中国石化
SINOPEC

中国石油化工股份有限公司
CHINA PETROLEUM & CHEMICAL CORPORATION

2026
INTERIM REPORT

CONTENTS

This interim report contains forward-looking statements. All statements, other than statements of historical facts, that address business activities, events or developments that the Company expects or anticipates will or may occur in the future (including, but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. The actual results or developments of the Company may differ materially from those forward-looking statements as a result of various factors and uncertainties. These forward-looking statements do not constitute substantial commitments made by the Company to investors. The investors and relevant parties should be aware of the risks involved and should understand the differences among plans, projections and commitments. The Company makes the forward-looking statements referred to herein as at 21 August 2026 and, unless otherwise required by the relevant regulatory authorities, undertakes no obligation to update these forward-looking statements.

IMPORTANT NOTICE: THE BOARD OF DIRECTORS (BOARD), DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY WARRANT THAT THERE ARE NO FALSE REPRESENTATIONS, MISLEADING STATEMENTS OR MATERIAL OMISSIONS IN THIS INTERIM REPORT, AND JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS INTERIM REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDER OF THE COMPANY OR OTHER RELATED PARTIES. MR. HOU QIJUN, CHAIRMAN OF THE BOARD, MR. WAN TAO, PRESIDENT, MS. SHOU DONGHUA, CHIEF FINANCIAL OFFICER AND HEAD OF THE FINANCIAL DEPARTMENT OF THE COMPANY WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE FINANCIAL STATEMENTS CONTAINED IN THIS INTERIM REPORT. THE AUDIT COMMITTEE OF THE COMPANY HAS REVIEWED THE INTERIM REPORT OF THE COMPANY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026.

THE INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2026 OF THE COMPANY, PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (CASS) AND IFRS ACCOUNTING STANDARDS HAVE NOT BEEN AUDITED.

COMPANY PROFILE

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

DEFINITIONS

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

CONVERSIONS

For domestic production of crude oil, 1 tonne is about 7.1 barrels;
For overseas production of crude oil, in the first half of 2026, 1 tonne is about 7.24 barrels; in the first half of 2025, 1 tonne is about 7.25 barrels;
For production of natural gas, 1 cubic meter = 35.31 cubic feet;

BASIC INFORMATION

LEGAL NAME
中國石油化工股份有限公司

ENGLISH NAME
China Petroleum & Chemical Corporation

LEGAL REPRESENTATIVE
Mr. Hou Qijun

AUTHORISED REPRESENTATIVES UNDER THE HONG KONG LISTING RULES
Mr. Wan Tao
Mr. Huang Wensheng

SECRETARY TO THE BOARD
Mr. Zhang Zheng

REPRESENTATIVE ON SECURITIES MATTERS
Mr. Chen Yang

REGISTERED ADDRESS, PLACE OF BUSINESS AND CORRESPONDENCE ADDRESS
22 Chaoyangmen North Street,
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Website: http://www.sinopec.com
E-mail: ir@sinopec.com

CHANGE OF INFORMATION DISCLOSURE MEDIA AND ACCESS PLACES
During the reporting period, there was no change to the Company's information disclosure media and access places.

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

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

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

1. FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CASS

(1) Principal financial data

Items	Six-month period ended 30 June 2026 RMB million	2025 RMB million	Change over the same period of the preceding year (%)
Operating income	**1,436,561**	1,409,052	2.0
Profit before taxation	**36,644**	28,767	27.4
Net profit attributable to shareholders of the Company	**25,627**	21,483	19.3
Net profit attributable to shareholders of the Company excluding extraordinary gains and losses	**25,273**	21,215	19.1
Net cash flow from operating activities	**62,499**	61,016	2.4

	As of 30 June 2026 RMB million	As of 31 December 2025 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	**843,744**	830,324	1.6
Total assets	**2,199,366**	2,155,617	2.0

(2) Principal financial indicators

Items	Six-month period ended 30 June 2026 RMB	2025 RMB	Change over the same period of the preceding year (%)
Basic earnings per share	**0.212**	0.177	19.8
Diluted earnings per share	**0.212**	0.177	19.8
Basic earnings per share (excluding extraordinary gains and losses)	**0.209**	0.175	19.4
Net profit attributable to the Company's ordinary equity shareholders (%)	**3.06**	2.61	0.45 percentage points
Net profit deducted extraordinary gains and losses attributable to the Company's ordinary equity shareholders (%)	**3.02**	2.58	0.44 percentage points

(3) Non-recurring profit/loss items

Items	Six-month period ended 30 June 2026 (profit)/loss RMB million
Net income from disposal of non-current assets	(700)
Donation expenses	18
Government grants	(437)
Gains on holding and disposal of businesses and investments	(129)
Other non-recurring net expenses	379
Subtotal	**(869)**
Corresponding tax adjustments	398
Total	**(471)**
Including:	
Non-recurring profit or loss affecting net profit of parent shareholders	(354)
Non-recurring profit or loss affecting net profit of non-controlling shareholders	(117)

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

(1) Principal financial data

Items	Six-month period ended 30 June **2026** **RMB million**	2025 RMB million	Change over the same period of the preceding year (%)
Operating profit	**37,210**	33,423	11.3
Profit attributable to shareholders of the Company	**26,567**	23,752	11.9
Net cash generated from operating activities	**62,499**	61,016	2.4

	As of 30 June 2026 **RMB million**	As of 31 December 2025 RMB million	Change from the end of last year (%)
Total equity attributable to shareholders of the Company	**840,901**	827,463	1.6
Total assets	**2,197,234**	2,153,485	2.0

(2) Principal financial indicators

Items	Six-month period ended 30 June **2026** **RMB**	2025 RMB	Change over the same period of the preceding year (%)
Basic earnings per share	**0.220**	0.196	12.2
Diluted earnings per share	**0.220**	0.196	12.2
Return on capital employed (%)	**3.02**	2.82	0.20 percentage points

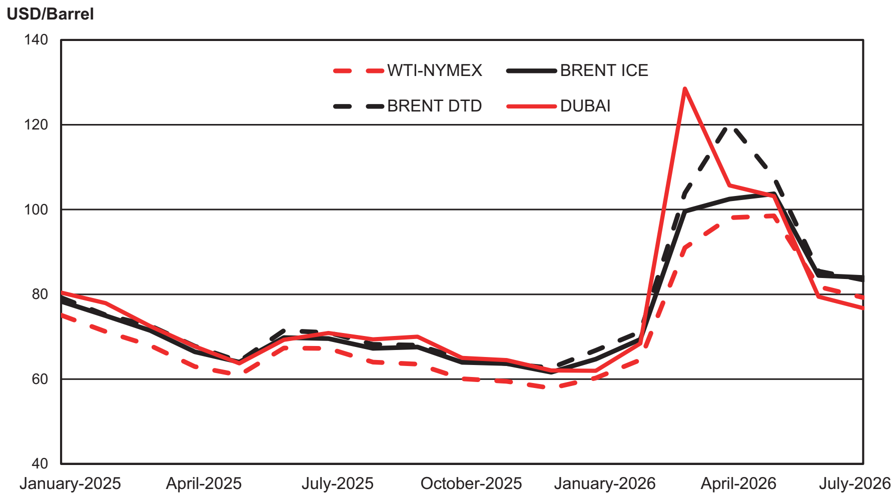
Principal Financial Data and Indicators

BUSINESS REVIEW

In the first half of 2026, China's economy maintained stable growth, showing a trend of shifting momentum towards new drivers and an improved structure. GDP grew by 4.7% year on year. Affected by geopolitical conflicts in the Middle East, international crude oil prices experienced wild fluctuations, with a rapid surge at the end of the first quarter and a significant decline after fluctuations at a high level in the second quarter. The average spot price of Platts Brent was USD92.6 per barrel, up by 29.1% year on year. According to the Company's statistics, domestic natural gas demand growth slowed, with consumption up by 1.6% year on year. Due to the dampening effect of high oil prices on demand and accelerated substitution by new energy, domestic refined oil products consumption declined by 8.6% year on year, among which gasoline decreased by 7.9%, diesel decreased by 11.5%, while jet fuel (kerosene) rose by 1.3% driven by holiday travel and the recovery of international routes. Domestic demand for major chemical products was weak, with ethylene equivalent consumption down by 9.9% year on year.

In the first half of the year, with focus on driving high-quality development through the initiative of a second entrepreneurial journey, the Company closely monitored market changes, dynamically adjusted production and operation plans, and effectively navigated impacts and multifaceted challenges far beyond expectations, demonstrating strong resilience in its businesses.

