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Sinopec Shanghai Petrochemical Company Limited

中國石化上海石油化工股份有限公司

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

(Stock Code: 00338)

2025 ANNUAL RESULTS ANNOUNCEMENT

§ 1 IMPORTANT MESSAGE

- I.** The Board of Directors (the “**Board**”) of Sinopec Shanghai Petrochemical Company Limited (the “**Company**”) as well as its Directors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2025 annual results announcement, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2025 annual results announcement of the Company, and accept legal responsibility.
- II.** All Directors of the Company attended the 26th meeting of the eleventh session of the Board, at which the Company’s 2025 annual report was considered and approved.
- III.** The financial statements for the year ended 31 December 2025 (the “**Reporting Period**”), prepared under the People’s Republic of China (“**PRC**” or “**China**”)’s Accounting Standards (“**CAS**”) as well as the International Financial Reporting Standards Accounting Standards (“**IFRS Accounting Standards**”), were audited by KPMG Huazhen LLP and KPMG, respectively, and both firms have issued unqualified opinions on the financial statements in their auditors’ reports.
- IV.** Mr. Guo Xiaojun, Chairman and the responsible person of the Company; Mr. Du Jun, Director, Vice President and Chief Financial Officer in charge of the accounting work; and Ms. Fu Hejuan, person in charge of the Accounting Department (Accounting Chief) and Director of the Finance Department hereby warrant the truthfulness, accuracy, and completeness of the financial statements contained in the 2025 annual results announcement.
- V. Plan for profit distribution or capitalization of capital reserves for the Reporting Period considered by the Board**

In 2025, the net loss attributable to equity shareholders of the Company amounted to RMB1,432,595 thousand under CAS (net loss of RMB1,612,325 thousand attributable to equity shareholders of the Company under IFRS Accounting Standards). The Board did not recommend distribution of annual dividends, and will not conduct capitalization of capital reserves.

VI. Whether the parent company had any uncovered losses as at the end of the Reporting Period and the impact of such losses on matters such as dividend distribution

No.

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

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

VIII. Whether there were any incidents of appropriation of funds by the controlling shareholder and its connected persons for non-operational purposes

No.

IX. Whether there were any incidents of providing external guarantees in violation of the required decision-making procedures

No.

X. Whether more than half of the directors were not able to assure the truthfulness, accuracy and completeness of the annual report disclosed by the Company

No.

XI. Material risk warning

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

XII. Others

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

§ 2 CORPORATE INFORMATION

2.1 Corporate information

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

2.2 Contact persons and contact details

	<u>Secretary to the Board</u>	<u>Securities Affairs Representative</u>
Name	Liu Gang	Huang Lixin
Address	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540
Tel	8621-57943143	8621-57933728
Fax	8621-57940050	8621-57940050
E-mail	liugang@spc.com.cn	huanglixin@spc.com.cn

2.3 Introduction of main business or products during the Reporting Period

Located at Jinshanwei in the southwest of Shanghai, the Company and its subsidiaries (the “Group”) is a highly integrated petrochemical enterprise which mainly produces a broad range of petroleum products, intermediate petrochemicals, resins and plastics and synthetic fibres through crude oil processing. The Group sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the fastest growing regions in the PRC.

The Group’s high-quality development is supported by the Chinese people’s pursuit for a better life and our Nation’s strategic plan for high-quality economic growth. Leveraging on our advantages in refining and chemical integration, the Group is actively optimizing its product mix and improving the quality and variety of its existing products. The Group is also strengthening the development of new products and market exploration, enhancing industrial technology research and product performance upgrading and promoting our high-quality development with green and low-carbon transformation.

§ 3 ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Major accounting data (prepared under CAS)

	Unit: RMB’000			
Major accounting data	2025	2024	Increase/decrease compared to the previous year (%)	2023
Operating income	75,563,186	87,132,820	-13.28	93,013,595
Operating income net of business revenue unrelated to principal business and income lacking commercial substance	74,966,822	86,230,113	-13.06	92,434,202
Total (loss)/profit	(1,488,866)	428,835	-447.19	(1,715,136)
Net (loss)/profit attributable to equity shareholders of the Company	(1,432,595)	316,500	-552.64	(1,405,876)
Net (loss)/profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	(1,422,240)	338,003	-520.78	(1,365,513)
Net cash flow generated from operating activities	1,993,330	7,740,447	-74.25	806,996

	<u>End of 2025</u>	<u>End of 2024</u>	<u>Increase/decrease compared to the end of the previous year (%)</u>	<u>End of 2023</u>
Net assets attributable to equity shareholders of the Company	23,132,313	25,040,254	-7.62	24,824,929
Total assets	39,881,813	41,769,339	-4.52	39,658,244

3.2 Major financial indicators (prepared under CAS)

<u>Major financial indicators</u>	<u>2025</u>	<u>2024</u>	<u>Increase/decrease compared to the previous year (%)</u>	<u>2023</u>
Basic (losses)/earnings per share (RMB/Share)	(0.136)	0.030	-553.33	(0.130)
Diluted (losses)/earnings per share (RMB/Share)	(0.136)	0.030	-553.33	(0.130)
Basic (losses)/earnings per share excluding extraordinary gains and losses (RMB/Share)	(0.135)	0.032	-521.88	(0.127)
(Loss)/return on net assets (weighted average) (%)*	(5.953)	1.270	Decreased by 7.22 percentage points	(5.504)
(Loss)/return on net assets excluding extraordinary gains and losses (weighted average) (%)*	(5.910)	1.356	Decreased by 7.27 percentage points	(5.346)
Net cash flow per share generated from operating activities (RMB/Share)	0.189	0.726	-73.97	0.075

	<u>End of 2025</u>	<u>End of 2024</u>	<u>Increase/decrease compared to the end of the previous year (%)</u>	<u>End of 2023</u>
Net assets per share attributable to equity shareholders of the Company (RMB/Share)*	2.194	2.346	-6.48	2.299
Gearing ratio (%)	41.742	39.802	Increased by 1.94 percentage points	37.105

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

3.3 Extraordinary gains and losses items (prepared under CAS)

	Unit: RMB'000		
Extraordinary gains and losses items	2025	2024	2023
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	(8,856)	41,482	(26,758)
Government grants recognized in profit or loss, except for those which are closely related to the Company's normal operations, which the Company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the Company	14,364	17,759	49,819
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and financial liabilities, other than those held for effective hedging related to normal operations of the Company	5,632	4,028	10,000
Reversal of the allowance for impairment of receivables that is individually tested for impairment	–	–	645
One-off costs incurred by the enterprise as a result of the discontinuation of the relevant business activities, e.g. termination benefit	–	(31,317)	(49,348)
Other gains and losses classified to extraordinary gains and losses	(1,675)	(3,501)	(4,403)
Other non-operating income and expenses other than those mentioned above	(12,416)	(43,449)	(21,951)
Less: Income tax effect amount	(5,246)	(6,861)	(5,279)
Effect on non-controlling interests (after tax)	(2,158)	356	6,912
Total	(10,355)	(21,503)	(40,363)

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

Year ended 31 December	Unit: RMB million				
	2025	2024	2023	2022 (Restated)	2021 (Restated)
Net sales	64,008.25	74,282.30	80,077.76	72,654.56	75,888.80
(Loss)/profit before taxation	(1,668.60)	423.32	(1,655.41)	(3,573.65)	2,721.09
(Loss)/profit after taxation	(1,610.08)	317.00	(1,349.31)	(2,842.19)	2,076.54
(Loss)/profit attributable to equity shareholders of the Company	(1,612.33)	310.98	(1,346.15)	(2,846.05)	2,073.37
Basic (losses)/earnings per share (RMB/share)*	(0.153)	0.029	(0.125)	(0.263)	0.192
Diluted (losses)/earnings per share (RMB/share)*	(0.153)	0.029	(0.125)	(0.263)	0.192
As at 31 December					
Equity attributable to equity shareholders of the Company	23,120.49	25,028.25	24,810.92	26,227.72	30,242.08
Total assets	39,809.99	41,687.34	39,564.23	41,136.76	46,920.59
Total liabilities	<u>16,587.59</u>	<u>16,554.84</u>	<u>14,635.34</u>	<u>14,781.36</u>	<u>16,543.26</u>

* The Company cancelled the repurchased H shares in June 2024, after which the total share capital of the Company was decreased by 124,058,000 shares; the Company cancelled the repurchased H shares in June 2025, after which the total share capital of the Company was decreased by 132,610,000 shares.

3.5 Major quarterly financial data in 2025 (prepared under CAS)

	Unit: RMB'000			
	First Quarter (January to March)	Second Quarter (April to June)	Third Quarter (July to September)	Fourth Quarter (October to December)
Operating income	19,520,645	20,002,581	19,362,301	16,677,659
Net (loss)/profit attributable to equity shareholders of the Company	(89,839)	(372,289)	30,595	(1,001,062)
Net (loss)/profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	(85,209)	(354,166)	45,427	(1,028,292)
Net cash flow generated from/(used in) operating activities	1,789,914	(1,010,971)	1,887,979	(673,592)

Notes to the differences between the quarterly data and disclosed data in the regular reports

Not applicable

§ 4 INFORMATION ON SHAREHOLDERS' SHAREHOLDING AND CONTROL

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

Shareholding of the top ten shareholders

Full name of shareholder	Class of shares	Increase/ decrease of shareholding during the Reporting Period	Number of shares held at the end of the Reporting Period	Percentage of shareholding (%)	Number of shares held with selling restrictions (Shares)	Pledged/Marked/Frozen		Nature of shareholder
		(Shares)	(Shares)	(%)	(Shares)	Status of shares	Number of shares	
China Petroleum & Chemical Corporation	A shares	2,700,000	5,462,155,000	51.81%	0	None	0	State-owned legal person
HKSCC Nominees Limited	H shares	-328,379,300	2,974,953,480	28.22%	0	Unknown	-	Overseas legal person
CORN CAPITAL COMPANY LIMITED	H shares	200,020,000	200,020,000	1.90%	0	None	0	Overseas legal person
Zhang Mucheng (張沐城)	A shares	38,982,600	81,000,800	0.77%	0	None	0	Domestic natural person
HKSCC Limited	A shares	21,079,487	79,023,079	0.75%	0	None	0	Overseas legal person
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	A shares	2,179,857	33,229,557	0.32%	0	None	0	Others
Wang Lei	A shares	0	28,035,200	0.27%	0	None	0	Domestic natural person
Shanghai Kangli Industry and Trade Co., Ltd.	A shares	0	22,375,300	0.21%	0	None	0	Others
Li Songyan (李松巖)	A shares	0	12,683,100	0.12%	0	None	0	Domestic natural person
Li Dongxin (李东鑫)	A shares	4,330,700	10,406,100	0.10%	0	None	0	Domestic natural person

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

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

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



* Including 1,379,764,000 H shares of Sinopec Corp. held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group, through HKSCC Nominees Limited.

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

As at 31 December 2025, so far as was known to the Directors or chief executive of the Company, the interests and short positions of the Company's substantial shareholders (being those who are entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company but excluding the Directors and chief executive) in the shares and underlying shares of the Company who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO") or as recorded in the register of interests required to be kept under Section 336 of the SFO were as set out below:

Interests in ordinary shares of the Company

<u>Name of shareholders</u>	<u>Interests held or deemed as held (shares)</u>	<u>Note</u>	<u>Percentage of total issued shares of the Company (%)</u>	<u>Percentage of total issued shares of the relevant class (%)</u>	<u>Capacity</u>
China Petroleum & Chemical Corporation	5,462,155,000 A shares(L) Shares of legal person	(1)	51.81	74.53	Beneficial owner
Corn Capital Company Limited	200,020,000 H shares(L) 200,020,000 H shares(S)	(2)	1.90	6.22	Beneficial owner
Hung Hin Fai	200,020,000 H shares(L) 200,020,000 H shares(S)	(2)	1.90	6.22	Interests of controlled corporation
Yardley Finance Limited	200,020,000 H shares(L)	(3)	1.90	6.22	Secured equity holders
Chan Kin Sun	200,020,000 H shares(L)	(3)	1.90	6.22	Interests of controlled corporation

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

Notes:

- (1) Based on the information obtained by the Directors from the website of the Hong Kong Stock Exchange and as far as the Directors are aware, Sinopec Group directly and indirectly owned 69.87% of the issued share capital of Sinopec Corp. as at 31 December 2025. By virtue of such relationship, Sinopec Group was deemed to be interested in the 5,462,155,000 A shares of the Company directly owned by Sinopec Corp.
- (2) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.
- (3) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.

