>

Effects of major differences between the net profit under CASS and the profit for the period under IFRS Accounting Standards are analysed as follows:

	Note	Six-month period ended 30 June 2025 RMB million	2024 RMB million
Net profit under CASS		23,560	40,937
Adjustments:			
Government grants	(i)	28	26
Safety production fund	(ii)	1,125	863
Others		(2)	(1)
Capitalisation of exchange difference of specific loans	(iii)	1,199	566
<b>Profit for the period under IFRS Accounting Standards*</b>		<b>25,910</b>	<b>42,391</b>

\* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS Accounting Standards.

The following documents will be available for inspections during the normal business hours on 21 August 2025 at the registered address of Sinopec Corp. upon the requests by the relevant regulatory authorities or shareholders in accordance with the Articles of Association of Sinopec Corp. or relevant laws or regulations:

- 1 The original interim report for the first half of 2025 signed by Mr. Hou Qijun, the Chairman;
- 2 The original financial statements and consolidated financial statements of Sinopec Corp. for the six-month period ended 30 June 2025 prepared in accordance with the CASs and IFRS Accounting Standards, signed by Mr. Hou Qijun, the Chairman, Mr. Zhao Dong, the Vice Chairman and President and Ms. Shou Donghua, the Chief Financial Officer and head of the accounting department of Sinopec Corp.;
- 3 The original review report of the above financial statements signed by the auditors; and
- 4 Copies of disclosure documents published by Sinopec Corp. in the newspapers designated by CSRC during the reporting period.

By Order of the Board

**Hou Qijun**

*Chairman*

Beijing, PRC, 21 August 2025

If there is any inconsistency between the Chinese and English version of this interim report, the Chinese version shall prevail.