Movement of International Crude Oil Prices



1 PRODUCTION & OPERATIONS REVIEW

(1) Exploration and Production

In the first half of 2026, the Company seized the opportunity of high oil prices, intensified efforts in high-quality exploration and profitable development to increase reserves and production, achieving a record high in domestic oil and gas equivalent output for the same period. In exploration, the Company actively acquired high-quality mining rights and stepped up natural gas exploration, making significant breakthroughs in shale oil in the Bohai Bay Basin, tight gas in the Sichuan Basin, and offshore natural gas exploration, while effectively proving shale gas in Ziyang and coalbed methane in Yulin-Ordos. In development, we accelerated the construction of crude oil production capacity in Jiyang and Tahe, as well as natural gas production capacity in offshore areas and the Western Sichuan marine facies. We also optimised the natural gas resource pool structure in promptly response to changing market conditions and accelerated the precise development of high-end and high value-added natural gas markets. The profitability of the entire natural gas industry chain reached a record high for the same period. In the first half of the year, the Company's oil and gas equivalent production reached 263.47 million barrels, up by 0.3% year on year, among which domestic crude oil totalled 127.68 million barrels, up by 0.7%, and natural gas production amounted to 741.570 billion cubic feet, up by 0.7%.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Change
	2026	2025	(%)
Oil and gas production (mmboe)	263.47	262.81	0.3
Crude oil production (mmbbls)	139.88	140.04	(0.1)
China	127.68	126.73	0.7
Overseas	12.20	13.31	(8.3)
Natural gas production (bcf)	741.57	736.28	0.7

(2) Refining

In the first half of 2026, the Company actively responded to challenges posed by geopolitical conflicts in the Middle East and drastic fluctuations in international oil prices. By integrating trade, storage, transportation, and production, we ensured stable operations across the value chain. The Company advanced diversified crude oil procurement and promptly optimised resource allocation. Based on changes in crude oil prices, we made timely assessments of marginal benefits, optimised unit utilisation rates, and flexibly adjusted product mix. We continued with the "refined oil products to chemical feedstock" and "refined oil products to refining specialties" strategies, increasing the output of high-end carbon materials and other high-end products. By coordinating both domestic and international markets, the Company effectively managed exports of refined oil products to enhance the profitability of the industry chain. During the first half of the year, the Company processed 113 million tonnes of crude oil and produced 69.16 million tonnes of refined oil products.

Refining: Summary of Operations

	Six-month period ended 30 June		Change
	2026	2025	(%)
Refinery throughput (million tonnes)	113.31	119.97	(5.6)
Gasoline, diesel and kerosene production (million tonnes)	69.16	71.40	(3.1)
Gasoline (million tonnes)	30.17	30.79	(2.0)
Diesel (million tonnes)	23.46	24.27	(3.3)
Kerosene (million tonnes)	15.53	16.33	(4.9)
Light chemical feedstock production (million tonnes)	18.71	22.06	(15.2)

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

(3) Marketing and Distribution

In the first half of 2026, facing tough challenges of dampened oil products demand due to high oil prices and accelerating new energy substitution, the Company adhered to a market-oriented and customer-centric approach. We fully leveraged our integrated advantages, and continuously optimized resource allocation and marketing services. The sales proportion of high-grade gasoline continued to grow, and the domestic market share of refined oil products remained stable. By utilizing our network strengths, we promoted the development of diversified business formats, and achieved significant year on year growth in charging volume, automotive LNG sales volume, and hydrogen refueling volume. We accelerated the profitable development of "vehicle ecosystem" network and "home lifestyle" model, expanded comprehensive service scenarios, and enhanced the quality and efficiency of Easy Joy service. In the first half of the year, total refined oil products sales reached 100.99 million tonnes, with 79 million tonnes sold domestically.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June **2026**	2025	Change (%)
Total sales volume of refined oil products (million tonnes)	100.99	112.14	(9.9)
Domestic sales volume of refined oil products (million tonnes)	79.00	87.05	(9.2)
Retail (million tonnes)	49.71	54.53	(8.8)
Direct sales and Distribution (million tonnes)	29.29	32.52	(9.9)

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

	As of 30 June 2026	As of 31 December 2025	Change from the end of last year (%)
Total number of Sinopec-branded service stations	31,278	31,195	0.3
Number of company-operated stations	31,278	31,195	0.3

(4) Chemicals

In the first half of 2026, amid the headwinds of weak demand and narrowing profit margin of the chemical sector, the Company implemented targeted strategies for each subsidiary and business chain in optimizing operations and maximizing value of product chains to reduce costs, expand markets, and improve profitability. Furthermore, we dynamically optimized unit operations, feedstock and product structures to lower feedstock costs and increase production of marketable products. Efforts were also made in developing new and high value-added products and expanding the space for value creation. Ethylene production reached 6.394 million tonnes in the first half of the year. We continued to deepen cooperation with strategic customers to consolidate business foundation and vigorously explore overseas markets. Total chemical products sales in the first half of the year amounted to 37.86 million tonnes, with export volume increasing by 70% year on year, reaching a historic high.

Chemical Major Products: Summary of Operations

	Six-month period ended 30 June **2026**	2025	Change (%)
Ethylene (thousand tonnes)	6,394	7,563	(15.5)
Synthetic resin (thousand tonnes)	9,205	11,041	(16.6)
Synthetic fibre monomer and polymer (thousand tonnes)	5,579	5,437	2.6
Synthetic fibre (thousand tonnes)	582	601	(3.2)
Synthetic rubber (thousand tonnes)	667	804	(17.0)

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

2 SAFETY AND HEALTH

In the first half of 2026, the Company continued to improve the system and operations of HSE management, fostering continuous enhancement of HSE awareness among all employees. We conducted in-depth safety and environmental protection campaigns, advanced risk control and potential hazard management in key areas, and steadily upgraded public safety and emergency response capabilities, maintaining stable and safe production. Measures were also taken to strengthen environmental management and improvement at workplace, with attention given to the occupational, physical, and mental health of employees both at home and abroad.

3 INNOVATION IN R&D AND DIGITAL INTELLIGENCE

In the first half of 2026, the Company continued to strengthen basic and frontier researches, focused on breakthroughs in key technologies, deepened reform in the sci-tech system and mechanism, and built national-level innovation platforms in the energy and chemical sector. At the same time, we steadily promoted the deep integration of sci-tech innovation with industrial innovation. In terms of sci-tech development, our understanding of shale gas formation patterns has underpinned the discovery of ultra-deep shale gas fields. Breakthroughs were made in synergistic oil flooding theories and intelligent drilling methods. We gained significant progress in the domestic production of wet-process T1000 carbon fiber production and successfully developed a new generation of ultra-high-strength, high-modulus, and high-elongation SHX60 carbon fiber. CHPPO industrial units with independent intellectual property rights and polypropylene insulation materials units were successfully commissioned and put into operation. In terms of digital intelligence, we further carried forward the "AI+" initiative with the launch of the industry's first digital expert, namely the "Fenghuo" industrial AI agent, while the capabilities of the Great Wall large model further improved.

4 CAPITAL EXPENDITURES

The Company continued to optimize investment in projects. In the first half of 2026, the capital expenditure was RMB48.7 billion. The capital expenditure for the E&P segment was RMB28.4 billion, mainly for the crude oil capacity building in Jiyang and Tahe, natural gas capacity building in Sichuan and Chongqing, and oil and gas storage and transportation facilities building. The capital expenditure for the refining segment was RMB6.9 billion, mainly for projects such as Guangzhou Petrochemical technical revamping, Maoming Refining transition and upgrading, and Qilu Refining of Local Crude Oil Upgrading and Technical Transformation, etc. The capital expenditure for the marketing and distribution segment reached RMB2.4 billion, mainly for the development of the integrated energy station network providing petrol, gas, hydrogen, power and services. The capital expenditure for the chemical segment was RMB9.8 billion, mainly for ethylene projects in Maoming and Qilu, and the aromatics project in Jiujiang, etc. The capital expenditure for corporate and others was RMB1.2 billion, mainly for R&D and digital intelligence projects, etc.

BUSINESS OUTLOOK

In the second half of 2026, China's economy is expected to maintain stable growth. Domestic demand for natural gas is projected to rise, while demand for chemical products will remain weak, and that for refined oil products will still be affected by alternative energy. Given the impacts of geopolitics and changes in the global supply, demand and inventory, there will be greater uncertainties in international crude oil prices. With above backdrop, the Company will vigorously implement six major strategies, namely innovation-driven development, business transition and upgrading, resource security, market expansion, cost competitiveness, and open cooperation, to fully unleash the effect of reform, and ensure steady and sustained progress in our second entrepreneurial journey. We will focus on the following aspects:

In E&P, the Company will focus on increasing reserve and production of oil and gas through intensified efforts in exploration and development, consolidating the foundation of energy and resources. We will advance resource discovery, profitable reserve growth, and new mining rights acquisition in a coordinated manner, and deepen high-efficiency exploration. We will accelerate the oil and gas capacity building in Jiyang, Tahe and offshore fields, and proceed with the fine development and adjustment in mature fields. We will further improve the production, supply, storage and marketing infrastructure of natural gas, integrate domestic and overseas natural gas resources, reduce the cost of the resource pool, and enhance the profitability of the whole business value chain. Our plan for the second half is to produce 141.83 million barrels of crude oil and 746.257 billion cubic feet of natural gas.

In refining, the Company will focus on the maintaining volume and improving profitability, optimize industry chain in line with the market changes, and enhance the intensive and efficient operation and integrated value creation. We will optimize the utilization rate of each subsidiary, fine-tune resources allocation in different regions, and up-scale profitable production. We will further proceed with the "refined oil products to chemical feedstock" and "refined oil products to refining specialties" approach, flexibly adjust the product mix, increase the output of high added-value and profitable products, and strengthen the high-end carbon materials industry chain. We will expedite the structural adjustment projects to increase the concentration of advanced capacity. In the second half, we plan to process 113 million tonnes of crude oil.

In marketing and distribution, the Company will continue to enhance services for our clients, and raise the marketing quality and profitability. We will align procurement with marketing and coordinate volume with price, optimize resource allocation and marketing strategies, and consolidate our market position in refined oil products. We will further proceed with differentiated and targeted marketing strategies and improve retail management. We will optimize the service network layout, and facilitate the growth of businesses such as automotive LNG, battery charging and swapping and hydrogen energy. We will also strengthen our proprietary brands, refine the operation of convenience stores, scale up the vehicle ecosystem, and improve the quality and efficiency of Easy Joy service. In the second half, we plan to sell 77.68 million tonnes of refined oil products domestically.