Save as disclosed above, as at 31 December 2025, the Directors of the Company have not been notified by any person (other than the Directors and chief executive) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

4.4 The number of shares pledged by the Company's controlling shareholders or the largest shareholder and persons acting in concert in aggregate accounts for more than 80% of the shares held by them in the Company

Nil

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

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

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

In 2025, the impact of changes in the external environment deepened, the contradiction between strong supply and weak demand internally became prominent. SPC drove forward various tasks, achieving new results in safety and environmental protection, production and operation, transformation and development, technological innovation, and deepening reform. The total volume of crude oil processed for the year was 12.6125 million tons (including 1.0344 million tons of processing on order), representing a year-on-year (the same below) decrease of 5.49%; the volume of refined oil produced for the year was 7.8418 million tons, representing a year-on-year decrease of 9.34%; the total volume of goods within the main commodities categories was 11.2299 million tons, representing a year-on-year decrease of 4.36%. The Group’s turnover was RMB75.513 billion, representing a year-on-year decrease of 13.26%. The Group’s product sale rate was 99.59% and the payment return rate for loans was 99.79% (excluding related companies and internal companies), signaling premium and stable product quality.

(1) Petrochemicals’ prices fluctuated and declined

In 2025, international crude oil prices experienced volatile declines. China’s petrochemical industry exhibited an overall weak operational trend, with most products facing price pressure and significant structural divergence. As of 31 December 2025, the weighted average prices (excluding tax) of petroleum products and chemical products of the Group decreased by 8.31% and 13.36% respectively as compared with the previous year.

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

In 2025, the Group processed a total of 12.6125 million tons of crude oil, representing a decrease of 5.49% year on year. In 2025, the annual crude oil processing cost was RMB3,872.30 per ton, representing a decrease of RMB409.88 per ton or 9.57% over the previous year. The total crude oil processing cost for the year decreased by RMB5,951 million or 11.72% over the previous year, accounting for 68.10% of the total cost of sales.

(3) Strengthening the safety and environmental protection measures to consolidate the foundation for steady development

The Group vigorously carried out safety production hazard identification and rectification, strictly implemented full-chain rectification measures for hazardous chemicals, and achieved a 100% rectification completion rate for hazards at old facilities. It clarified grid-based management requirements for contractors, established a digital and intelligent control system for contractors and direct operations, enhanced its capability to manage and control high-risk operations, and continuously advanced the creation of a “Zero-Waste Enterprise”. The average value of VOCs concentration at the Company’s boundary was 59.8 ug/m³, representing a year-on-year decrease of 8.20%. Production operations remained generally stable throughout the year, accelerating the green and low-carbon transformation.

(4) Deepening operational and value-creation practices to unlock the potential of integrated synergies

The Group adhered to a strategy of increasing revenue and reducing costs simultaneously, focusing on both production sites and market development. It continuously deepened the optimization of the whole-process crude oil system to increase the production of high-value-added products. The market share of high-end materials improved, with medical-grade materials receiving high recognition from downstream pharmaceutical companies. Supply chain collaboration in the wind power sector was strengthened. The potential for value creation across the entire industrial chain was further unlocked. The Group optimized its decision-making for transactions involving new energy, new materials, and the new economy (collectively, the “**Three New**” businesses), and reduced the comprehensive costs of electricity consumption and carbon compliance.

(5) Promoting the construction of key projects to accelerate the pace of transformation and upgrading

The Group continued to promote the construction of key projects, accelerating the pace of transforming development modes and adjusting structures. Comprehensive technological transformation and quality upgrading project was successfully implemented. The main structure of the chimney for the thermal power project was successfully topped out. The National Hazardous Chemicals Emergency Rescue (Shanghai) Base project progressed steadily. The construction project of the Inner Mongolia Base for the 30,000 tons/year large-tow carbon fiber facility saw the mechanical completion of its two production lines, and the 60,000 tons/year precursor project at the Shanghai Base successfully passed the public consultation for its social stability assessment and environmental impact assessment. The thermoplastic elastomer project achieved a successful initial operation, and the “R&D-Production-Sales” chain was established.

(6) Adhering to self-reliance and strength in science and technology to forge core competitiveness

The Group adhered to self-reliance and strength in science and technology, achieving fruitful results in independent core technologies. The 60K large-tow carbon fiber new product achieved industrial trial production. Steady progress was made in the testing and application research of T800 and T1000 grade carbon fibers with high strength and intermediate modulus. Research on the process stability of CF/PPS sheets and CF/PAEK prepregs was completed. Innovative development and increased production of high-value-added new products such as coating materials for high-pressure devices, 110KV ultra-high voltage cable materials, BFS special materials, and high-density polyethylene film materials were achieved. Intelligent inspection systems, personnel positioning systems, and digital unattended truck scales were put into operation, accelerating the deep integration of artificial intelligence with the industry.

(7) Advancing reforms in key areas to stimulate institutional and mechanistic vitality

The Group fully completed the overall tasks of the reform deepening and upgrading action and the value creation action benchmarking against world-class enterprises. It revised the Articles of Association and supporting rules, and completed the reform of the Supervisory Committee. The Group deeply promoted the special action for enhancing the market value of listed companies, and established and improved a normalized market value management mechanism. It resolutely promoted the flattening reform of the organizational structure, increased competitive selection and recruitment, and strengthened term-based and contract-oriented management. The Group adhered to a market-oriented and customer-centric approach, formulated a performance assessment and incentive plan for product lifecycle management, and focused on value creation. It coordinated and advanced reforms in various fields simultaneously, using breakthroughs in key areas to drive overall improvement.

5.2 Accounting judgments and estimates

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

(1) Net realizable value of inventories

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

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

(2) Impairments for non-current assets

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

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

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

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

(4) Recognition of deferred tax assets

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

(5) Classification of financial assets

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

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

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

5.3.1 Summary

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

	For the years ended 31 December								
	2025			2024			2023		
	Sales volume	Net sales (RMB million)	%	Sales volume	Net sales (RMB million)	%	Sales volume	Net sales (RMB million)	%
	('000 tons)	million		('000 tons)	million		('000 tons)	million	
Petroleum products	8,541.55	40,053.47	62.58	9,450.52	49,366.06	66.46	9,747.76	51,881.58	64.79
Chemical products	2,595.55	16,971.61	26.51	2,296.31	17,380.29	23.40	2,780.32	19,032.11	23.77
Trading of petrochemical products	-	6,365.37	9.94	-	6,906.19	9.30	-	8,174.13	10.20
Others	-	617.80	0.97	-	629.76	0.84	-	989.94	1.24
Total	<u>11,137.10</u>	<u>64,008.25</u>	<u>100.00</u>	<u>11,746.83</u>	<u>74,282.30</u>	<u>100.00</u>	<u>12,528.08</u>	<u>80,077.76</u>	<u>100.00</u>

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

	For the years ended 31 December					
	2025		2024		2023	
	RMB million	% of net sales	RMB million	% of net sales	RMB million	% of net sales
Petroleum products						
Net sales	40,053.47	62.58	49,366.06	66.46	51,881.58	64.79
Cost of sales and operating expenses	(40,404.63)	(63.13)	(48,046.70)	(64.68)	(52,111.60)	(65.08)
Segment (loss)/profit from operations	(351.16)	(0.55)	1,319.36	1.78	(230.02)	(0.29)
Chemical products						
Net sales	16,971.61	26.51	17,380.29	23.40	19,032.11	23.77
Cost of sales and operating expenses	(18,687.97)	(29.19)	(18,687.38)	(25.16)	(20,529.62)	(25.64)
Segment loss from operations	(1,716.36)	(2.68)	(1,307.09)	(1.76)	(1,497.51)	(1.87)
Trading of petrochemical products						
Net sales	6,365.37	9.94	6,906.19	9.30	8,174.13	10.20
Cost of sales and operating expenses	(6,362.92)	(9.94)	(6,888.40)	(9.28)	(8,132.36)	(10.15)
Segment profit from operations	2.45	–	17.79	0.02	41.77	0.05
Others						
Net sales	617.80	0.97	629.76	0.84	989.94	1.24
Cost of sales and operating expenses	587.60	(0.92)	(610.64)	(0.81)	(1,057.13)	(1.32)
Segment profit/(loss) from operations	30.20	0.05	19.12	0.03	(67.19)	(0.08)
Total						
Net sales	64,008.25	100.00	74,282.30	100.00	80,077.76	100.00
Cost of sales and operating expenses	(66,043.12)	(103.18)	(74,233.12)	(99.93)	(81,830.71)	(102.19)
(Loss)/profit from operations	(2,034.87)	(3.18)	49.18	0.07	(1,752.95)	(2.19)
Net finance income	188.94	0.30	194.56	0.26	238.68	0.30
Share of profit/(loss) of associates and joint ventures	177.34	0.28	179.58	0.24	(141.13)	(0.18)

	For the years ended 31 December					
	2025		2024		2023	
	RMB million	% of net sales	RMB million	% of net sales	RMB million	% of net sales
(Loss)/profit before tax	(1,668.59)	(2.60)	423.32	0.56	(1,655.40)	(2.07)
Income tax	58.51	0.08	(106.32)	(0.14)	306.09	0.38
(Loss)/profit for the year	<u>(1,610.08)</u>	<u>(2.52)</u>	<u>317.00</u>	<u>0.42</u>	<u>(1,349.31)</u>	<u>(1.69)</u>
Attributable to: Equity shareholders of the Company	(1,612.32)	(2.52)	310.98	0.41	(1,346.15)	(1.69)
Non-controlling interests	<u>2.24</u>	<u>0.00</u>	<u>6.02</u>	<u>0.01</u>	<u>(3.16)</u>	<u>0.00</u>
(Loss)/profit for the year	<u>(1,610.08)</u>	<u>(2.52)</u>	<u>317.00</u>	<u>0.42</u>	<u>(1,349.31)</u>	<u>(1.69)</u>

5.3.2 Comparison and analysis

Comparison between the year ended 31 December 2025 and the year ended 31 December 2024 is as follows:

5.3.2.A Operating results

(1) Net sales

In 2025, the net sales of the Group amounted to RMB64,008 million, a decrease of 13.83% from the previous year's RMB74,282 million. Analysis by products is as follows:

(i) Petroleum products

In 2025, the Group's net sales of petroleum products amounted to RMB40,053 million, a decrease of 18.87% from the previous year's RMB49,366 million. This was mainly due to a decrease of 8.31% in the unit price of petroleum products and a decrease of 9.62% in sales volume in the current year.

The net sales of petroleum products accounted for 62.58% of the Group's net sales in the current year, a decrease of 3.88% from the previous year.

(ii) Chemical products

In 2025, the Group's net sales of chemical products amounted to RMB16,972 million, a decrease of 2.35% from the previous year's RMB17,380 million. The net sales of chemical products accounted for 26.51% of the Group's net sales in the current year, an increase of 3.11% from the previous year.

(iii) Trading of petrochemical products

In 2025, the Group's net sales of trading of petrochemical products amounted to RMB6,365 million, a decrease of 7.83% from the previous year's RMB6,906 million. This was mainly due to the decrease in the sales of the subsidiary and sub-subsidiary, namely Jinshan Associated Trading Company Limited and Shanghai JMGJ Company Limited, in the current year.

The net sales of trading of petrochemical products accounted for 9.94% of the Group's net sales in the current year, an increase of 0.64% from the previous year.

(iv) Others

In 2025, the Group's net sales of other products amounted to RMB618 million, a decrease of 1.90% from the previous year's RMB630 million.

The net sales of other products accounted for 0.97% of the Group's net sales in the current year, an increase of 0.13% from the previous year.

(2) Cost of sales and operating expenses

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

In 2025, the Group's cost of sales and operating expenses amounted to RMB66,043 million, a decrease of 11.03% from RMB74,233 million in 2024. Cost of sales and operating expenses of petroleum products, chemical products, trading of petrochemical products and other products amounted to RMB40,405 million, RMB18,688 million, RMB6,363 million, and RMB588 million respectively, representing a decrease of 15.91%, an increase of 0.01%, a decrease of 7.62% and a decrease of 3.76% year on year respectively.

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

– Cost of sales

In 2025, the Group's cost of sales amounted to RMB65,833 million, a decrease of 11.18% from previous year's RMB74,121 million, which was mainly due to the decrease in the price of crude oil and the reduction in the crude oil processing volume. The cost of sales accounted for 102.85% of the net sales this year.