In chemicals, the Company will adhere to the principle of developing "basic + high-end" and "chemicals + materials", strive to cut costs and expand markets to solidify our progress in loss reduction and profitability. We will coordinate feedstock resources and diversify sourcing to cut costs, and optimise the unit utilisation and production scheduling, and to keep high utilization rate of profitable units. Meanwhile, we will put more emphasis on developing new materials and increase their volume to expand market share. We will expedite the building of advanced production capacity to increase synergy, and speed up building a tiered and targeted customer management system. The mechanism for export market expansion will be further improved to grow global business. In the second half of this year, we plan to produce 6.8 million tonnes of ethylene.

In Capex, we plan to spend RMB82.9 billion to RMB99.9 billion in the second half. RMB43.9 billion will be spent in the E&P segment, mainly for the crude oil production capacity building in Jiyang and Tahe, the natural gas production capacity building in Sichuan and Chongqing, and oil and gas storage and transportation facilities building. RMB10.4 billion will be spent in the refining segment, mainly for projects such as Qilu Refining of Local Crude Oil Upgrading and Technical Transformation, Maoming Refining transition and upgrading, and Guangzhou Petrochemical technical revamping. RMB6.6 billion will be spent in the marketing and distribution segment, mainly for the development of the integrated energy station network providing petrol, gas, hydrogen, power and services. RMB18.4 billion will be spent in the chemical segment, mainly for the construction of ethylene projects in Maoming and Qilu, and the aromatics project in Jiujiang. RMB3.6 billion will be spent for corporate and others, mainly for R&D and digital intelligence development. RMB17 billion will be flexibly earmarked in view of market situations.

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

1 CONSOLIDATED RESULTS OF OPERATIONS

In the first half of 2026, geopolitical conflicts broke out in the Middle East, international crude oil prices fluctuated sharply, and the procurement cost of imported crude oil surged. Domestic refined oil products and chemical demand remained weak, affected by factors including suppressed consumption driven by high oil prices. The Company closely followed market changes and intensified integrated optimisation of the industrial chain, made every effort to enhance quality, improve efficiency, reduce costs and expand markets and sales, effectively coped with adverse market impacts, and realised revenue of RMB1,436.6 billion, up by 2.0% year on year and operating profit of RMB37.2 billion, up by 11.3% year on year.

The following table sets forth the principal revenue and expense items from the Company's consolidated financial statements for the first half of 2026 and the corresponding period in 2025:

	Six-month period ended 30 June		
	2026 RMB million	2025 RMB million	Change (%)
Revenue	**1,436,561**	**1,409,052**	**2.0**
Revenue from primary business	1,409,380	1,380,387	2.1
Other operating revenues	27,181	28,665	(5.2)
Operating expenses	**(1,399,351)**	**(1,375,629)**	**1.7**
Purchased crude oil, products and operating supplies and expenses	(1,096,936)	(1,118,440)	(1.9)
Selling, general and administrative expenses	(26,126)	(25,869)	1.0
Depreciation, depletion and amortisation	(63,469)	(61,155)	3.8
Exploration expenses, including dry holes	(5,151)	(5,646)	(8.8)
Personnel expenses	(52,385)	(49,442)	6.0
Taxes other than income tax	(134,418)	(123,351)	9.0
Impairment reversal on trade and other receivables	23	138	(83.3)
Other operating (expenses)/income, net	(20,889)	8,136	–
Operating profit	**37,210**	**33,423**	**11.3**
Net finance costs	(6,652)	(8,426)	(21.1)
Investment income and share of profits from associates and joint ventures	7,123	6,120	16.4
Profit before taxation	**37,681**	**31,117**	**21.1**
Income tax expense	(6,651)	(5,207)	27.7
Profit for the period	**31,030**	**25,910**	**19.8**
Attributable to:			
Shareholders of the Company	26,567	23,752	11.9
Non-controlling interests	4,463	2,158	106.8

(1) Revenue

In the first half of 2026, the Company's revenue from primary business was RMB1,409.4 billion, representing an increase of 2.1% year on year. This change was mainly due to the increased prices of petroleum and petrochemical products driven by rising crude oil prices.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2026 as compared with the first half of 2025.

	Sales Volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Six-month period ended 30 June			Six-month period ended 30 June		
	2026	2025	Change (%)	**2026**	2025	Change (%)
Crude oil	2,960	3,867	(23.5)	3,873	3,563	8.7
Natural gas (million cubic meters)	31,542	31,666	(0.4)	2,436	2,362	3.1
Gasoline	41,391	44,306	(6.6)	8,654	8,462	2.3
Diesel	31,625	36,057	(12.3)	6,725	6,433	4.5
Kerosene	10,886	12,261	(11.2)	6,799	5,071	34.1
Basic chemical feedstock	17,215	18,811	(8.5)	5,721	5,147	11.2
Synthetic fibre monomer and polymer	3,704	4,031	(8.1)	5,918	5,262	12.5
Synthetic resin	7,605	8,815	(13.7)	7,686	7,277	5.6
Synthetic fibre	580	610	(4.9)	8,164	7,189	13.6
Synthetic rubber	637	768	(17.1)	12,782	11,734	8.9

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

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production and automotive natural gas business, with the remaining sold to external customers. In the first half of 2026, the revenue from crude oil, natural gas and other upstream products sold externally amounted to RMB76.6 billion (accounting for 5.3% of the Company's revenue), down by 7.6% year on year. This change was mainly due to the increased internal use of self-produced crude oil and the decreased external sales volume.

In the first half of 2026, petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold externally by the refining segment and the marketing and distribution segment achieved external sales revenues of RMB806.8 billion (accounting for 56.2% of the Company's revenue), representing a decrease of 0.1% year on year. The sales revenue of gasoline, diesel and kerosene was RMB644.9 billion (accounting for 79.9% of the total sales revenue of petroleum products), representing a decrease of 3.6% year on year. This change was mainly due to decreased sales volume of refined oil products caused by the dampening effect of high oil prices on refined oil products consumption and accelerated new energy substitution. The sales revenue of other refined petroleum products was RMB161.9 billion (accounting for 20.1% of the sales revenue of petroleum products), up by 16.6% year on year.

The Company's external sales revenue of chemical products was RMB192.8 billion (accounting for 13.4% of its revenue), down by 1.9% year on year. This change was mainly due to year-on-year decreased sales volume of chemical products.

(2) Operating expenses

In the first half of 2026, the Company's operating expenses were RMB1,399.4 billion, up by 1.7% year on year, mainly due to the increase of procurement cost of outsourced crude oil and the trading costs of crude oil and refined oil products resulting from the increase of crude oil prices. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB1,096.9 billion, representing a decrease of 1.9% year on year, accounting for 78.4% of total operating expenses, of which:

- Crude oil purchasing expense was RMB402.5 billion, representing an increase of 2.8% year on year. Throughput of crude oil purchased externally in the first half of 2026 was 90.27 million tonnes (excluding the volume processed for third parties). The average processing cost of crude oil purchased externally was RMB4,458 per tonne.
- The Company's purchasing expense of refined oil products was RMB135.8 billion, representing a decrease of 26.0% year on year. This change was mainly due to the decline in the volume of refined oil products purchased externally as a result of weak domestic refined oil product demand.
- The Company's purchasing expense related to trading activities was RMB306.8 billion, representing an increase of 14.8% year on year, mainly due to the increase in procurement expenses of crude oil and refined oil products for trading resulting from rising crude oil prices.
- Other purchasing expenses were RMB251.8 billion, down by 8.8% year on year.

Selling, general and administrative expenses were RMB26.1 billion, representing an increase of 1.0% year on year, mainly because the Company further intensified R&D investment, leading to increased R&D expenditures.

Depreciation, depletion and amortisation were RMB63.5 billion, representing an increase of 3.8% year on year. This change was mainly due to the increase in newly put-into-operation assets.

Exploration expense was RMB5.2 billion, representing a decrease of 8.8% year on year. This change was mainly because the Company optimised exploratory well deployment and continuously improved the success rate of exploratory wells, effectively reducing relevant write-off expenses.

Personnel expense was RMB52.4 billion, representing an increase of 6.0% year on year.

Taxes other than income tax were RMB134.4 billion, representing an increase of 9.0% year on year. This change was mainly due to the increase in the special oil gain levy and resource tax resulting from rising oil prices.

Other operating expenses net were RMB20.9 billion, as compared with other income net of RMB8.1 billion for the corresponding period of the previous year.

(3) Operating profit

In the first half of 2026, the Company's operating profit was RMB37.2 billion, representing an increase of 11.3% year on year. This change was mainly attributable to the Company seizing the opportunity of high oil prices, stepping up upstream development efforts, and striving to increase production of high value-added products such as jet fuel and refining by-products. At the same time, as oil prices rose, the higher prices of crude oil and refined oil products resulted in inventory gains.

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

In the first half of 2026, investment income and share of profits less losses from associates and joint ventures were RMB7.1 billion, representing an increase of 16.4% year on year. This change was mainly due to the improved performance of the Company's associates and joint ventures.

(5) Profit before taxation

In the first half of 2026, the Company's profit before taxation amounted to RMB37.7 billion, representing an increase of 21.1% year on year.

(6) Income tax expense

In the first half of 2026, the Company's income tax expense totalled RMB6.7 billion, representing an increase of 27.7% year on year.

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

In the first half of 2026, profit attributable to non-controlling shareholders of the Company was RMB4.5 billion, representing an increase of 106.8% year on year.

(8) Profit attributable to shareholders of the Company

In the first half of 2026, profit attributable to shareholders of the Company was RMB26.6 billion, representing an increase of 11.9% year on year.

2 RESULTS OF SEGMENT OPERATIONS

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

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

	Operating revenues Six-month period ended 30 June		As a percentage of consolidated operating revenues before elimination of inter-segment sales Six-month period ended 30 June		As a percentage of consolidated operating revenues after elimination of inter-segment sales Six-month period ended 30 June	
	2026	2025	**2026**	2025	**2026**	2025
	RMB million		(%)		(%)	
Exploration and Production Segment						
External sales*	77,862	84,307	3.1	3.4	5.4	6.0
Inter-segment sales	76,727	60,349	3.0	2.5		
Operating revenues	**154,589**	**144,656**	**6.1**	**5.9**		
Refining Segment						
External sales*	91,945	81,534	3.6	3.3	6.4	5.8
Inter-segment sales	610,251	576,790	23.8	23.4		
Operating revenues	**702,196**	**658,324**	**27.4**	**26.7**		
Marketing and Distribution Segment						
External sales*	736,445	748,884	28.9	30.4	51.3	53.1
Inter-segment sales	4,817	3,703	0.2	0.2		
Operating revenues	**741,262**	**752,587**	**29.1**	**30.6**		
Chemicals Segment						
External sales*	195,708	199,878	7.7	8.1	13.6	14.2
Inter-segment sales	42,425	42,060	1.7	1.7		
Operating revenues	**238,133**	**241,938**	**9.4**	**9.8**		
Corporate and Others						
External sales*	334,601	294,449	13.1	12.0	23.3	20.9
Inter-segment sales	381,310	368,526	14.9	15.0		
Operating revenues	**715,911**	**662,975**	**28.0**	**27.0**		
Operating revenue before elimination of inter-segment sales	**2,552,091**	**2,460,480**	**100.0**	**100.0**		
Elimination of inter-segment sales	**(1,115,530)**	**(1,051,428)**				
Consolidated operating revenues	**1,436,561**	**1,409,052**			**100.0**	**100.0**

* Other operating revenues are included.

The following table sets forth the operating revenues, operating expenses and operating profits by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage change between the first half of 2026 and the first half of 2025.

	Six-month period ended 30 June 2026	2025	Change
	RMB million		(%)
Exploration and Production Segment			
Operating revenues	154,589	144,656	6.9
Operating expense	125,860	121,018	4.0
Operating profit	**28,729**	**23,638**	**21.5**
Refining Segment			
Operating revenues	702,196	658,324	6.7
Operating expense	685,175	654,789	4.6
Operating profit	**17,021**	**3,535**	**381.5**
Marketing and Distribution Segment			
Operating revenues	741,262	752,587	(1.5)
Operating expense	735,580	744,628	(1.2)
Operating profit	**5,682**	**7,959**	**(28.6)**
Chemicals Segment			
Operating revenues	238,133	241,938	(1.6)
Operating expense	238,380	246,162	(3.2)
Operating profit	**(247)**	**(4,224)**	**–**
Corporate and Others			
Operating revenues	715,911	662,975	8.0
Operating expense	715,546	661,330	8.2
Operating profit	**365**	**1,645**	**(77.8)**
Elimination	**(14,340)**	**870**	**–**

(1) Exploration and Production Segment

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

In the first half of 2026, the operating revenues of the segment were RMB154.6 billion, representing an increase of 6.9% year on year. This change was mainly due to the rise in international crude oil prices. The segment sold 17.30 million tonnes of crude oil, representing an increase of 0.3% year on year, with an average realised price of RMB4,001 per tonne, up by 17.2% year on year. Natural gas sales volume (including self-produced natural gas, LNG, etc.) was 29.3 billion cubic meters, representing a decrease of 2.1% year on year, with an average realised price of RMB2,205 per thousand cubic meters, down by 0.7% year on year.

In the first half of 2026, the operating expenses of the segment were RMB125.9 billion, representing an increase of 4.0% year on year. This change was mainly due to taxes including special oil gain levy and resource tax increasing by RMB5.8 billion year on year as a result of higher oil prices. The oil and gas lifting cost was RMB725.7 per tonne, representing an increase of 1.1% year on year, primarily due to the Company intensifying enhanced oil recovery measures during periods of high oil prices.

In the first half of 2026, the segment seized the opportunity of rising oil and gas prices, continued to enhance exploration and development efforts, further promoted reserves and production growth, and enhanced the profitability of the whole natural gas industrial chain, thereby achieving an operating profit of RMB28.7 billion, representing an increase of RMB5.1 billion or 21.5% year on year.

(2) Refining Segment

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

In the first half of 2026, the operating revenues of the segment were RMB702.2 billion, representing an increase of 6.7% year on year. This change was mainly due to the year-on-year rise in prices of major products such as refined oil products. This change was mainly due to the year-on-year rise in prices of major products such as refined oil products. Among them, the sales revenue of gasoline was RMB247.9 billion, representing an increase of 3.1% year on year; the sales revenue of diesel was RMB152.4 billion, representing an increase of 2.1% year on year; the sales revenue of kerosene was RMB71.7 billion, representing an increase of 21.0% year on year; the sales revenue of chemical feedstock was RMB100.0 billion, representing an increase of 10.8% year on year; the sales revenue of refined petroleum products other than gasoline, diesel, kerosene and chemical feedstock was RMB128.6 billion, representing an increase of 9.4% year on year.

The following table sets forth the sales volumes, average realised prices and the respective changes of the Company's major refined oil products of the segment in the first half of 2026 and that of the same period of 2025.

	Sales Volume (thousand tonnes) Six-month period ended 30 June			Average realised price (RMB/tonne) Six-month period ended 30 June		
	2026	2025	Change (%)	**2026**	2025	Change (%)
Gasoline	29,532	30,095	(1.9)	8,396	7,993	5.0
Diesel	22,828	23,494	(2.8)	6,674	6,350	5.1
Kerosene	10,465	11,935	(12.3)	6,851	4,964	38.0
Chemical feedstock	18,300	20,671	(11.5)	5,465	4,368	25.1
Other refined petroleum products	28,635	30,409	(5.8)	4,490	3,866	16.1

In the first half of 2026, the segment's operating expenses were RMB685.2 billion, representing an increase of 4.6% year on year, mainly due to the year-on-year rise in feedstock procurement costs. The average processing cost of feedstock was RMB4,499 per tonne, representing an increase of 10.3% year on year. Total feedstock throughput was 115.06 million tonnes (excluding volume processed for third parties), representing a decrease of 4.9% year on year. In the first half of 2026, the total processing cost for feedstock was RMB517.7 billion, representing an increase of 5.0% year on year, accounting for 75.6% of the segment's operating expenses, up by 0.2 percentage point year on year, primarily due to the year-on-year rise in international crude oil prices.

In the first half of 2026, the refining margin was RMB453 per tonne, representing an increase of RMB139 per tonne or 44.1% year on year. This change was mainly due to the significant improvement in margins of products such as kerosene, naphtha, and refining by products, which offset the impact of higher procurement premiums and freight costs of imported crude oil.

In the first half of 2026, the unit refining cash operating cost (defined as operating expenses less feedstock processing cost, depreciation and amortisation, taxes other than income tax and other operating expenses, divided by the throughput of crude oil and feedstock) was RMB219.6 per tonne, representing an increase of 6.3% year on year. This change was mainly because unit fixed costs increased resulting from the decreased processing volume.

In the first half of 2026, the segment actively responded to the impact of geopolitical conflicts in the Middle East by increasing crude oil procurement from non-Middle Eastern sources, closely following the market to adjust procurement pace, optimising product mix based on product profitability, and continuing to enhance integrated synergy and profitability. As a result, the segment realised an operating profit of RMB17.0 billion, representing an increase of RMB13.5 billion or 381.5% year on year.

(3) Marketing and Distribution Segment

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

In the first half of 2026, the operating revenues of this segment were RMB741.3 billion, representing a decrease of 1.5% year on year. This change was mainly due to the decline in refined oil product sales volume resulting from the dampening effect of high oil products on refined oil consumption and accelerated new energy substitution. Among them, the sales revenue of gasoline was RMB358.2 billion, down by 4.5% year on year; the sales revenue of diesel was RMB213.1 billion, down by 8.3% year on year; the sales revenue of kerosene was RMB74.0 billion, up by 19.2% year on year; and the sales revenue of automotive natural gas was RMB23.5 billion, up by 34.4% year on year.

The following table sets forth the sales volume, average realised prices and respective changes of the segment's five major refined oil products in the first half of 2026 and 2025, including the detailed information about the retail, direct sales and distribution of gasoline and diesel.

	Sales volume (thousand tonnes) Six-month period ended 30 June			Average realised price (RMB/tonne) Six-month period ended 30 June		
	2026	2025	Change (%)	**2026**	2025	Change (%)
Gasoline	**41,399**	**44,316**	**(6.6)**	**8,651**	**8,461**	**2.2**
Retail	28,856	31,431	(8.2)	9,274	8,889	4.3
Direct sales and distribution	12,544	12,885	(2.6)	7,220	7,419	(2.7)
Diesel	**31,708**	**36,132**	**(12.2)**	**6,720**	**6,433**	**4.5**
Retail	12,763	14,683	(13.1)	7,288	6,867	6.1
Direct sales and distribution	18,945	21,449	(11.7)	6,337	6,136	3.3
Kerosene	**10,859**	**12,245**	**(11.3)**	**6,815**	**5,069**	**34.5**
Fuel oil	**11,108**	**11,080**	**0.3**	**4,365**	**3,711**	**17.6**
Automotive natural gas	**4,854**	**4,062**	**19.5**	**4,832**	**4,296**	**12.5**

In the first half of 2026, the operating expenses of this segment were RMB735.6 billion, representing a decrease of 1.2% year on year, mainly due to the year-on-year decrease in the procurement scale of refined oil products.