– Selling and administrative expenses

In 2025, the Group's selling and administrative expenses amounted to RMB239 million, an increase of 1.70% from the previous year's RMB235 million, with no significant change compared to the previous year.

– Other operating income

In 2025, the Group's other operating income amounted to RMB87 million, a decrease of 23.01% from previous year's RMB113 million, which was mainly due to the decrease in rental income of investment properties.

– Other operating expenses

In 2025, the Group's other operating expenses amounted to RMB25 million, an increase of RMB1 million from previous year's RMB24 million.

(3) Operating (loss)/profit

In 2025, the Group's operating loss amounted to RMB2,035 million, a decrease of profit of RMB2,084 million from the operating profit of RMB49 million in the previous year. This was mainly due to the overhaul of the Company's refining units this year, which led to a decrease in petroleum products output and a decrease in profit.

(i) Petroleum products

The operating loss of petroleum products amounted to RMB351 million in the year, a decrease of profit of RMB1,670 million from the operating profit of RMB1,319 million in the previous year. This was mainly due to the overhaul of the Company's refining units this year, which led to a decrease in petroleum products output and a decrease in profit.

(ii) Chemical products

The operating loss of chemical products amounted to RMB1,716 million in the year, an increase of loss of RMB409 million from the operating loss of RMB1,307 million in the previous year, mainly due to the combined effect of weakened cost support for chemical products and a decline in product selling prices.

(iii) Trading of petrochemical products

The Group's operating profit of trading of petrochemical products amounted to RMB2 million in the year, a decrease of RMB16 million from the operating profit of RMB18 million in the previous year, which was mainly due to the decrease in sales during the year.

(iv) Others

The Group's other operating profit amounted to RMB30 million in the year, an increase of profit of RMB11 million from the operating profit of RMB19 million in the previous year.

(4) Net finance income

In 2025, the Group's net financial income amounted to RMB189 million, a decrease of RMB6 million from the net financial income of RMB195 million in the previous year, which was mainly due to a decrease in the Group's interest income by RMB105 million from RMB310 million in 2024 to RMB205 million in 2025, and a decrease in the interest expense by RMB99 million from RMB115 million in 2024 to RMB16 million in 2025 during the Reporting Period.

(5) (Loss)/profit before taxation

In 2025, the Group's loss before taxation amounted to RMB1,669 million, a decrease of profit of RMB2,092 million from the profit before taxation of RMB423 million in the previous year.

(6) Income tax

The income tax benefit of the Group amounted to RMB58 million in 2025 and the income tax expense amounted to RMB106 million in the previous year.

In accordance with the Enterprise Income Tax Law of the PRC (amended in 2018), the income tax rate applicable to the Group in 2025 was 25% (2024: 25%), except for a subsidiary operating in the western developing region of the PRC which is qualified to be entitled to a preferential tax rate of 15% from 2025 to 2030.

(7) Loss for the year

In 2025, the Group's loss after taxation amounted to RMB1,610 million, representing a decrease of profit of RMB1,927 million from the profit after taxation of RMB317 million in the previous year.

5.3.2.B Liquidity and capital sources

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

(1) Capital sources

(i) Net cash flow generated from operating activities

In 2025, the Group's net cash inflows generated from operating activities amounted to RMB1,978 million, representing a decrease of cash inflows of RMB5,646 million from the net cash inflows of RMB7,624 million in the previous year. The Group realised loss from operation during the Reporting Period. The Group's cash inflows generated from operating activities before interest and taxation in 2025 amounted to RMB2,000 million, representing a decrease of cash inflows of RMB5,747 million from the cash inflows generated from operating activities before interest and taxation of RMB7,747 million in the previous year.

(ii) Borrowings

The total borrowings of the Group at the end of 2025 amounted to RMB813 million, representing a decrease of RMB756 million compared with the end of the previous year, which was mainly due to the repayment of RMB1,500 million in short-term borrowings and the acquisition of RMB744 million in long-term borrowings during the year.

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

(2) Gearing ratio

As at 31 December 2025, the Group's gearing ratio was 41.67% (2024: 39.71%). The gearing ratio is calculated using this formula: total liabilities/total assets*100%.

5.3.2.C Research and development, patents and licenses

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

The Group owns various technology development departments including the Advanced Materials Innovation Research Institute, Synthetic Materials Research Institute and Environmental Protection Research Institute, which are responsible for the research and development of new technologies, products, processes, equipment and environmental protection. The Group's research and development expenses for 2023, 2024 and 2025 amounted to RMB187 million, RMB174 million and RMB215 million, respectively.

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

5.3.2.D Off-balance sheet arrangements

Please refer to Note 35 to the financial statements prepared under IFRS Accounting Standards in the 2025 annual report for details of the Group's capital commitments. During the Reporting Period, the Group did not provide any guarantee to external parties.

5.3.2.E Contractual obligations

The following table sets forth the Group's obligations to repay loan principal in future as at 31 December 2025:

	As at 31 December 2025 payment due by period				
	Total	Within	After	After	Over
	RMB'000	1 year	1 year but	2 years but	5 years
		RMB'000	within	within	5 years
			2 years	5 years	RMB'000
			RMB'000	RMB'000	
Contractual obligations					
Short-term borrowings	–	–	–	–	–
Long-term borrowings	811,768	–	183,223	461,267	167,278
Total contractual obligations	<u>811,768</u>	<u>–</u>	<u>183,223</u>	<u>461,267</u>	<u>167,278</u>

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

Situation of the Company's major subsidiaries and invested companies affecting more than 10% of the net profit of the Company as at 31 December 2025 is as follows:

<u>Company</u>	<u>Company type</u>	<u>Principal business</u>	<u>Registered capital (RMB'000)</u>	<u>Total assets (RMB'000)</u>	<u>Net assets (RMB'000)</u>	<u>Operating income (RMB'000)</u>	<u>Profit/ (loss) from operations (RMB'000)</u>	<u>Net profit/ (loss) in 2025 (RMB'000)</u>
Shanghai Petrochemical Investment Development Company Limited (“ Shanghai Investment Development ”)	Subsidiary	Investment management	RMB2,100,000	2,546,556	2,537,194	78,080	42,260	41,279
China Jinshan Associated Trading Corporation (“ Jinshan Associated Trading ”)	Subsidiary	Import and export of petrochemical products and equipment	RMB25,000	651,262	247,467	4,745,015	6,857	4,805
Inner Mongolia Xinjinshan Carbon Fiber Company (“ Inner Mongolia Carbon Fiber ”)	Subsidiary	Production of carbon fiber	RMB600,000	757,172	600,000	-	-	-
Shanghai Golden Phillips Petrochemical Company Limited (“ Shanghai Golden Phillips ”)	Subsidiary	Production of polyethylene products	RMB415,623	500,730	461,886	1,087,706	11,190	7,727
Shanghai Jinshan Trading Corporation (“ JMGJ ”)	Subsidiary	Import and export of petrochemical products and equipment	RMB100,000	396,508	164,478	3,798,495	(1,841)	5,560
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. (“ Jinlian ”)	Subsidiary	Storage and transportation services	RMB620,000	174,129	66,863	21,104	(9,003)	(9,541)
Shanghai Chemical Industry Park Development Company Limited	Invested company	Storage and transportation services	RMB2,372,439	10,245,489	7,078,915	1,829,816	594,773	496,188
Shanghai Petrochemical Linde-SPC Gases Company Limited	Invested company	Production of chemical raw materials and chemical products	USD32,000	387,317	359,479	341,664	48,939	40,023
Shanghai Azbil Automation Company Limited	Invested company	Production of instruments and gauges	USD3,000	194,377	128,040	374,541	67,402	50,186

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

The Group's share of interests in associates comprises a 38.26% equity interests in Shanghai Chemical Industry Park Development Co., Ltd. (“**Chemical Industry Park**”) established in the PRC in the amount of RMB2,379 million. The main business of Chemical Industry Park is to plan, develop, and operate a chemical industry zone located in Shanghai, China.

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

- a) In 2025, Chemical Industry Park recorded an operating income of RMB1,830 million, and the profit after taxation reached RMB496 million, and the Company recognized investment gains of RMB135 million using the equity method.
- b) In 2025, Linde Gases recorded an operating income of RMB342 million, and the profit after taxation reached RMB40.02 million, and the Company recognized investment gains of RMB20.01 million using the equity method.
- c) In 2025, Azbil recorded an operating income of RMB375 million, and the profit after taxation reached RMB50.19 million, and the Company recognized investment gains of RMB20.07 million using the equity method.

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

- a) The net profit of Shanghai Investment Development increased by 70.73% in 2025 as compared with the previous year. The increase was mainly due to a decrease in costs and expenses of Shanghai Investment Development.
- b) The net profit of Jinshan Associated Trading decreased by 78.52% in 2025 as compared with the previous year. The decrease was mainly due to a decrease in operating income and investment income for the year.
- c) The net profit of Shanghai Golden Phillips increased by RMB7.48 million in 2025 as compared with the previous year. The increase was mainly due to the decrease in ethylene prices this year, which resulted in a decrease in operating costs, leading to a significant increase in operating results in 2025.
- d) The net profit of JMGJ increased by RMB3.09 million in 2025 as compared with the previous year. The increase was mainly due to an increase in export sales for the year, resulting in a simultaneous increase in operating income for the year.

(3) Changes in the consolidation scope due to equity changes in major subsidiaries during the Reporting Period

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

5.3.2.G. Major suppliers and customers

The Group's top five suppliers in 2025 were Sinopec Group, Sinochem Oil Co., Ltd., Shanghai Gas Co., Ltd., State Grid Huitongjincai (Beijing) Information Technology Co., Ltd. and CNOOC (China) East China Sea Xihu Oil & Gas Operation Company (中海石油(中國)東海西湖石油天然氣作業公司). Total procurement costs involving these five suppliers, which amounted to RMB60,114 million, accounted for 82.65% of the total procurement costs of the Group for the year. Among the top five suppliers, the purchase amount of related parties was RMB53,143 million, accounting for 73.06% of the total annual purchase amount. The total procurement from the largest supplier amounted to RMB36,102 million, representing 49.63% of the total costs of purchases by the Group for the year.

The Group's top five customers in 2025 were Sinopec Group, Zhejiang Dushan Energy Co., Ltd., Jiaxing Petrochemical Co., Ltd., Shanghai SECCO Petrochemical Company Limited (hereinafter referred to as "Shanghai Secco") and Zhejiang Baling Hengyi Caprolactam Limited Company. Total sales to these five customers amounted to RMB60,196 million, representing 79.72% of the Group's total turnover for the year. Among the sales of the top five customers, the sales of related parties was RMB56,257 million, accounting for 74.50% of the total annual sales. Sales to the Group's largest customer amounted to RMB54,371 million, representing 72.00% of the Group's total turnover for the year.

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

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

5.4.1 Analysis of the Company's principal activities

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

Unit: RMB'000

Item	Amount for the year ended 31 December 2025	Amount for the year ended 31 December 2024	Percentage change (%)
Operating income	75,563,186	87,132,820	-13.28
Operating cost	63,584,794	72,045,290	-11.74
Selling and distribution expenses	224,370	224,141	0.10
General and administrative expenses	1,475,882	1,583,632	-6.80
Financial expenses (“-” for financial income)	-164,753	-171,454	-3.91
Research and development expenses	214,793	173,953	23.48
Net cash inflow generated from operating activities (“-” for net outflow)	1,993,330	7,740,447	-74.25
Net cash inflow generated from investing activities (“-” for net outflow)	-1,584,373	-2,051,134	-22.76
Net cash inflow generated from financing activities (“-” for net outflow)	-1,104,513	-2,388,635	-53.76

Analysis of major changes in the consolidated income statement

Unit: RMB'000

Item	For the years ended 31 December		Increase/ Decrease amount	Increase/ Decrease (%)	Major reason for change
	2025	2024			
Other income	23,282	35,387	-12,105	-34.21	This was mainly due to the reduction in government grants received during the year.
Assets impairment losses	-392,671	-285,929	-106,742	37.33	The gross margin of petrochemical products decreased during the year, and the amount of provisions for inventory impairment loss increased as compared with the previous year.
Income tax expense (“-” for benefits)	-58,514	106,318	-164,832	-155.04	The operating loss for the year resulted in income tax benefits.
Net (loss)/profit attributable to equity shareholders of the Company (“-” for loss)	-1,432,595	316,500	-1,749,095	-552.64	The operating results declined for the year.

Analysis of major changes in the cash flow statement

Unit: RMB'000

Item	For the years ended 31 December		Increase/ Decrease amount	Increase/ Decrease (%)	Major reason for change
	2025	2024			
Net cash inflow generated from operating activities (“-” for net outflow)	1,993,330	7,740,447	Inflow decreased by 5,747,117	Inflow decreased by 74%	Cash received for sales of goods and providing services during the year decreased as compared with the previous year.
Net cash inflow generated from investing activities (“-” for net outflow)	-1,584,373	-2,051,134	Outflow decreased by 466,761	Inflow increased by 23%	The net cash received from the time deposits during the year increased as compared with the previous year.
Net cash inflow generated from financing activities (“-” for net outflow)	-1,104,513	-2,388,635	Outflow decreased by 1,284,122	Outflow decreased by 54%	The net cash outflow from the repayment of borrowings during the year decreased as compared with the previous year.

5.4.1B Operating income

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

In 2025, the sales volume of the Group's petroleum products decreased by 9.62%, leading to a decrease in the Group's operating income in 2025 as compared with the previous year.

(2) Major customers

Please refer to Section 5.3.2.G of the Management Discussion and Analysis in this chapter for details of major customers of the Group.

5.4.1C Operating cost

(1) Analysis of operating cost

In 2025, the Group's operating cost was RMB63,585 million, representing a decrease of 11.74% from the previous year's RMB72,045 million. This was mainly due to the combined effect of a decrease in crude oil prices and a decline in production and sales volume of petrochemical products in the year.

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

	For the years ended 31 December				
	2025		2024		Increase/ Decrease (%)
Amount (RMB million)	% of the total operating cost	Amount (RMB million)	% of the total operating cost		
Cost of raw materials					
Crude oil	44,833.74	70.51	50,784.85	70.49	-11.72
Other raw materials, auxiliary materials and power	7,573.81	11.91	9,049.92	12.56	-16.31
Depreciation and amortisation	1,882.16	2.96	2,006.89	2.79	-6.22
Employee wage and others	1,989.88	3.13	2,077.59	2.88	-4.22
Trading cost	6,303.23	9.91	6,817.56	9.46	-7.54
Others	1,001.97	1.58	1,308.48	1.82	-23.42
Total	63,584.79	100.00	72,045.29	100.00	-11.74

(2) Major suppliers

For details of major suppliers of the Group, please refer to Section 5.3.2.G of the Management Discussion and Analysis in this chapter.

5.4.1D Expenses

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

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

(1) R&D expenditure

	Unit: RMB’000
Expensed R&D expenditure during the Reporting Period	214,793
Capitalised R&D expenditure during the Reporting Period	–
Total R&D expenditure	214,793
% of R&D expenditure to operating income	0.28
% of capitalised R&D expenditure	–

(2) R&D personnel

Number of R&D personnel	149
% of number of R&D personnel to total number of staff	2.15

Educational structure of R&D personnel

Education structure category	Education structure number
Doctor	6
Master	53
Undergraduate	44
Junior college graduate	20
High school and below	26

Age structure of R&D personnel

Age structure category	Age structure number
Under 30 years old (excluding 30 years old)	24
30-40 years old (including 30 years old and excluding 40 years old)	30
40-50 years old (including 40 years old and excluding 50 years old)	39
50-60 years old (including 50 years old and excluding 60 years old)	49
Over 60 years old	7

For details of R&D, patents and licenses of the Group, please refer to Section 5.3.2.C of the Management Discussion and Analysis in this chapter.

(3) Reasons for significant changes in the composition of R&D personnel and their impact on the Company's future development

Not applicable

5.4.1F Cash flow

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

5.4.2. Analysis of revenue and cost

5.4.2A Principal activities by product

Unit: RMB'000

<u>By product</u>	<u>Operating income</u>	<u>Operating cost</u>	<u>Gross profit margin (%)</u>	<u>Increase/Decrease of operating income as compared to the previous year</u>	<u>Increase/Decrease of operating cost as compared to the previous year</u>	<u>Change of gross profit margin as compared to the previous year (percentage point)</u>
Petroleum products ^{Note}	51,438,900	40,133,722	21.98	-17.13%	-15.96%	Decreased by 1.08 percentage points
Chemical products	17,032,609	16,554,227	2.81	-0.73%	-1.64%	Increased by 0.90 percentage point
Trading of petrochemical products	6,372,046	6,303,231	1.08	-7.82%	-7.54%	Decreased by 0.29 percentage point
Others	123,267	123,156	0.09	34.95%	36.42%	Decreased by 1.08 percentage points

Note: The gross profit margin is calculated according to the price of petroleum products, which includes consumption tax. The gross profit margin of petroleum products after deducting the consumption tax amounted to 2.49%.

5.4.2B Operating income by geographical location

Unit: RMB'000		
Increase/Decrease of operating income compared with the previous year		
Geographical location	Operating income	(%)
East China	72,985,984	-13.42%
Other regions in China	488,293	-38.01%
Export	2,088,909	1.98%

5.4.3 Explanation of significant profit changes caused by non-core businesses

Not applicable

5.5 Analysis of assets and liabilities

Unit: RMB'000						
Item	<u>As at 31 December 2025</u>		<u>As at 31 December 2024</u>		Change of amount on 31 December 2025 compared to 31 December 2024 (%)	Major reason for change
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	7,515,562	18.84	12,096,477	28.96	-37.87	Operating loss for the year and a decrease in net cash inflow generated from operations.
Derivative financial assets	13,493	0.03	49	0.00	27436.73	Crude oil and refined product swap contracts were purchased during the year.
Other receivables	228,621	0.57	690,537	1.65	-66.89	The consumption tax refund receivable on imported naphtha at the end of the last year was received during the current year, resulting in a decrease in the balance at the end of the current year.
Construction in progress	4,315,241	10.82	2,064,067	4.94	109.06	Promotion of Cogeneration Unit Clean and Efficiency Improvement Project during the year.
Short-term loans	-	0.00	1,500,940	3.59	-100.00	Repayments of borrowings during the year.
Accounts payable	3,707,975	9.30	2,730,914	6.54	35.78	Increase of payable for crude oil for the year.

Item	As at 31 December 2025		As at 31 December 2024		Change of amount on 31 December 2025 compared to 31 December 2024 (%)	Major reason for change
	Amount	% of total assets	Amount	% of total assets		
Taxes payable	727,367	1.82	1,388,147	3.32	-47.60	Decreased of consumption tax and value-added tax payable for the year.
Long-term loans	811,768	2.04	67,685	0.16	1,099.33	Long-term loans newly increased during the year to supplement the funding needs of engineering construction projects.
Treasury stock	-	-	56,159	0.13	-100.00	Cancellation of repurchased H ordinary shares for the year.
Specific reserve	135,289	0.34	290,607	0.70	-53.45	Increase of expenses related to safe production due to the Company's major overhaul for the year.

Overseas assets

During the Reporting Period, the overseas assets held by the Company were RMB9,841 thousand, accounting for 0.02% of the total assets.

5. Material changes or adjustments in the Company's business, products, or services during the Reporting Period

Not applicable

6. Others

(1) Directors, senior management and employees of the Group

Please refer to “Details of Directors and Senior Management” under Chapter 5 Corporate Governance, Environment and Society in the 2025 annual report.

(2) Acquisition, sale and investment

Save and except as disclosed in the 2025 annual report, there was no material acquisition or sale of the Group's subsidiaries, associates or joint ventures or any other material investments in 2025.

(3) Pledge of assets

As of 31 December 2025, no fixed assets were pledged by the Group (31 December 2024: Nil).

(4) Material events after the end of the Reporting Period

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

5.6 Financial assets and financial liabilities held in foreign currencies

As at 31 December 2025, cash at bank and on hand, trade receivables, other receivables, accounts payables and other payables, and other financial assets and liabilities denominated in foreign currencies held by the Group were equivalent to net assets of RMB737 thousand.

5.7 Discussion and analysis on future development of the Company

1. Industry competition and development trends

2026 marks the start of the “15th Five-Year Plan”, with economic development facing a complex external environment. Since March, the escalating conflict involving the U.S., Israel, and Iran has become a key variable impacting the global economy: shipping through the Strait of Hormuz has been disrupted, leading to significant volatility in international oil prices. High oil prices have further fueled global inflation, reduced trade and supply chain efficiency, accelerated the restructuring of industrial and supply chains, and weakened the momentum of world economic growth. China’s GDP growth target for 2026 is set at 4.5%-5%. Although the situation in the Middle East has exerted imported inflationary pressures and increased foreign trade costs, creating a slight drag on economic growth, the domestic economy will be supported by a proactive fiscal policy and a prudent and accommodative monetary policy. By focusing on expanding domestic demand and promoting industrial upgrading, the overall economy demonstrates strong resilience, with growth expected to meet the target. For the petrochemical industry, geopolitical conflicts intensify profit and price volatility in the short term, but in the long run, they will act as a “catalyst” for transformation, accelerating the industry’s pace in energy substitution, raw material diversification, supply chain security, and the advancement of high-end upgrades. Concurrently, shifts in the international energy landscape will significantly boost demand for renewable energy sources such as photovoltaics and wind power. As a key complementary technology, energy storage technology is also poised for greater development.

2. Development strategies of the Company

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

3. Management plan

In 2026, the Group will continue to adhere to the general principle of pursuing progress while ensuring stability, focus on its core responsibilities and principal businesses, coordinate development and security, and concentrate efforts on winning the critical battles in risk prevention and control, transformation and upgrading, quality and efficiency improvement, tackling key reforms, and strengthening the enterprise through talent, thereby achieving a good start to the “15th Five-Year Plan”. In 2026, the Company plans to process a total of 12 million tons of crude oil, produce a total of 7.45 million tons of refined oil products, 671,300 tons of ethylene, 534,300 tons of p-xylene. In order to achieve the business objectives for 2026, the Group will focus on the following five areas of work:

(1) Focusing on winning the critical battle for safety and environmental protection

The Group will firmly establish the principles of putting people first, prioritizing safety, emphasising environmental protection, and upholding quality as the utmost priority. It will regard the battle for safety and environmental protection as its primary task, advance efforts to address root causes of work safety, achieve the dynamic elimination of hazards, and drive the transformation of HSE management toward a preventive approach. The Group will continue to fight the battle against pollution, diligently implement the three-year action plan for building a “Zero-Waste Group”, and focus on promoting the construction of “Odor-Free Factories”. It will also advance the development of a law-based enterprise and strictly uphold the lawful and compliance red line in its operations.

(2) Focusing on winning the critical battle for transformation and upgrading

The Group will attach equal importance to deepening its focus on core businesses and revitalizing industries, strengthen brand building, and advance structural adjustments in traditional industrial layouts. It will strive to commence civil construction of the comprehensive technological transformation and quality upgrading project in June 2026, and achieve mechanical completion of the cogeneration unit clean and efficiency improvement project within the year. Focusing on the development of international air transportation center in Shanghai, it will make every effort to increase the production of jet fuel. The Group will strengthen the integrated industrial chain of marine fuel. It will push forward the completion and commissioning of the construction project of the large-tow carbon fiber outside of Shanghai of SPC, promote the stable large-scale production of ultra-large-tow carbon fiber of 60K and above, hundred-ton scale high-performance carbon fiber, and high-strength high-modulus series products, and focus on expanding the application of elastomers, carbon fibers and their composites in emerging fields such as wind power. The Group will promote the deep integration of digital and intelligent transformation with the flattening reform in a coordinated manner, and implement the “AI Plus” action plan.

(3) Focusing on winning the critical battle for quality improvement and efficiency enhancement

The Group will fully utilize the smart operation platform to strengthen market price analysis and seize cost-effective bulk commodity resources, thereby maximizing the efficiency of material allocation. It will adhere to the cost leadership strategy, optimize overall energy consumption, and promote the implementation of energy efficiency improvement projects. The Group will strengthen asset lifecycle management and innovate mechanisms for revitalizing inefficient assets. It will innovate marketing concepts, deepen customer collaboration, and enhance industry-academia-research cooperation to develop differentiated products. The Group will expand the scale of strategic emerging customers and vigorously implement its market expansion strategy.