In the first half of 2026, the segment's cash marketing cost per tonne (defined as operating expenses less the purchase costs, taxes other than income tax, and depreciation and amortisation, divided by sales volume) was RMB190.7 per tonne, representing an increase of 2.4% year on year. This change was mainly due to the decline in gasoline and diesel consumption, which led to a decrease in refined oil product sales volume and an increase in unit fixed costs.

In the first half of 2026, the profit of the segment's non-fuel business was RMB2.68 billion, representing a decrease of RMB0.41 billion or 13.1% year on year, among which, the profit of selling convenience store products and providing related services was RMB2.55 billion, down by RMB0.38 billion year on year; and the profit of power business was RMB0.13 billion, down by RMB0.02 billion year on year.

In the first half of 2026, the segment continued to strengthen its marketing efforts and actively expanded businesses such as automotive natural gas and EV charging and battery swapping. However, affected by the dampening effect of high oil prices on refined oil consumption and accelerated domestic new energy substitution, the segment realised an operating profit of RMB5.7 billion, representing a decrease of RMB2.3 billion or 28.6% year on year.

(4) Chemicals segment

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

In the first half of 2026, the operating revenues of this segment were RMB238.1 billion, down by 1.6% year on year. This change was mainly due to the decrease in sales volume of products.

In the first half of 2026, the operating revenue generated by the segment's six major categories of chemical products (namely basic organic chemicals, synthetic resin, synthetic fibre monomer and polymer, synthetic fibre, synthetic rubber and chemical fertiliser) was RMB230.1 billion, down by 0.4% year on year, accounting for 96.6% of the operating revenues of the segment.

The following table sets forth the sales volume, average realised prices and respective changes of each of the segment's six categories of chemical products in the first half of 2026 and 2025.

	Sales volume (thousand tonnes) Six-month period ended 30 June		Change	Average realised price (RMB/tonne) Six-month period ended 30 June		Change
	2026	2025	(%)	**2026**	2025	(%)
Basic organic chemicals	23,937	25,657	(6.7)	5,679	5,129	10.7
Synthetic fibre monomer and polymer	3,734	4,051	(7.8)	5,914	5,262	12.4
Synthetic resin	7,608	8,821	(13.7)	7,685	7,276	5.6
Synthetics fibre	580	610	(4.9)	8,187	7,190	13.9
Synthetic rubber	637	769	(17.1)	12,783	11,740	8.9
Chemical fertiliser	361	267	35.0	2,071	2,135	(3.0)

In the first half of 2026, the operating expenses of this segment were RMB238.4 billion, down by 3.2% year on year, mainly due to the decrease in procurement volume of naphtha and other chemical feedstocks.

In the first half of 2026, the segment made great efforts to reduce feedstock costs, increase the potion of light feedstocks, dynamically optimised operating loads in line with market conditions, and expanded export scale. However, affected by the weak demand, the segment realized an operating loss of RMB0.2 billion, representing a reduction in loss of RMB4.0 billion year on year.

(5) Corporate and others

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

In the first half of 2026, the operating revenues generated from the corporate and others were RMB715.9 billion, up by 8.0% year on year, mainly due to the increase in the trading prices of crude oil and refined oil products year on year.

In the first half of 2026, the operating expenses for corporate and others were RMB715.5 billion, up by 8.2% year on year.

In the first half of 2026, the operating profit for corporate and others was RMB0.4 billion.

3 ASSETS, LIABILITIES, EQUITY AND CASH FLOWS

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

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

	As of 30 June 2026	As of 31 December 2025	Change
Total assets	2,197,234	2,153,485	43,749
Current assets	593,913	522,741	71,172
Non-current assets	1,603,321	1,630,744	(27,423)
Total liabilities	1,194,327	1,166,609	27,718
Current liabilities	691,921	698,553	(6,632)
Non-current liabilities	502,406	468,056	34,350
Total equity attributable to the shareholders of the Company	840,901	827,463	13,438
Share capital	120,926	120,926	–
Reserves	719,975	706,537	13,438
Non-controlling interests	162,006	159,413	2,593
Total equity	1,002,907	986,876	16,031

As of 30 June 2026, the Company's total assets were RMB2,197.2 billion, representing an increase of RMB43.7 billion compared with that of the end of 2025, of which:

Current assets were RMB593.9 billion, representing an increase of RMB71.2 billion compared with that of the end of 2025, mainly due to the rise in crude oil prices, which resulted in an increase of RMB35.4 billion in accounts receivable and receivables financing; and cash and cash equivalents and time deposits with financial institutions increased by RMB34.9 billion.

Non-current assets were RMB1,603.3 billion, representing a decrease of RMB27.4 billion compared with that of the end of 2025, mainly because the decrease in certain large-denomination time deposits with maturities over one year

As of 30 June 2026, the Company's total liabilities were RMB1,194.3 billion, representing an increase of RMB27.7 billion compared with that of the end of 2025, of which:

Current liabilities were RMB691.9 billion, representing a decrease of RMB6.6 billion compared with that of the end of 2025, mainly because the accounts payable decreased resulting from the decline in imported crude oil procurement volume.

Non-current liabilities were RMB502.4 billion, representing an increase of RMB34.4 billion compared with that of the end of 2025, mainly because the low-cost financing increased resulting from the Company's new long-term bank borrowings and issuance of sci-tech innovation bonds to secure funding for major projects and supplement working capital.

As of 30 June 2026, total equity attributable to shareholders of the Company was RMB840.9 billion, representing an increase of RMB13.4 billion compared with that of the end of 2025.

(2) Cash Flows

The following table sets forth the major items in the consolidated cash flow statements for the first half of 2026 and 2025:

Unit: RMB million

	Six-month period ended 30 June		
Major items of cash flows	**2025**	2024	Change
Net cash generated from operating activities	62,499	61,016	1,483
Net cash used in investing activities	(48,492)	(59,968)	11,476
Net cash generated from financing activities	8,402	15,095	(6,693)
Net increase in cash and cash equivalents	22,409	16,143	6,266

In the first half of 2026, net cash generated from operating activities was RMB62.5 billion, representing an increase of cash inflow of RMB1.5 billion year on year, mainly due to the increase in the Company's profit.

In the first half of 2026, the Company's net cash used in investing activities was RMB48.5 billion, representing a decrease of cash outflow of RMB11.5 billion year on year, mainly due to the net inflow from time deposits with maturities over three months increasing by RMB8.5 billion, and cash received from disposal of equity interests in associates and other investments increasing by RMB5.8 billion.

In the first half of 2026, the Company's net cash generated from financing activities was RMB8.4 billion, representing a decrease of cash inflow of RMB6.7 billion year on year. This change was mainly because the net interest-bearing debt occurred in the first half of this year decreased, which resulted in a decrease of cash inflow of RMB11.5 billion, and the decrease in dividend payments, which resulted in a decrease of cash outflow of RMB5.0 billion.

As of 30 June 2026, the Company's cash and the cash equivalents were RMB102.6 billion.

(3) Contingent Liabilities

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

(4) Capital Expenditure

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

(5) Research & Development and Environmental Expenditures

R&D expenditures include related expenses and investment cost occurred in the period. In the first half of 2026, the expenditures for R&D were RMB10.1 billion, representing an increase of 23.2% year on year, of which expense was RMB7.8 billion, and investment cost was RMB2.3 billion.

Environmental expenditures refer to the standard pollutant cleanup costs paid by the Company, excluding capitalised cost of pollutant treatment equipment. In the first half of 2026, the Company paid environmental expenditures of RMB6.7 billion.

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

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

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

Items	Beginning of the period	End of the period	Profits and losses from variation of fair values in the current period	Accumulated variation of fair values recorded as equity	Impairment loss provision of the current period	Funding source	Purchase amount in the current period	Sell and redemption amount in the current period	Other changes
Financial assets held for trading	4	3	–	–	–	–	52	(52)	(1)
Fund	4	3	–	–	–	–	–	–	(1)
Derivative financial instruments and cash flow hedges	(4,314)	6,977	(23,458)	(419)	–	–	–	35,168	–
Receivables financing	5,340	18,114	–	–	–	–	68,735	(55,961)	–
Other equity instrument investments	7,156	4,185	–	2,557	–	–	8,760	(13,667)	(621)
Total	**8,186**	**29,279**	**(23,458)**	**2,138**	**–**	**–**	**77,547**	**(34,512)**	**(622)**

Securities investment **Unit: RMB million**

Securities type	Securities code	Security Abbreviation	Initial investment cost	Funding source	Book value at the beginning of the period	Profits and losses from variation of fair values in the current period	Accumulated variation of fair values recorded as equity	Purchase amount in the current period	Sell amount in the current period	Investment gains and losses in the current period	Other variation	Book value at the end of the period	Chart of Accounts
Stock	03750	CATL	3,570	Self-owned Funds	6,710	–	2,491	–	5,282	–	(116)	3,803	Other equity instrument investments
Total	–	–	3,570	–	6,710	–	2,491	–	5,282	–	(116)	3,803	–

Derivatives investment:

In the first half of 2026, the Company traded in commodity and currency derivatives according to the Annual Business Plan for Financial Derivatives approved by the Board. Such business met the regulatory requirements of financial derivatives, operated in a standardized manner, and achieved the goals of suppressing price fluctuation and preventing market risks.