(4) Focusing on winning the critical battle for deepening reform

The Group will scientifically carry out business optimization and adjustments, and continue to build a specialized management system featuring vertical integration and horizontal coordination, as well as a territorial management system with well-defined powers and responsibilities and strong execution. It will build a strong scientific research talent pool, increase investment in research and development, and deepen the reform of the systems and mechanisms for scientific research. The Group will reinforce the “capability + performance” orientation, remove rigid barriers to promotion, and improve career development paths for talent.

(5) Focusing on winning the critical battle for strengthening the enterprise through talent

The Group will firmly establish the principle of “investing in talent”, prioritising talent development above all else. The Group will build a comprehensive framework for collaborative advancement and shared responsibility in talent management, thereby strengthening the “foremost resource” for future success. The Group will focus on enhancing cadres’ digital and intelligent capabilities and conduct tiered, categorised training programmes to improve their capabilities to perform their duties. The Group will continue to organize labor competitions and skills contests, and carry out substantive innovation and efficiency-enhancing activities involving the general public. The Group will promote role models and benchmarks to inspire all employees to keep striving for excellence.

4. Possible risks

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

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

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

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

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

The petrochemical industry is a capital-intensive industry. The Group's ability to maintain and raise income, net income and cash flows is closely connected with ongoing capital expenditures. The Group's estimated capital expenditures amount to approximately RMB6 billion in 2026, which will be met by financing activities and certain of own funds. The Group's effective capital expenditures may vary significantly due to the Group's ability to generate sufficient cash flows from operations, investments and other factors that are beyond control. Furthermore, there is no assurance as to the completion, cost or outcome of the Group's fundraising projects.

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

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

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

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

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

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

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

(7) Risks associated with control by the substantial shareholder

As of 31 December 2025, Sinopec Corp., the controlling shareholder of the Company, owns approximately 5,462 million shares of the Company, which represents 51.81% of the total number of shares of the Company and gives it an absolute controlling position. Sinopec Corp. may, by using its controlling position, exercise influence over the Group's production operations, fund allocations, appointment or removal of senior staff and so forth, thereby adversely affecting the Group's production operations as well as minority shareholders' interests.

5.8 Non-fundraising projects

In 2025, the capital expenditures of the Group amounted to RMB3,232 million, representing an increase of 82.91% as compared with RMB1,767 million in 2024. Major projects include the following:

Major project	Total amount of project investment RMB'000	Amount of project investment during the Reporting Period RMB'000	Project progress as of 31 December 2025
SPC Comprehensive Technological Transformation and Quality Upgrading Project	19,603,970	164,064	The overall design has been approved, and the project is currently in the basic design stage
SPC Cogeneration Unit Clean and Efficiency Improvement Project	3,287,711	1,300,000	Under construction
Construction Project of the Large-Tow Carbon Fiber Outside of Shanghai of SPC	3,196,000	646,359	Under construction
Rectification Project for Long-Term Operation of 2# Atmospheric and Vacuum Distillation Unit in the Refining Department	148,913	100,000	Under construction and scheduled for completion and commissioning in 2026
Potential Tapping and Efficiency Enhancement Project for No. 5 Refining Integrated Plant in the Oil Refining Department	99,454	70,000	Under construction and scheduled for completion and commissioning in 2026

Note: In addition to the major capital expenditure items disclosed in the above table, the total capital expenditure of other projects of the Company is RMB952 million.

The Group's capital expenditures for 2026 are estimated at approximately RMB6 billion.

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

5.9.1 Cash dividend policy and its formulation, implementation or adjustment

In 2016, the Company made amendments to its cash dividend policy in the Articles of Association. The proposed amendments to the Articles of Association and its appendices were considered and approved at the annual general meeting of 2015 held on 15 June 2016. According to Article 160 of the Articles of Association currently in force and the relevant provisions of the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend of Listed Companies:

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

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

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

In 2025, the net loss attributable to equity shareholders of the Company amounted to RMB1,432,595 thousand under CAS (net loss of RMB1,612,325 thousand attributable to equity shareholders of the Company under IFRS Accounting Standards). The Board did not recommend distribution of annual dividends, and will not conduct capitalization of capital reserves.

5.9.3 Cash dividends in the past three accounting years

	Unit: RMB'000
Amount of cumulative cash dividends (tax inclusive) in the past three accounting years	210,852
Average annual net profit in the past three accounting years	(838,959)
Cash dividend ratio in the past three accounting years (%)	N/A
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the most recent accounting year	(1,432,595)
Retained profits at end of the year in the parent company's financial statements for the most recent accounting year	4,708,553

5.10 The Company's fulfillment of its corporate social responsibility

5.10.1 Fulfillment of corporate social responsibility

For the Company's performance of corporate social responsibility in 2025 and the Company's 2025 ESG Report, please refer to the "2025 Environmental, Social and Corporate Governance Report of Sinopec Shanghai Petrochemical Company Limited" ("**2025 ESG Report**") published by the Company on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

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

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

The Company, as a manufacturing enterprise in the petrochemical industry, consistently places environmental protection as its priority. It has maintained ISO14001 Environmental Management System Certification. In January 2013, it obtained the certifications from the Shanghai Audit Center of Quality, including quality (GB/T19001: 2008), environment (GB/T24001: 2004) and occupational health and safety (GB/T28001: 2011). In December 2022, the Company was awarded the title "Sinopec Green Enterprise for 2022"; and continued to use the title "All-China Environmentally Friendly Enterprise" (effective until 15 December 2028) through the review of China's environmentally friendly enterprises on 16 December 2025. In 2025, the green workplace construction was completed at 48 grassroots units, accounting for 96% of the total (50 units). In December 2025, the Company successfully passed the clean production assessment organized by the Shanghai Municipal Bureau of Ecology and Environment for key enterprises in Shanghai.

In 2025, the Company achieved a 100% comprehensive standard rate of effluents, a 100% standard rate of controlled exhaust gas discharge, and a 100% rate of proper disposal of hazardous waste.

The Company continued to progress the LDAR related work. From January to December 2025, LDAR detected a total of 3,103,962 points, with 8,675 points identified as leak points, of which 7,430 points were repaired, resulting in a cumulative repair rate of 85.65%.

In 2025, the Company paid environmental tax totaling RMB8.6492 million to Jinshan District Tax Bureau.

5.10.3 Administrative penalties for environmental problems during the Reporting Period

Nil

5.10.4 Construction and operation of pollution prevention facilities

Main pollution facilities	Pollutant	Emission limits (mg/m ³)	Actual emission in 2025 (mg/m ³)	Reach (or not reach) the standard
Thermoelectric boiler	SO ₂	35	6.44	Reach
	NO _x	50	16.53	Reach
	Particulate matter	10	1.67	Reach
2#sulfur	SO ₂	100	15.13	Reach
3#sulfur	SO ₂	100	2.17	Reach
4#sulfur	SO ₂	100	18.88	Reach
Catalytic cracking	SO ₂	50	7.29	Reach
	NO _x	100	17.67	Reach
	Particulate matter	30	13.08	Reach
Process heating furnace	SO ₂	50	2.19	Reach
	NO _x	100	32.99	Reach
	Particulate matter	20	0.87	Reach
Sewage treatment plant	CODmg/l	60	28.90	Reach
	Ammonia nitrogen mg/l	8	0.26	Reach

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

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

In 2025, two projects, including the Comprehensive Technological Transformation and Quality Upgrading Project and the Park Planning Project of SPC, obtained their environmental impact assessment approvals. Nine projects, including the Renovation of the 220kV Power Distribution Facility in the Eastern District of the Thermal Power Division, the Research and Development of High-Temperature Resistant and High-Toughness Pultruded Epoxy Resin, and the Carbon Fiber Application Project, have completed their acceptance inspections.

5.10.6 Emergency response plan for emergent environmental incidents

The Company organized the revision of the “Emergency Response Plan for Emergent Environmental Incidents” in accordance with the Sinopec Group Company’s “Guidelines for the Preparation of Enterprise Emergency Plans for Environmental Emergencies”, formulated annual drill plans, equipped emergency materials as needed, and organized regular environmental emergency drills to improve emergency response and disposal capabilities. On 26 June 2025, the Company conducted a drill simulating a leakage and fire accident involving a tanker truck at the Light Oil Filling Station of the First Workshop of the Storage and Transportation Division. The exercise tested the coordination and operability of the emergency response plans for work safety incidents among the Management Department, the workshop, and the emergency repair unit, as well as the implementation of the plant’s fire-fighting coordination. It fully verified the effectiveness, applicability, and pertinence of the Company’s existing emergency plans, enhanced the rescue capabilities of the emergency response teams, and improved the emergency response capabilities of all employees of the Company. On the afternoon of 12 November 2025, drills were conducted in two scenarios, including the “Water Pollution Incident Caused by an Explosion and Subsequent Fire at Refining Units in the SPC’s Park” and the “Ethylene Oxide Leakage from a Tanker Truck at an Enterprise in Carbon Valley Luwan Industrial Park”. Addressing the critical and challenging issues of cross-regional environmental pollution in extreme scenarios, the Company focused on the objectives of “practical combat, practical utility, and tangible results”. It fully tested the outcomes of the “One Park (River), One Policy, One Map” initiative, as well as the capability for coordinated, cross-regional, and multi-departmental response involving all relevant elements. By leveraging the effectiveness of the three-tier emergency command system (municipal, district, and park levels), the Company ultimately achieved the emergency response goal of “containing pollutants within the park and preventing their cross-provincial transfer”.

5.10.7 Environmental self-monitoring programme

In accordance with the Company’s established 2025 environmental monitoring plan, the environmental monitoring station has fundamentally organised and completed multiple routine monitoring tasks covering wastewater, atmospheric environment, exhaust gases, noise and other areas.

According to the environmental monitoring plan for 2025, the quality management center organized to complete six daily monitoring tasks such as discharged wastewater, atmospheric environment, exhaust gas, noise, groundwater and soil. A total of 31,274 water quality monitoring data were collected; a total of 3,584 air and exhaust gas monitoring data were collected; and a total of 163 noise monitoring data were collected; and groundwater and soil were monitored by external institutions, including 30 groundwater points and 33 soil points (including 20 surface soil points and 13 deep soil points).

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

Whether to take carbon reduction measures	Yes
Emission reduction of CO ₂ equivalent (in tons)	115,008
Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	<ol style="list-style-type: none">1. Further increased the purchase of green power, and the purchased green power was 260.97 million kilowatt hours in 2025, comprising 68.71 million kilowatt hours from within the city and 192.26 million kilowatt hours from other provinces. This represented a reduction in carbon emissions of approximately 93,054 tons. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai)2. Full utilization of photovoltaic power stations: The Phase II 3.48MW rooftop-distributed photovoltaic power generation project for the large-tow carbon fiber facility was completed and put into operation on 28 August 2025. In 2025, the project generated 16.9698 million kilowatt hours of green electricity, reducing carbon emissions by 8,213 tons. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai)3. The energy efficiency improvement project for the operation, maintenance, and supervision of the 2# Hydrogen Plant K5101B Reciprocating Compressor was implemented, generating annual electricity savings of 7.15 million kWh and reducing carbon emissions by 3,461 tons per year (Note: Calculated based on the carbon emission factors for externally purchased electricity in Shanghai).4. In 2025, 7,014 tons of biomass fuel was combusted throughout the year, reducing carbon emission by approximately 10,280 tons.

5.10.9 Consolidate and expand the poverty alleviation and rural revitalization

Poverty alleviation and rural revitalization projects	Number/Content	Explanation
Total investment (RMB)	500,000	Including: 1. Donation of RMB300,000 to Baingoin County Middle School in Nagqu Town, Tibet Autonomous Region, aimed at advancing educational support and assisting in rural revitalization efforts; 2. Donation of RMB200,000 to Yunnan Zhaotong Education Foundation to support local governments to carry out rural revitalization assistance projects.
Number of beneficiaries (person)	2,344	Beneficiaries of education assistance
Forms of poverty alleviation (such as industry, employment, education poverty alleviation, etc.)	Education assistance, industry development, charity assistance	—

§ 6 MAJOR ITEMS AND OTHERS

6.1 Continuing connected transactions under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”)

Due to the particularities of the industry in which the Company operates and the needs of its production and operations, the Board considered and approved on 10 November 2022 the entering into a Mutual Product Supply and Sales Services Framework Agreement and a Comprehensive Services Framework Agreement among the Company, Sinopec Group and Sinopec Corp., which are valid for three years until 31 December 2025. The annual caps for the above agreements and the continuing connected transactions thereunder from 2023 to 2025 were considered and approved at the third extraordinary general meeting for 2022 of the Company. Due to the nature of the Company’s business and the need for fund safety, the Company entered into a Financial Services Framework Agreement with Sinopec Group, the de facto controller of the Company on 27 November 2023. Accordingly, Sinopec Finance, a subsidiary of Sinopec Group, provides financial services to the Company, including loans, collection and payment, discount, settlement and entrusted loan, and other financial services, with the service period from 1 January 2024 to 31 December 2025, and the annual caps shall be no more than RMB200 million. For the definition and details of the above transactions, please refer to the Company’s announcements dated 11 November 2022 and 26 October 2023 on the website of the Shanghai Stock Exchange, and the announcements and circular of the Company dated 10 November 2022, 30 November 2022 and 25 October 2023 on the website of Hong Kong Stock Exchange.

As the above three agreements expired on 31 December 2025, in order to ensure the normal operation of the Company, the Board of the Company considered and approved on 22 October 2025 the entering into a New Mutual Product Supply and Sales Services Framework Agreement and a New Comprehensive Services Framework Agreement among the Company, Sinopec Group and Sinopec Corp., which are valid for three years until 31 December 2028. The caps for the New Mutual Product Supply and Sales Services Framework Agreement and the New Comprehensive Services Framework Agreement, as well as the continuing connected transactions thereunder from 2026 to 2028 were considered and approved at the second extraordinary general meeting for 2025 of the Company. The Company renewed a Financial Services Framework Agreement with Sinopec Group on 22 October 2025. Accordingly, Sinopec Finance, a subsidiary of Sinopec Group, provides financial related services to the Company, with the service period from 1 January 2026 to 31 December 2028, and the annual caps shall be no more than RMB500 million. For the definition and details of the above transactions, please refer to the Company’s announcement dated 23 October 2025 on the website of the Shanghai Stock Exchange, and the announcement and circular of the Company dated 22 October 2025 and 24 November 2025 on the website of Hong Kong Stock Exchange.

To streamline the Company's process for temporarily adjusting crude oil allocation and pipeline transportation plans based on production and operational needs, ensure the smooth operation of facilities, enhance the flexibility of the Company's crude oil allocation, and broaden the scope for optimising crude oil resources, the Company renewed a storage service agreement with Sinopec Petroleum Reserve Company Limited and its Baishawan branch on 27 December 2024, with the service period from 1 January 2025 to 31 December 2025. For definition and details, please refer to the Company's announcement dated 28 December 2024 on the website of the Shanghai Stock Exchange, and the announcement of the Company dated 27 December 2024 on the website of Hong Kong Exchange. As the aforementioned storage service agreement expired on 31 December 2025, the Company renewed the storage service agreement with Baishawan Branch and Sinopec Reserve on 29 December 2025, with the service period from 1 January 2026 to 31 December 2026. Under the new storage service agreement, the maximum annual storage service fee is RMB114 million (including value added tax). For definition and details, please refer to the Company's announcements dated 17 December 2025 and 30 December 2025 on the website of the Shanghai Stock Exchange, and the announcements of the Company dated 16 December 2025 and 29 December 2025 on the website of Hong Kong Stock Exchange.

The Company entered into the 2025 Technology R&D Framework Agreement with Sinopec Corp. on 11 February 2025, with a service term valid until 31 December 2025. Under the 2025 Technology R&D Framework Agreement, the Group and Sinopec Corp. shall collaborate with each other or provide technology R&D services to one another. As the technology research and development framework agreement expired on 31 December 2025, the Board considered and approved the New Technology R&D Framework Agreement entered into between the Company and Sinopec Corp. on 16 December 2025, with a service term valid until 31 December 2026. Under the New Technology R&D Framework Agreement, the annual caps for technology R&D services provided by the Company to Sinopec Corp. are RMB180 million for 2025 and RMB190 million for 2026, while the annual caps for technology R&D services provided by Sinopec Corp. to the Company are RMB350 million for 2025 and RMB280 million for 2026. For the definition and details, please refer to the Company's announcements dated 15 January 2025 and 17 December 2025 on the website of the Shanghai Stock Exchange, and the announcements of the Company dated 14 January 2025 and 16 December 2025 on the website of Hong Kong Stock Exchange.

In order to achieve the comprehensive utilization of the Company's steam resources and reduce unit costs, while also to assist the smooth implementation of the 250,000 tons/year thermoplastic elastomer project, as considered and approved at the 17th meeting of the eleventh session of the Board, the Company entered into the Steam Sales Contracts with Shanghai Jinshan Baling New Materials Co., Ltd. (the "**Baling New Materials**") on 4 June 2025, pursuant to which, the Company continuously supplied industrial-grade pipeline steam for thermal use at (1.3-1.4) MPa and $(300 \pm 20)^\circ \text{C}$ to Baling New Materials, the term of validity commenced from the date of signing and sealing of the Steam Sales Contract to 31 December 2025. The contract fee cap is RMB106.5 million, with the actual amount to be settled monthly based on meter readings. For definitions and details, please refer to the announcements of the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 23 May 2025 and 22 May 2025, respectively.

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

		Unit: RMB'000		
<u>Type of connected transaction</u>	<u>Connected person</u>	<u>Annual cap for 2025</u>	<u>Transaction amount during the Reporting Period</u>	<u>Percentage of the transaction amount of the same type of transaction (%)</u>
Mutual Product Supply and Sales Services Framework Agreement				
Purchases of raw materials	Sinopec Group, Sinopec Corp. and their associates	119,847,000	48,552,335	76.03%
Sales of petroleum products and petrochemicals	Sinopec Corp. and its associates	93,873,000	56,367,033	74.65%
Agency sales of petrochemical products	Sinopec Corp. and its associates	219,000	45,019	100.00%
Comprehensive Services Framework Agreement				
Construction, installation and engineering design services	Sinopec Group, Sinopec Corp. and their associates	1,549,000	43,076	3.26%
Petrochemical industry insurance services	Sinopec Group	140,000	121,971	100.00%
Property leasing	Sinopec Corp. and its associates	44,000	9,471	18.56%
Comprehensive services	Sinopec Group and its associates	52,000	21,103	0.03%
Financial Services Framework Agreement				
Financial services	Associate of Sinopec Group (Sinopec Finance)	200,000	100	0.05%
Storage Services Agreement				
Storage services	Associate of Sinopec Group (Baishawan Branch)	114,000	114,000	93.25%

<u>Type of connected transaction</u>	<u>Connected person</u>	<u>Annual cap for 2025</u>	<u>Transaction amount during the Reporting Period</u>	<u>Percentage of the transaction amount of the same type of transaction (%)</u>
Technology R&D Framework Agreement				
Technology research and development services	Technology research and development services provided by the Company to Sinopec Corp.	180,000	112,606	0.15%
	Technology research and development services provided by Sinopec Corp. to the Company	350,000	1,958	0.91%
Steam Sales Contract				
Steam services	Associate of Sinopec Corp. (Baling New Materials)	106,500	7,790	0.01%

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

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

Pursuant to Article 14A.56 of the Hong Kong Listing Rules, the Company has engaged its independent external auditor, KPMG, to perform the engagement in accordance with the Hong Kong Standard on Assurance Engagements No. 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", issued by the Hong Kong Institute of Certified Public Accountants, that was, to perform the assurance engagement regarding the continuing connected transactions of the Group for the year ended 31 December 2025, and KPMG has issued a letter to the Board to confirm that, nothing has come to their attention that causes them to believe that the Continuing Connected Transactions: (1) have not been approved by the

Board; (2) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and (4) have exceeded their respective annual caps for the year 2025 as set by the Group.

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

On 15 June 2022, Shanghai Petrochemical Investment Development Company Limited (the “**Shanghai Petrochemical Investment**”), a wholly-owned subsidiary of the Company, entered into the Forward Equity Transfer Agreement and the Entrusted Operation Management Agreement with Sinopec Capital Co., Ltd. (the “**Sinopec Capital**”), which is a subsidiary of Sinopec Group, the de facto controller of the Company. According to the transaction arrangements, Sinopec Capital will entrust Shanghai Petrochemical Investment to exercise its management and operation rights in the Langfang Feize Composites Technology Limited (the “**Target Company**”) on its behalf. On the basis of this, Shanghai Petrochemical Investment proposes to acquire 49.91% equity interest of the Target Company held by Sinopec Capital (the “**Target Equity Interests**”) on the basis of entrusted operation within 19 months from the next day after the completion of Sinopec Capital’s investment in the Target Company. The consideration of the acquisition will be determined based on the appraised value of the Target Equity Interests and confirmed by way of a supplementary agreement to be entered between Sinopec Capital and Shanghai Petrochemical Investment then. Relevant announcements were published on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 24 March 2022 and 23 March 2022, respectively. Due to the operational and business development need of the Target Company, as considered and approved by the Board, the completion deadline of the Forward Equity Transfer of Target Equity Interests specified in the Forward Equity Transfer Agreement was changed to 31 December 2026. On 16 January 2025, Shanghai Petrochemical Investment has been entrusted by Sinopec Capital to actually exercise the management and operation rights in the Target Company. Relevant announcements were published on the websites of the Shanghai Stock Exchange and Hong Kong Stock Exchange on 27 January 2025 and 26 January 2025, respectively.

The Company entered into the Entrustment Contract with Baling New Materials on 25 December 2025, pursuant to which, the Company shall provide personnel secondment services to Baling New Materials at a consideration of RMB52,722,288.14 (including tax in total). Baling New Materials is an associate of Sinopec Corp., and the transaction involved in the foregoing constitutes a connected transaction of the Company. In consideration of the location of the 250,000 tons/year thermoplastic elastomer project and the cost and convenience of the personnel allocation for construction, the aforesaid transaction will be conducive to successful implementation of the 250,000 tons/year thermoplastic elastomer project, thereby facilitating the Company’s transformation and development into “Chemical + Materials” “Basic + High-end”. Relevant announcements were published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 17 December 2025 and 16 December 2025, respectively.

On 28 February 2026, the Company, its wholly-owned subsidiary Inner Mongolia New Jinshan Carbon Fiber Co., Ltd. (the “**Carbon Fiber Company**”), and Sinopec Corp. entered into Capital Increase Agreement. Pursuant to which, Sinopec Corp. subscribed for the newly increased registered capital of RMB300 million of the Carbon Fiber Company at the consideration of RMB300,012,811.05, which represents 25% of registered capital of the Carbon Fiber Company following the capital increase. This capital increase will advance the restructuring, capital introduction, and high-quality development of the Company’s carbon fiber business, facilitating breakthroughs in the high-end segment of the new materials industry and establish a win-win cooperation system centered on industrial synergy. Relevant announcements were published on the website of the Shanghai Stock Exchange on 30 December 2025, 3 March 2026 and 14 March 2026 and the website of the Hong Kong Stock Exchange on 29 December 2025, 1 March 2026 and 13 March 2026.

The connected transactions among the Group, Sinopec Group, Sinopec Corp. and their associates, as disclosed in Note 33 to the financial statements prepared under IFRS Accounting Standards in the 2025 annual report of the Company constituted connected transactions under Chapter 14A of the Hong Kong Listing Rules. The relevant connected transactions have been disclosed in accordance with Chapter 14A of the Hong Kong Listing Rules.

6.2 Compliance of Corporate Governance Code

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

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable code provisions set out in part 2 of the Corporate Governance Code.

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all the reporting principles and the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide, details of which are set out in the Company’s “2025 ESG Report”.

6.3 Compliance of Model Code for Securities Transactions

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

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

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

On 6 June 2024, SPC's 2023 Annual General Meeting, the First A Shareholders Class Meeting for 2024 and the First H Shareholders Class Meeting for 2024 considered and approved the "Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas listed Foreign Shares of the Company". The proposal above authorized the Board (or the Directors authorised by the Board) to repurchase not more than 10% of the issued H shares of the Company. During the Reporting Period, the Company repurchased a total of 77,240,000 H shares from the Hong Kong Stock Exchange for a consideration of HK\$91,342,096.20. The details of share repurchase are as follows:

<i>Repurchase month</i>	<i>Number of shares repurchased</i>	<i>Price Paid per Share</i>		<i>Total</i>
		<i>Highest price</i> <u>(HK\$)</u>	<i>Lowest price</i> <u>(HK\$)</u>	<i>Consideration</i> <u>(HK\$)</u>
2025				
January	23,670,000	1.20	1.11	27,230,208.00
February	17,306,000	1.23	1.18	20,874,535.20
April	12,414,000	1.18	1.14	14,359,041.60
May	23,850,000	1.23	1.16	28,878,311.40
Total	<u>77,240,000</u>	<u>-</u>	<u>-</u>	<u>91,342,096.20</u>

A total of 96,346,000 H shares repurchased by the Company from September 2024 to February 2025 were cancelled on 3 March 2025. A total of 36,264,000 H shares repurchased in April and May 2025 were cancelled on 12 June 2025.