4 ANALYSIS OF FINANCIAL STATEMENTS PREPARED UNDER CASS

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

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

	Six-month period ended 30 June **2026** **RMB million**	 2025 RMB million
Operating income		
Exploration and Production Segment	154,589	144,656
Refining Segment	702,196	658,324
Marketing and Distribution Segment	741,262	752,587
Chemicals Segment	238,133	241,938
Corporate and Others	715,911	662,975
Elimination of inter-segment sales	(1,115,530)	(1,051,428)
Consolidated operating income	**1,436,561**	**1,409,052**
Operating profit/(loss)		
Exploration and Production Segment	27,191	21,267
Refining Segment	16,457	2,597
Marketing and Distribution Segment	5,428	7,170
Chemicals Segment	(878)	(4,518)
Corporate and Others	23,226	(3,213)
Elimination of inter-segment profits	(14,340)	870
Financial expenses, (losses)/gains from changes in fair value, asset disposal gains and investment (loss)/income	(22,287)	1,633
Other income	2,159	3,288
Consolidated operating profit	**36,956**	**29,094**
Net profit attributable to equity shareholders of the Company	**25,627**	**21,483**

In the first half of 2026, the operating profit of the Company was RMB37.0 billion, representing an increase of 27.0% year on year.

In the first half of 2026, the net profit attributable to the equity shareholders of the Company was RMB25.6 billion, representing a increase of 19.3% year on year.

(2) Financial data prepared under CASs:

	As of 30 June 2026 **RMB million**	As of 31 December 2025 RMB million	Change RMB million
Total assets	2,199,366	2,155,617	43,749
Non-current liabilities	501,661	467,292	34,369
Shareholders' equity	1,005,784	989,772	16,012

Changes analysis:

As of 30 June 2026, the Company's total assets were RMB2,199.4 billion, representing an increase of RMB43.7 billion compared with that of the end of 2025. This change was mainly attributable to the increase in accounts receivable and bills receivable resulting from the rise in crude oil prices.

As of 30 June 2026, the Company's non-current liabilities were RMB501.7 billion, representing an increase of RMB34.4 billion compared with that of the end of 2025. This change was mainly due to the Company's new long-term bank borrowings and issuance of sci-tech innovation bonds to secure funding for major projects and supplement working capital, which resulted in an increase in low-cost financing.

As of 30 June 2026, total shareholders' equity of the Company was RMB1,005.8 billion, representing an increase of RMB16.0 billion compared with that of the end of 2025.

(3) The results of the principal operations by segments

Segments	Operating income (RMB million)	Operating cost (RMB million)	Gross profit margin* (%)	Increase/ (decrease) of operating income on a year on year basis (%)	Increase/ (decrease) of operating cost on a year on year basis (%)	Increase/ (decrease) of gross profit margin on a year on year basis (percentage points)
Exploration and Production	154,589	101,398	25.4	6.9	(0.6)	1.6
Refining	702,196	547,744	5.2	6.7	2.3	3.7
Marketing and Distribution	741,262	703,837	4.9	(1.5)	(1.2)	(0.2)
Chemicals	238,133	229,958	2.9	(1.6)	(3.5)	1.8
Corporate and Others	715,911	678,376	5.2	8.0	3.3	4.3
Elimination of inter-segment sales	(1,115,530)	(1,101,190)	–	–	–	–
Total	**1,436,561**	**1,160,123**	**9.9**	**2.0**	**(2.7)**	**3.3**

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

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

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

1 IMPROVEMENTS IN CORPORATE GOVERNANCE

During the reporting period, the Company complied with the Articles of Association as well as domestic and overseas securities regulatory rules, adhered to the standard operation, elected Directors, adjusted the composition of the Board committees, and appointed Senior Management. In line with changes in domestic and overseas regulations, the Company comprehensively revised its corporate governance system. The Board considered and approved the Company's "15th Five-Year Plan", clarifying the medium – and long-term development strategies and transformation initiatives. Independent Directors conducted research on the Company's industry chain operations, and actively provided advice and suggestions on improving quality and profitability, deepening reform, and advancing transition and development. The Company strengthened compliance management and risk control, promoted the reform of the management system, and enhanced the corporate management standard. Focusing on market value management, the Company continued to implement share repurchases, conducted high-quality information disclosure and investor relations management, and improved communication with stakeholders. The Company continuously strengthened ESG governance, deepened the Action for Fundamental Improvement in Safety Production, promoted the construction of the "no waste group", steadily advanced the actions for carbon peaking, and effectively fulfilled its corporate social responsibilities.

2 DIRECTORS AND OTHER SENIOR MANAGEMENT

(1) Information on Appointment or Resignation

On 6 January 2026, Mr. Li Yonglin ceased to be a member of the Leading Party Member Group and Vice Present of Sinopec Group due to change of working arrangement, and Mr. Tian Hongbin was appointed as a member of the Leading Party Member Group and Vice Present of Sinopec Group.

On 13 February 2026, Mr. Li Yonglin resigned as Executive Director, a member of the Strategy Committee of the Board, and Senior Vice President of the Company due to change of working arrangement.

On 27 February 2026, Mr. Guo Xusheng resigned as Chief Geologist of the Company due to his age.

On 19 March 2026, Mr. Wang Shijie was elected as Employee Representative Director of the Company.

On 20 March 2026, Mr. Zhao Dong resigned as President of the Company due to change of working arrangement, Mr. Wan Tao was appointed as President of the Company, and Mr. Tian Hongbin was appointed as Senior Vice President of the Company.

On 14 April 2026, Mr. Lv Lianggong ceased to be a member of the Leading Party Member Group and Vice Present of Sinopec Group due to his age, and Mr. Chen Yanbin was appointed as a member of the Leading Party Member Group and Vice Present of Sinopec Group.

On 21 April 2026, Mr. Lv Lianggong resigned as Executive Director and Senior Vice President of the Company due to his age.

On 28 April 2026, Mr. Chen Yanbin was appointed as Senior Vice President of the Company, Mr. Huang Wensheng resigned as Secretary to the Board of the Company due to change of working arrangement, and Mr. Zhang Zheng was appointed as Secretary to the Board of the Company.

On 12 May 2026, Mr. Guo Hongjin resigned as Vice President of the Company due to his age.

On 13 May 2026, Mr. Tian Hongbin and Mr. Chen Yanbin were elected as Executive Directors of the Company.

(2) Equity Interests of Directors and Other Senior Management

As of 30 June 2026, none of the Directors and Senior Management of the Company and their respective associates had any interests or short positions (including any interests or short positions that are regarded or treated as being held in accordance with the Securities and Futures Ordinance (SFO)) in any shares, underlying shares or debentures of the Company or any associated corporations (as defined in Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Model Code) contained in the Hong Kong Listing Rules.

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

3 DIVIDEND

(1) Dividend distribution for the year ended 31 December 2025

Upon the approval at the annual general meeting for 2025, the Company distributed the final cash dividend of RMB0.112 per share (tax inclusive) for 2025. The final dividend for 2025 has been distributed on or before 26 June 2026 to shareholders whose names appeared on the register of members of the Company on 16 June 2026. Combined with the interim cash dividend of RMB0.088 per share (tax inclusive) for 2025, the total cash dividend for the whole year of 2025 amounted to RMB0.2 per share (tax inclusive).

(2) Interim dividend distribution plan for the six months ended 30 June 2026

As approved at the 14th meeting of the ninth session of the Board, the interim dividend of RMB0.105 per share (tax inclusive) for the six months ended 30 June 2026 will be distributed based on the total number of shares as of 29 September 2026 (record date) in cash.

The 2026 interim dividend distribution plan of the Company reflected the consideration of shareholders' interests and development of the Company, and is in compliance with the Articles of Association and required approval procedures. The interim dividend will be distributed on or before 14 October 2026 to all shareholders whose names appear on the register of members of the Company on the record date of 29 September 2026. In order to be qualified for the interim dividend, holders of H shares shall lodge their share certificates and transfer documents with Computershare Hong Kong Investor Services Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration, no later than 4:30 p.m. on 22 September 2026. The register of members of H shares of the Company will be closed from 23 September 2026 to 29 September 2026 (both days inclusive). The dividend will be denominated and declared in RMB and distributed to domestic shareholders and shareholders under Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect. Program in RMB and to the overseas shareholders in HKD. The exchange rate for dividend to be paid in HKD is based on the average of the last published daily reference exchange rates by the China Foreign Exchange Trade System during the 5 working days prior to the announcement of payment of the dividend.

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

4 THE COMPANY'S EMPLOYEES

As of 30 June 2026, the Company had a total of 340,966 employees. Each of Sinopec Marketing Company Limited and China International United Petroleum & Chemicals Company Limited, the principal subsidiaries of the Company, had 113,605 and 618 employees respectively.

5 REMUNERATION POLICY

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

6 TRAINING PROGRAMS

During the reporting period, the Company strengthened the overall guidance and top-level design of education and training, established and improved the high-quality education and training system, and innovatively conducted training programs for all types of talents. The headquarters trained 2,199 key talents in the first half of 2026. Focusing on serving the Company's strategy, we implemented the training for managers, experts, skilled personnel, and international talents. We emphasised on the combination of theory and practice, and comprehensively improved the overall caliber and performance ability of all kinds of talents. The Company enhanced the intelligent and precise level of training by promoting the application of Sinopec Network College. Over 21 million on-line training hours were completed in the first half of 2026.

7 DETAILED IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME

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

8 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

9 REVIEW OF THE INTERIM REPORT

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

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

During the reporting period, the Company continued to advance pollution prevention and control, adhered to the concept of source prevention and control, accelerated the construction of "no waste group" and green enterprises, actively carried out control measures for soil and groundwater during production, vigorously promoted the construction of green factories, and comprehensively consolidated the foundation for green development.

11 MEASURES TAKEN TO MITIGATE CARBON EMISSION AND ITS EFFECT

During the reporting period, the Company implemented the energy and water efficiency alignment and improvement plan, strictly controlled the energy and water consumption as well as carbon emissions of new projects, strengthened the statistical accounting of carbon emission, implemented carbon footprint management of products, bolstered carbon asset management. The Company reduced GHG emissions by 1.24 million tonnes of CO_2 equivalent through energy conservation and consumption reduction, recycled 0.99 million tonnes of CO_2, used 0.578 million tonnes of CO_2 for EOR, and recovered 0.91 billion cubic meters of methane.