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

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

6.5 Audit and compliance committee

The audit and compliance committee of the Company has reviewed with the management the accounting principles and standards adopted by the Company, discussed matters regarding auditing, risk management, internal control and financial reporting, and reviewed the financial statements of the Company for the year ended 31 December 2025.

7.1 Financial statements prepared under CAS

Consolidated balance sheet

As at 31 December 2025

Assets	31 Dec 2025 RMB'000	31 Dec 2024 RMB'000
Current assets		
Cash at bank and on hand	7,515,562	12,096,477
Derivative financial assets	13,493	49
Accounts receivable	784,937	701,587
Receivables under financing	332,015	388,230
Prepayments	161,122	146,453
Other receivables	228,621	690,537
Inventories	5,742,490	6,552,263
Other current assets	<u>74,100</u>	<u>57,543</u>
Total current assets	<u>14,852,340</u>	<u>20,633,139</u>
Non-current assets		
Long-term equity investments	3,593,937	3,559,573
Investments in other equity instruments	3,466	3,872
Other non-current financial assets	37,500	36,500
Investment properties	290,131	305,142
Fixed assets	12,237,563	13,216,426
Construction in progress	4,315,241	2,064,067
Right-of-use assets	7,008	1,435
Intangible assets	333,076	332,704
Long-term deferred expenses	392,455	404,520
Deferred tax assets	1,274,737	1,211,961
Other non-current assets	<u>2,544,359</u>	<u>–</u>
Total non-current assets	<u>25,029,473</u>	<u>21,136,200</u>
Total assets	<u><u>39,881,813</u></u>	<u><u>41,769,339</u></u>

	31 December 2025	31 December 2024
	RMB'000	RMB'000
Liabilities and shareholders' equity		
Current liabilities		
Short-term loans	–	1,500,940
Derivative financial liabilities	7,108	–
Bills payable	9,298,391	9,047,594
Accounts payable	3,707,975	2,730,914
Contract liabilities	257,592	248,900
Employee benefits payable	176,037	232,725
Taxes payable	727,367	1,388,147
Other payables	1,305,865	1,107,071
Non-current liabilities due within one year	7,674	1,159
Other current liabilities	<u>32,301</u>	<u>31,597</u>
Total current liabilities	<u>15,520,310</u>	<u>16,289,047</u>
Non-current liabilities		
Long-term loans	811,768	67,685
Lease liabilities	140	192
Deferred income	291,053	238,679
Deferred tax liabilities	<u>24,319</u>	<u>29,241</u>
Total non-current liabilities	<u>1,127,280</u>	<u>335,797</u>
Total liabilities	<u>16,647,590</u>	<u>16,624,844</u>

	31 December 2025 RMB'000	31 December 2024 RMB'000
Shareholders' equity		
Share capital	10,542,618	10,675,228
Capital reserve	614,114	621,460
Less: Treasury shares	–	56,159
Other comprehensive income	2,021	2,812
Specific reserve	135,289	290,607
Surplus reserve	6,672,634	6,672,634
Retained earnings	<u>5,165,637</u>	<u>6,833,672</u>
Total equity attributable to equity shareholders of the Company	<u>23,132,313</u>	<u>25,040,254</u>
Non-controlling interests	<u>101,910</u>	<u>104,241</u>
Total Shareholders' Equity	<u>23,234,223</u>	<u>25,144,495</u>
Total liabilities and shareholders' equity	<u><u>39,881,813</u></u>	<u><u>41,769,339</u></u>

These financial statements have been approved by the Board on 18 March 2026.

Consolidated Income Statement
For the year ended 31 December 2025

Items	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
1. Operating income	75,563,186	87,132,820
Less: Operating costs	63,584,794	72,045,290
Taxes and surcharges	11,505,216	12,777,797
Selling and distribution expenses	224,370	224,141
General and administrative expenses	1,475,882	1,583,632
Research and development expenses	214,793	173,953
Finance income	(164,753)	(171,454)
Including: Interest expenses	16,326	114,987
Interest income	205,267	309,542
Add: Other income	23,282	35,387
Investment gains	177,723	174,984
Including: gains from investment in associates and joint ventures	167,335	169,579
Gains from changes in fair value	1,000	–
(Provision)/reversal of credit impairment losses	(4,104)	51
Impairment losses	(392,671)	(285,929)
Gains from asset disposals	45,912	42,310
2. Operating (loss)/profit	<u>(1,425,974)</u>	<u>466,264</u>
Add: Non-operating income	32,285	37,968
Less: Non-operating expenses	95,177	75,397
3. Total (loss)/profit	<u>(1,488,866)</u>	<u>428,835</u>
Less: Income tax (benefit)/expense	(58,514)	106,318
4. Net (loss)/profit	<u>(1,430,352)</u>	<u>322,517</u>
(1) Classified by continuity of operations:		
1. Net (loss)/profit from continuing operations	(1,430,352)	322,517
2. Net (loss)/profit from discontinued operations	–	–
(2) Classified by ownership:		
1. Shareholders of the Company	(1,432,595)	316,500
2. Non-controlling interests	2,243	6,017

Items	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
5. Other comprehensive income, net of tax	<u>(34,951)</u>	<u>(56,398)</u>
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company	<u>(34,951)</u>	<u>(56,398)</u>
Items that will not be reclassified to profit or loss:	(304)	2
a. Equity investments at FVOCI – net movement in fair value reserves	(304)	2
Items that may be reclassified to profit or loss	(34,647)	(56,400)
a. Other comprehensive income recognised under equity method	(5,240)	3,659
b. Cash flow hedge reserve	<u>(29,407)</u>	<u>(60,059)</u>
(2) Other comprehensive income (net of tax) attributable to non-controlling interests	<u>–</u>	<u>–</u>
6. Total comprehensive income	<u>(1,465,303)</u>	<u>266,119</u>
(1) Attributable to shareholders of the Company	(1,467,546)	260,102
(2) Attributable to non-controlling interests	<u>2,243</u>	<u>6,017</u>
7. (Losses)/earnings per share		
(1) Basic (losses)/earnings per share (RMB Yuan)	<u>(0.136)</u>	<u>0.030</u>
(2) Diluted (losses)/earnings per share (RMB Yuan)	<u>(0.136)</u>	<u>0.030</u>

These financial statements have been approved by the Board on 18 March 2026.

7.2 Financial statements prepared under IFRS Accounting Standards

Consolidated statement of profit or loss

For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	<u>RMB'000</u>	<u>RMB'000</u>
Revenue	75,513,468	87,060,094
Taxes and surcharges	<u>(11,505,216)</u>	<u>(12,777,797)</u>
Net Sales	64,008,252	74,282,297
Cost of sales	<u>(65,832,658)</u>	<u>(74,121,403)</u>
Gross (loss)/profit	<u>(1,824,406)</u>	<u>160,894</u>
Selling and administrative expenses	(239,070)	(234,569)
Other operating income	87,422	112,660
Other operating expenses	(24,926)	(24,040)
Other (losses)/gains-net	<u>(33,892)</u>	<u>34,236</u>
(Loss)/profit from operations	<u>(2,034,872)</u>	<u>49,181</u>
Finance income	205,267	309,542
Finance expenses	<u>(16,326)</u>	<u>(114,987)</u>
Financial income-net	<u>188,941</u>	<u>194,555</u>

	Year ended 31 December	
	2025	2024
	<u>RMB'000</u>	<u>RMB'000</u>
Share of net profits of associates and joint ventures accounted for using the equity method	<u>177,335</u>	<u>179,579</u>
(Loss)/profit before taxation	(1,668,596)	423,315
Income tax	<u>58,514</u>	<u>(106,318)</u>
(Loss)/profit for the year	<u>(1,610,082)</u>	<u>316,997</u>
(Loss)/profit attributable to:		
– Equity shareholders of the Company	(1,612,325)	310,980
– Non-controlling interests	<u>2,243</u>	<u>6,017</u>
(Loss)/profit for the year	<u><u>(1,610,082)</u></u>	<u><u>316,997</u></u>
(Losses)/Earnings per share attributable to equity shareholders of the Company for the year (expressed in RMB per share)		
Basic	<u>RMB(0.153)</u>	<u>RMB0.029</u>
Diluted	<u>RMB(0.153)</u>	<u>RMB0.029</u>

Consolidated statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Year ended 31 December	
	2025	2024
	<u>RMB'000</u>	<u>RMB'000</u>
(Loss)/profit for the year	(1,610,082)	316,997
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	(304)	2
Items that are or may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates accounted for using the equity method	(5,240)	3,659
Cash flow hedges: net movement in hedging reserve	<u>(29,407)</u>	<u>(60,059)</u>
Other comprehensive income for the year, net of tax	<u>(34,951)</u>	<u>(56,398)</u>
Total comprehensive income for the year	<u><u>(1,645,033)</u></u>	<u><u>260,599</u></u>
Attributable to:		
– Equity shareholders of the Company	(1,647,276)	254,582
– Non-controlling interests	<u>2,243</u>	<u>6,017</u>
Total comprehensive income for the year	<u><u>(1,645,033)</u></u>	<u><u>260,599</u></u>

Consolidated statement of financial position
As at 31 December 2025

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
	<u> </u>	<u> </u>
Assets		
Non-current assets		
Property, plant and equipment	12,225,736	13,204,423
Right-of-use assets	339,960	331,067
Investment properties	290,131	305,142
Construction in progress	4,315,241	2,064,067
Investments accounted for using the equity method	3,533,937	3,489,573
Financial assets at fair value through other comprehensive income	3,466	3,872
Financial assets measured at fair value through profit or loss	37,500	36,500
Time deposits with banks	2,539,640	–
Deferred tax assets	1,274,737	1,211,961
Amounts due from related parties	4,719	–
Other non-current assets	392,579	407,592
	<u>24,957,646</u>	<u>21,054,197</u>
Current assets		
Derivative financial assets	13,493	49
Inventories	5,742,490	6,552,263
Trade receivables	29,059	151
Other receivables	209,938	675,823
Amounts due from related parties	825,906	717,168
Prepayments	150,081	187,663
Value added tax recoverable	33,796	15,315
Financial assets at fair value through other comprehensive income	332,015	388,230
Restricted cash and bank deposits	3,965	3,848
Time deposits with banks	–	3,883,516
Cash and cash equivalents	7,511,597	8,209,113
	<u>14,852,340</u>	<u>20,633,139</u>
Total assets	<u><u>39,809,986</u></u>	<u><u>41,687,336</u></u>

	As at 31 December	
	2025	2024
	<u>RMB'000</u>	<u>RMB'000</u>
Equity and liabilities		
Equity attributable to equity shareholders of the Company		
Share capital	10,542,618	10,675,228
Reserves	<u>12,577,868</u>	<u>14,353,023</u>
	23,120,486	25,028,251
Non-controlling interests	<u>101,910</u>	<u>104,241</u>
Total equity	<u><u>23,222,396</u></u>	<u><u>25,132,492</u></u>
Liabilities		
Non-current liabilities		
Borrowings	811,768	67,685
Lease liabilities	140	192
Deferred tax liabilities	24,319	29,241
Deferred income	<u>231,053</u>	<u>168,679</u>
	<u>1,067,280</u>	<u>265,797</u>
Current liabilities		
Borrowings	756	1,500,987
Lease liabilities	6,918	1,112
Derivative financial liabilities	7,108	–
Contract liabilities	248,656	235,224
Trade and other payables	6,220,178	3,308,308
Amounts due to related parties	8,100,989	9,590,947
Current tax liabilities	757,611	1,419,016
Staff salaries and welfares payable	176,037	232,725
Income tax payable	<u>2,057</u>	<u>728</u>
	<u>15,520,310</u>	<u>16,289,047</u>
Total liabilities	<u><u>16,587,590</u></u>	<u><u>16,554,844</u></u>
Total equity and liabilities	<u><u>39,809,986</u></u>	<u><u>41,687,336</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1 CHANGES IN ACCOUNTING POLICIES

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

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

The amendments do not have a material impact on these financial statements 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.