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

In accordance to the requirements stipulated in the "Administrative Measures for the Legal Disclosure of Enterprise Environmental Information" and other regulations, the entities in the Company or our principal subsidiaries, which are listed as enterprises subject to legal disclosure of enterprise environmental information, have duly disclosed their environmental information through relevant systems established by ecological and environmental departments.

As of 30 June 2026, the entities in the Company or our principal subsidiaries that are listed as enterprises subject to legal disclosure of enterprise environmental information were as follows:

No.	Company name	Website for disclosure
1	Sinopec Shanghai Gaoqiao Petrochemical Company Limited	https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp (搜索: 中國石化上海高橋石油化工有限公司、中國石化上海高橋石油化工有限公司化工部)
2	Sinopec Hunan Petrochemical Company Limited	https://yfpl.sthjt.hunan.gov.cn:8181/hnyfpl/frontal/index.html#/home/index (搜索: 中石化湖南石油化工有限公司(一區)、中石化湖南石油化工有限公司(二區))
3	Sinopec (Henan) Refining and Chemical Company Limited	http://222.143.24.250:8247/enpInfo/enpOverview?enterId=91410308MADPKBJ62R001P
4	Sinopec-SK (Wuhan) Petrochemical Company Limited	http://219.140.164.18:8007/hbyfpl/frontal/index.html#/home/enterpriseInfo?XTXH=9f64a379-4e10-4f10-a42b-d1583c8f7786&XH=1677751083329009244672
5	Sinopec Yangzi Petrochemical Company Limited	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/yfplHomeNew/index.js (搜索: 中國石化揚子石油化工有限公司、中國石化揚子石油化工有限公司(橡膠廠))
6	Sinopec Shanghai Petrochemical Company Limited	https://e2.sthj.sh.gov.cn/jsp/view/hjpl/index.jsp (搜索: 中國石化上海石油化工股份有限公司)
7	Sinopec Yizheng Chemical Fibre Limited Liability Company	http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http%3A%2F%2Fywxt.sthjt.jiangsu.gov.cn%3A18181%2Fspsarchive-webapp%2Fweb%2Fsps%2Fviews%2Fyfpl%2Fviews%2FyfplEntInfo%2Findex.js&year=2025&ticket=cb33fe952c384991bb49f7ea18c41c30&versionId=19517E8C163B43B6806CD2A0FC14586F&spCode=3210010200004782
8	Sinopec Beihai Refining and Chemical Limited Liability Company	https://bqfq.sthjt.gxzf.gov.cn/GXHJXXPLQYD/frontal/index.html#/home/overview (搜索: 中國石化北海煉化有限責任公司)
9	Sinopec Qingdao Refining and Chemical Company Limited	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails? comDetailFrom=1&id=9137020076672017 5X
10	Sinopec Hainan Refining and Chemical Company Limited	https://hnsthb.hainan.gov.cn/yfpl/#/gkwz/ndpl/index? search=%E4%B8%AD%E5%9B%BD%E7%9F%B3%E5%8C%96%E6%B5%B7%E5%8D%97%E7%82%BC%E6%B2%B9%E5%8C%96%E5%B7%A5%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8
11	ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	https://gdee.gd.gov.cn/gdeepub/front/dal/report/list? entName=%E4%B8%AD%E7%A7%91%EF%BC%88%E5%B9%BF%E4%B8%9C%EF%BC%89%E7%82%BC%E5%8C%96%E6%9C%89%E9%99%90%E5%85%AC%E5%8F%B8&reportType=&areaCode=&entType=&reportDateStartStr=&reportDateEndStr=
12	Sinopec Qingdao Petrochemical Company Limited	http://221.214.62.226:8090/EnvironmentDisclosure/enterpriseRoster/openEnterpriseDetails? comDetailFrom=0&id=91370200163576944B

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

During the reporting period, the Company contributed our strengths to support the needs of rural revitalization, advanced assistance work in an integrated manner, and achieved new progress. We improved the regular designated-pairing assistance working mechanism, deepened the standardized construction in the field of rural revitalization, and strengthened industrial, educational, and consumption assistance. We promoted projects such as “Sinopec Companion Learning” and “Spring Bud Gas Station”, continuously improving the quality and effectiveness of assistance work.

1 MAJOR CONSTRUCTION PROJECTS

(1) Longkou LNG Project

The project mainly consists of building wharf, terminal and power plant warm drainage and water intake. The designed LNG capacity in the first phase is 6 million tpa. One LNG berth with 0.266 million cubic meters will be modified and four 0.22 million cubic meters storage tanks will be newly built. The project started in November 2021 and is expected to be put into operation in October 2026. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB6.7 billion.

(2) Maoming Refining Transition and Upgrading and Ethylene Quality Revamping Project

The project mainly consists of building 3 million tpa catalytic cracking united plant, 1 million tpa ethylene unit, supporting utilities and auxiliary facilities, etc. The project started in June 2023. The project investment mainly consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB15.6 billion.

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

The project mainly consists of building 10 million tpa crude oil distillation unit, renovating 1 million tpa ethylene unit, construction of supporting utilities and auxiliary facilities, etc. The project started in December 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB0.9 billion.

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

The project mainly consists of building 1.5 million tpa aromatic united plant, 2.6 million tpa hydrocracking unit, 2.6 million tpa continuous catalytic reforming unit, supporting utilities and auxiliary facilities, etc. The project started in July 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB5.7 billion.

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

The project mainly consists of building 1.5 million tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project started in November 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB4.6 billion.

(6) Henan 1 million tpa Ethylene Project

The project mainly consists of building 1 million tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project started in May 2023. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested was RMB2.7 billion.

(7) Phase II Project of Fujian Gulei Refining and Petrochemical Integration Project

The project mainly consists of building 16 million tpa refining plant, 2 million tpa aromatic united plant, 1.5 million tpa ethylene cracking unit and downstream derivative unit and supporting utilities including 300,000-ton crude oil terminal. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested in equity was RMB2.16 billion.

(8) Kazakhstan Natural Gas Chemical Project

The project uses ethane separated from the Tengiz Field in Kazakhstan as feedstock. It mainly consists of one 1.3 million tpa ethane cracker unit, two 625,000 tpa polyethylene plants, as well as supporting utility facilities. The project started in September 2024. The project investment consists of the self-owned fund and bank loan. As of 30 June 2026, the aggregate amount invested in equity was RMB4.2 billion.

2 CORE COMPETITIVENESS ANALYSIS

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

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

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

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

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

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

The Company formulated a strategy for future green transition and development, which identifies new energy, new materials, new business formats and new tracks as strategic emerging growth drivers, and committed to building a globally leading modern energy and chemical company.

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

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

In the reporting period, purchase expenses of the continuing connected transactions of the Company were RMB167.519 billion, representing 11.71% of the total amount of this type of transactions, including purchases of products and services (procurement, storage, transportation, exploration and production services, and production-related services) of RMB160.670 billion, payment of property rent of RMB0.634 billion (annual value of right-of-use assets for property leasing of RMB2.380 billion included in the continuing connected transactions), payment of land rent of RMB5.637 billion (annual value of right-of-use assets for lands leasing of RMB21.157 billion included in the continuing connected transactions), and interest expenses of RMB0.578 billion. The sales income of the continuing connected transactions of the Company during the reporting period was RMB109.229 billion, representing 7.30% of the total amount of this type of transactions, including sales of products of RMB107.847 billion, agency commission income of RMB62 million, and interest income of RMB1.320 billion. In addition, no entrusted loan was provided by the Company to the connected subsidiaries.

For definitions, please refer to relevant announcements and circular published on 26 August 2024 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE, and the website of the Hong Kong Stock Exchange on 25 August 2024 and 1 September 2024.

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

4 FUNDS PROVIDED BETWEEN RELATED PARTIES

Unit: RMB million

		Funds to related parties			Funds from related parties		
Related Parties	Relations	Balance at the beginning of the reporting period	Amount incurred	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Amount incurred	Balance at the end of the reporting period
Sinopec Group	Parent company and affiliated companies*	20,116	(5,190)	14,926	24,472	3,843	28,315
Other related parties	Associates and joint ventures	4,290	(712)	3,578	8,861	241	9,102
Total		**24,406**	**(5,902)**	**18,504**	**33,333**	**4,084**	**37,417**
Reason for provision of funds between related parties		Loans and other accounts receivable and payable					
Impacts of the provision of funds on the Company's operating results and financial situations		No material negative impact					

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

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

On 28 April 2026, the Board of the Company considered and approved the daily related transaction cap in relation to refined oil pipeline transportation services between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation for the period from 1 January 2026 to 31 December 2026. For details, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of SSE on 29 April 2026, and on the website of Hong Kong Stock Exchange on 28 April 2026 respectively.

The actual executed amount of the daily related transactions between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation regarding refined oil pipeline transportation services from 1 January 2026 to 30 June 2026 was RMB2.369 billion.