2 FINANCE INCOME AND EXPENSES

	2025	2024
	RMB'000	RMB'000
Interest income from time deposits with maturity more than 3 months	46,590	115,518
Interest income from time deposits with maturity less than 3 months	155,608	189,685
Others	3,069	4,339
Finance income	205,267	309,542
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(26,931)	(119,075)
Less: interest expense capitalized into construction in progress	10,605	4,088
Finance expenses	(16,326)	(114,987)
Finance income – net	188,941	194,555

3 EXPENSE BY NATURE

	2025	2024
	RMB'000	RMB'000
Cost of raw materials	52,406,986	59,834,774
Cost of trading products	6,303,231	6,817,560
Employee benefit expenses	2,948,099	3,132,454
Depreciation and amortization:		
Property, plant and equipment	1,783,863	1,775,419
Investment properties	15,011	15,076
Other non-current assets	192,587	235,982
Right-of-use assets	31,903	30,846
Repairs and maintenance expenses	1,235,417	815,311
Changes of work in progress and finished goods	(529,644)	(67,215)
Transportation costs	156,560	162,051
Inventory write-down	392,671	285,929
External processing fee	157,432	161,453
Commission expense	45,019	41,724
Auditors' remuneration – audit services	6,556	6,556
Auditors' remuneration – non-audit services	115	115
Expenses relating to short-term leases	11,764	10,043

4 INCOME TAX

	2025	2024
	RMB'000	RMB'000
Current income tax	(7,906)	(6,773)
Deferred taxation	66,420	99,545
Income tax	58,514	(106,318)

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

	2025	2024
	RMB'000	RMB'000
(Loss)/profit before income tax	(1,668,596)	423,315
Expected PRC income tax at the statutory tax rate of 25%	417,149	(105,829)
Tax effect of share of net profits of investments accounted for using the equity method	40,951	41,512
Tax effect of other non-taxable income	10,860	5,776
Tax effect of additional deductions for R&D expenses	13,750	15,000
Additional deduction of wages for disabled employees	709	960
Tax effect of non-deductible loss, expenses and costs	(60,648)	(64,436)
True up for final settlement of enterprise income taxes in respect of previous years	(2,909)	(5)
Derecognition of tax losses previously recognized	(350,000)	–
Tax losses for which no deferred income tax asset was recognized	(11,348)	(7,557)
Other items	–	8,261
Actual income tax	<u>58,514</u>	<u>(106,318)</u>

The provision for PRC income tax is calculated at the rate of 25% (2024: 25%) on the estimated taxable income of the year ended 31 December 2025 determined in accordance with relevant income tax rules and regulations. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

5 (LOSSES)/EARNINGS PER SHARE

a. Basic (losses)/earnings per share

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

	2025	2024
	RMB'000	RMB'000
Net (loss)/profit attributable to equity shareholders of the Company	(1,612,325)	310,980
Weighted average number of ordinary shares in issue (thousand of shares)	<u>10,555,114</u>	<u>10,667,315</u>
Basic (losses)/earnings per share (RMB per share)	<u>RMB(0.153)</u>	<u>RMB0.029</u>

Weighted average number of ordinary shares

	2025	2024
	'000	'000
Issued share capital at 1 January at 1 January	10,675,228	10,799,286
Treasury shares at 1 January	(55,370)	(70,192)
Issued ordinary shares at 1 January	10,619,858	10,729,094
Effect of shares repurchased	(64,744)	(61,779)
	<u>10,555,114</u>	<u>10,667,315</u>

b. Diluted (losses)/earnings per share

There were no dilutive potential ordinary shares for the years ended 31 December 2025 and 2024, therefore diluted (losses)/earnings per share is the same as basic (losses)/earnings per share.

6 LEASES

a. Amounts recognized in the consolidated statement of financial position

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Right-of-use assets		
Land use rights	332,952	329,632
Buildings	6,382	315
Equipment	228	573
Others	398	547
	<u>339,960</u>	<u>331,067</u>
Lease liabilities		
Current	6,918	1,112
Non-current	140	192
	<u>7,058</u>	<u>1,304</u>

For the year ended 31 December 2025, additions to the right-of-use assets were RMB41,156 thousand (2024: RMB7,032 thousand).

At 31 December 2025, the lease liabilities were repayable as follows:

	2025
	RMB'000
Within 1 year	7,239
After 1 year but within 2 years	144
	<u>7,383</u>

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

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

	2025	2024
	RMB'000	RMB'000
Depreciation charge of right-of-use assets		
Land use rights	(17,422)	(17,044)
Buildings	(13,152)	(12,260)
Equipment	(513)	(542)
Others	(816)	(1,000)
	<u>(31,903)</u>	<u>(30,846)</u>
Interest expense (included in Finance expenses)	(736)	(365)
Expense relating to short-term leases (included in Cost of sales)	(11,764)	(10,043)

The total cash outflow for leases in 2025 was RMB27,524 thousand (2024: RMB25,094 thousand).

7 DIVIDEND

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

	2025	2024
	RMB'000	RMB'000
No final dividend proposed after the end of the reporting period (2024: RMB0.02 per ordinary share)	—	210,852
	<u>—</u>	<u>210,852</u>

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

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

	2025	2024
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.02 per share (2024: RMB Nil)	210,852	–

8 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current		
Trade receivables	31,255	2,265
Less: loss allowance	(2,196)	(2,114)
	29,059	151
Amounts due from related parties excluded prepayments and bills receivable (*)	782,081	718,948
Less: loss allowance (*)	(6,820)	(2,798)
Total trade receivables	804,320	716,301
Other receivables	211,874	677,759
Less: loss allowance	(1,936)	(1,936)
	209,938	675,823
Financial assets measured at amortized cost	1,014,258	1,392,124
Amounts due from related parties – prepayments (*)	50,645	1,018
	1,064,903	1,393,142
Amounts due from related parties (sum of *)	825,906	717,168
Non-current		
Amounts due from related parties – prepayments (*)	4,719	–

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

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	<u>804,320</u>	<u>716,301</u>

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

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Balance at 1 January	6,848	6,899
Impairment losses recognized during the year	4,104	–
Recoveries or reversals during the year	<u>–</u>	<u>(51)</u>
Balance at 31 December	<u>10,952</u>	<u>6,848</u>

As at 31 December 2025 and 31 December 2024, no trade receivable was pledged as collateral.

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

9 BORROWINGS

	As at	As at
	31 December	31 December
	2025	2024
	RMB'000	RMB'000
Credit loans due within one year		
– Short-term bank loan	–	1,500,940
– Long-term bank loan due within one year	<u>756</u>	<u>47</u>
Borrowings – current	756	1,500,987
Credit loans due over one year		
– Long-term borrowing	<u>811,768</u>	<u>67,685</u>
Borrowings – non-current	811,768	67,685
Total borrowings	<u>812,524</u>	<u>1,568,672</u>

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

	2025	2024
	RMB'000	RMB'000
Within 1 year or on demand	756	1,500,987
After 1 year but within 5 years	644,490	–
After five years	167,278	67,685
	<u>812,524</u>	<u>1,568,672</u>

As at 31 December 2025, there were no short-term bank loans. As at 31 December 2024, the interest rate of the Group's short-term borrowings was 2.05%.

As at 31 December 2025, the interest rate of the Group's long-term borrowings ranged from 2.24% to 2.75% (31 December 2024: 2.66%).

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

10 TRADE AND OTHER PAYABLES

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Trade payables	1,960,186	1,428,598
Bills payables	3,211,391	1,047,541
Amounts due to related parties exclude advances received (*)	8,092,053	9,577,271
	<u>13,263,630</u>	<u>12,053,410</u>
Dividends payable	31,513	31,386
Construction payable	823,612	597,367
Accrued expenses	117,222	119,409
Other liabilities	76,254	84,007
	<u>1,048,601</u>	<u>832,169</u>
Financial liabilities measured at amortized cost	14,312,231	12,885,579
Amounts due to related parties – advances received (*)	8,936	13,676
	<u>14,321,167</u>	<u>12,899,255</u>
Total amounts due to related parties (sum of *)	<u>8,100,989</u>	<u>9,590,947</u>

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

As at 31 December 2025 and 31 December 2024, all trade and other payables of the Group were non-interest bearing, and their fair value, approximated their carrying amounts due to their short maturities.

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

As at 31 December 2025 and 31 December 2024, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) and bills payable based on invoice date were as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within one year	13,254,011	12,049,334
Over one year but within two years	9,619	–
Over two years	–	4,076
	<u>13,263,630</u>	<u>12,053,410</u>

11 SEGMENT INFORMATION AND REVENUE

11.1 Segment Information

2025	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	62,747,653	33,375,588	8,060,952	1,230,430	105,414,623
Inter segment revenue	<u>(11,308,753)</u>	<u>(16,294,799)</u>	<u>(1,688,906)</u>	<u>(608,697)</u>	<u>(29,901,155)</u>
Revenue from external customers	<u>51,438,900</u>	<u>17,080,789</u>	<u>6,372,046</u>	<u>621,733</u>	<u>75,513,468</u>
Timing of revenue recognition					
– At a point in time	51,438,900	17,080,789	6,343,002	621,733	75,484,424
– Over time	<u>–</u>	<u>–</u>	<u>29,044</u>	<u>–</u>	<u>29,044</u>
	<u>51,438,900</u>	<u>17,080,789</u>	<u>6,372,046</u>	<u>621,733</u>	<u>75,513,468</u>
Segment result – (loss)/profit from operations	<u>(351,162)</u>	<u>(1,716,363)</u>	<u>2,451</u>	<u>30,202</u>	<u>(2,034,872)</u>

2024	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	72,489,244	33,998,333	8,219,429	1,267,023	115,974,029
Inter segment revenue	(10,420,018)	(16,556,664)	(1,307,051)	(630,202)	(28,913,935)
Revenue from external customers	62,069,226	17,441,669	6,912,378	636,821	87,060,094
Timing of revenue recognition					
– At a point in time	62,069,226	17,441,669	6,877,007	636,821	87,024,723
– Over time	–	–	35,371	–	35,371
	62,069,226	17,441,669	6,912,378	636,821	87,060,094
Segment result – profit/(loss) from operations	1,319,360	(1,307,087)	17,789	19,119	49,181
				2025 RMB'000	2024 RMB'000

Segment result – (loss)/profit from operations

Petroleum products	(351,162)	1,319,360
Chemical products	(1,716,363)	(1,307,087)
Trading of petrochemical products	2,451	17,789
Others	30,202	19,119
(Loss)/profit from operations	(2,034,872)	49,181
Finance income – net	188,941	194,555
Share of net profits of investments accounted for using the equity method	177,335	179,579
(Loss)/profit before taxation	(1,668,596)	423,315

11.2 Revenue

The Group's revenue from external customers are substantially all within Mainland China in 2025 and 2024. As at 31 December 2025 and 31 December 2024, assets are also substantially all within Mainland China.

Revenue of approximately RMB54,132,784 thousand (2024: RMB63,739,540 thousand) are derived from a single customer. These revenues are attributable to the petroleum products, chemical products, trading of petrochemical products and others segments.

12 RECONCILIATION BETWEEN FINANCIAL STATEMENTS PREPARED UNDER CAS AND IFRS ACCOUNTING STANDARDS

The Company is listed on the Stoke Exchange of Hong Kong. The Group prepared financial statements under IFRS Accounting Standards which has been audited by KPMG. There are reconciliation items in the consolidated financial report prepared under CAS and IFRS Accounting Standards, the reconciliation items and the amount are listed as follows:

	Net (loss)/profit		Net assets	
	2025	2024	31 December 2025	31 December 2024
Under CAS	(1,430,352)	322,517	23,234,223	25,144,495
The reconciliation items and the amount				
Adjustments under IFRS Accounting Standards				
Government grants (a)	176	2,010	(11,827)	(12,003)
Safety production Costs (b)	(155,318)	(7,530)	–	–
Other Adjustments	(24,588)	–	–	–
Under IFRS Accounting Standards	<u>(1,610,082)</u>	<u>316,997</u>	<u>23,222,396</u>	<u>25,132,492</u>

Notes in relation to the reconciliation items:

a. Government grants

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

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

b. Safety production costs

Under CAS, safety production costs should be recognised in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, expenses are recognised in profit or loss when incurred, and property, plant and equipment are depreciated with applicable methods.

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

Shanghai, the PRC, 18 March 2026

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