6 THE ISSUANCE OF A SHARES BY THE COMPANY TO THE TARGET SUBSCRIBER

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

(1) Use of the proceeds

Unit: RMB million

Source of proceeds	Receiving time of proceeds	Total amount of proceeds	Net amount of proceeds after deducting issuance fees	Proposed amount of proceeds to be invested in the offering circular	Amount of remaining proceeds at the beginning of the reporting period	Accumulated amount of used proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Amount used in the reporting period	% of amount used in the reporting period	Accumulated amount of proceeds with changed purposes
The issuance of shares to the target subscriber	12 March 2024	12,000	11,987	11,987	8,403	4,896	41	1,312	11	8,019

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

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

Unit: RMB million

Source of proceeds	Name of projects	Nature of projects	Whether the projects be mentioned in the prospectus or not	Whether the project be changed or not	Proposed amount of proceeds to be invested	Amount of used proceeds during the reporting period	Accumulated amount of used proceeds at the end of the reporting period	Amount of remaining proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Year of projects reaching expected conditions for use	Whether the project be finished or not	Whether the progress of investment is in line with the proposed schedule or not	Whether the feasibility of the project has significantly changed or not	Specific reasons for the progress of investment not meeting the proposed	Profits realized during the reporting period	Profits realized or R&D achievements of the projects	Balance
The issuance of shares to the target subscriber	First Stage of Phase III of Tianjin LNG Project	Construction and production	Yes	*	393*	23	393	–	N/A	N/A	N/A	N/A	*	*	N/A	N/A	N/A
The issuance of shares to the target subscriber	Yanshan Branch Hydrogen Purification Facilities Improvement Project	Construction and production	Yes	No	187	9	165	22	88	2024	Yes	Yes	No	N/A	–	2	22
The issuance of shares to the target subscriber	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	Construction and production	Yes	*	5,662*	486	1,936	3,726	34	2028	No	Yes	No	N/A	N/A	N/A	N/A
The issuance of shares to the target subscriber	Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project	Construction and production	Yes	No	900	10	859	41	95	2025	Yes	Yes	No	N/A	6	12	–
The issuance of shares to the target subscriber	ZhongKe (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project	Construction and production	Yes	*	845*	86	845	–	N/A	N/A	N/A	N/A	*	*	N/A	N/A	N/A
The issuance of shares to the target subscriber	Southwest Natural Gas Development Project	Construction and production	No	No	4,000*	698	698	3,302	17	2028	No	Yes	No	N/A	*	*	N/A
Total	–	–	–	–	11,987	1,312	4,896	7,091	41	–	–	–	–	–	–	–	–

*: For details, please refer to the Special Report on the Deposit and Actual Use of Proceeds from Fund Raising for the First Half of 2026 of China Petroleum & Chemical Corporation, disclosed by the Company on the website of the SSE on 24 August 2026.

(3) Change of the investment projects

During the reporting period, the Company used the unused proceeds of RMB4.107 billion from the First Stage of Phase III of Tianjin LNG Project for the Southwest Natural Gas Development Project and the Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project, of which RMB4.0 billion was used for the Southwest Natural Gas Development Project and RMB0.107 billion was used for the Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project. The unutilized proceeds of RMB0.755 billion from the Zhongke (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project was used for the Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project. The unutilized proceeds of RMB3.157 billion originally proposed to be invested towards high value-added materials under the Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project were changed to be invested comprehensive into the entire project. The total amount involved in the change of use of proceeds in this instance was RMB8.019 billion.

Unit: RMB million

Name of Project Before Changes	Date of Change (Date of First Announcement Disclosure)	Type of Change	Total Amount of Proceeds Invested in the Project Before Change/ Termination	Total Amount of Proceeds Already Utilised in the Project Before Change/ Termination	Name of Project After Change	Reason for Change/ Termination	Amount of Proceeds Used for Working Capital After Change/ Termination	Decision-making Procedures and Information Disclosure Details
First Stage of Phase III of Tianjin LNG Project	Announcement disclosed on the website of Hong Kong Stock Exchange on 22 March 2026 and on the website of SSE on 23 March 2026	Project cancellation	4,500	393	Southwest Natural Gas Development Project; Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	To improve the efficiency of proceeds utilisation	–	The Company convened the 11th meeting of the 9th Board of Directors on 20 March 2026, at which the resolution on the change and extension of certain projects financed with the proceeds was considered and approved; the Company convened the Annual General Meeting for 2025, the First A Shareholders Meeting for 2026 and the First H Shareholders Meeting for 2026 on 13 May 2026, at which the resolution on the change of certain projects financed with the proceeds was considered and approved.
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project	Announcement disclosed on the website of Hong Kong Stock Exchange on 22 March 2026 and on the website of SSE on 23 March 2026	Project cancellation	1,600	845	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	To improve the efficiency of proceeds utilisation	–	The Company convened the 11th meeting of the 9th Board of Directors on 20 March 2026, at which the resolution on the change and extension of certain projects financed with the proceeds was considered and approved; the Company convened the Annual General Meeting for 2025, the First A Shareholders Meeting for 2026 and the First H Shareholders Meeting for 2026 on 13 May 2026, at which the resolution on the change of certain projects financed with the proceeds was considered and approved.
Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	Announcement disclosed on the website of Hong Kong Stock Exchange on 22 March 2026 and on the website of SSE on 23 March 2026	Adjustment of investment amount of proceeds	4,800	1,643	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	To improve the efficiency of proceeds utilisation	–	The Company convened the 11th meeting of the 9th Board of Directors on 20 March 2026, at which the resolution on the change and extension of certain projects financed with the proceeds was considered and approved; the Company convened the Annual General Meeting for 2025, the First A Shareholders Meeting for 2026 and the First H Shareholders Meeting for 2026 on 13 May 2026, at which the resolution on the change of certain projects financed with the proceeds was considered and approved.

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

In the reporting period, no proceeds of the investment projects of the Company has been used to replace pre-invested self-raised funds.

(5) Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds

None.

(6) Other situations regarding the use of proceeds

On 29 October 2025, the Company convened the 9th meeting of the 9th Board of Directors, which considered and approved the Proposal on the Temporary Use of Part of the Raised Funds to Supplement Working Capital, and agreed to use raised funds of no more than RMB6 billion (inclusive) for the temporary supplement of working capital. Such funds shall only be used for production and operation related to the principal business, with a term of no more than 12 months (inclusive) from the date of approval by the Board of Directors.

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

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

To further promote the Company's quality and efficiency enhancement, enhance value recognition, and improve investor returns, the Company continued to implement Dividend Distribution and Return Plan for Shareholders for the Period 2024-2026. The Company actively responded to the SSE initiative on Carrying Out the Corporate Value and Return Enhancement Action Plan for Shanghai-listed Companies, and, in light of our development strategy and actual management conditions, formulated the Valuation Enhancement and Corporate Value and Return Enhancement Action Plan. For details, please refer to the relevant announcements published by the Company on the website of the SSE on 26 August 2024 and 23 March 2026, respectively. During the reporting period, the progress was as follows:

In the first half of 2026, the Company remained focused on the main theme of driving high-quality development through the initiative of the second entrepreneurial journey, actively responded to the impact of external adverse factors such as geopolitical conflicts in the Middle East, vigorously implemented the six major strategies, maintained stable and orderly operations across the entire industrial chain, and achieved commendable operating results. The Company placed emphasis on shareholder returns, maintained the continuity and stability of dividend distributions, and actively implemented share repurchases to share development achievements with shareholders. The Company tackled challenges, deepened reforms and enhanced management, and a corporate governance system adapted to the needs of the second entrepreneurial journey has taken initial shape. The Company continued to fight the battle against pollution, carried out carbon footprint management of products, and accelerated the construction of the "no waste group" and green enterprise. The Company vigorously advanced rural revitalisation and public welfare initiatives, and fulfilled our corporate citizenship responsibilities with high quality. The Company continued to strengthen information disclosure and investor relations management, and organised high-quality on-site results briefings, global conference calls and webcasts to actively address investor concerns. Meanwhile, in accordance with the principle of dual materiality, the Company identified and analysed relevant ESG issues, and objectively and faithfully reflected our practices and achievements in environmental, social and governance aspects, further improving the quality of ESG report disclosure and enhancing its recognition in the capital market.

8 SIGNIFICANT LITIGATION AND ARBITRATION RELATING TO THE COMPANY

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

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

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

10 MATERIAL CONTRACTS AND THEIR PERFORMANCE

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

11 SIGNIFICANT EQUITY INVESTMENT

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

12 SIGNIFICANT DISPOSAL OF ASSETS OR EQUITY

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

13 BUSINESS WITH SINOPEC FINANCE CO. AND CENTURY BRIGHT

(1) DEPOSIT BUSINESS

Unit: RMB million

Related party	Related party relationship	Daily Cap	Interest rate range	Balance at beginning	Transaction amount Total deposit	Total withdrawn	Net changes in current deposits	Balance in the end
Sinopec Finance Co.	Sinopec Group 51%; the Company 49%	RMB90.0 billion by Sinopec Finance Co. and Century Bright	Current: 0.25%-0.70%; Time deposit: 0.60%-1.90%	6,974	19,758	15,368	7,123	18,487
Century Bright	Sinopec Group 100%		Current: 0%-3.30%; Time deposit: 0.31%-4.60%	67,597	173,461	172,961	(2,591)	65,506

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

(2) LOAN BUSINESS

Unit: RMB million

Related party	Related party relationship	Loan Cap	Interest rate range	Balance at beginning	Transaction amount Total loan	Total repayment	Balance in the end
Century Bright	Sinopec Group 100%	101,551	1.50%-4.55%	1,748	343,684	339,960	5,472
Sinopec Finance Co.	Sinopec Group 51%; the Company 49%	56,731	2.10%-3.95%	30,289	24,081	25,349	29,021

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

(3) CREDIT BUSINESS AND OTHER FINANCE BUSINESS

Unit: RMB million

Related party	Related party relationship	Business nature	Balance in the end	Transaction amount
Sinopec Finance Co.	Sinopec Group 51%; the Company 49%	Issued the acceptance bills	18,083	19,184
		Discounted bills	–	4,023

Note: The occurred transaction amount includes the newly issued bills and discounts for the six-month period ended 30 June 2026.

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

In order to regulate connected transactions between the Company and Century Bright (the Company's overseas settlement center), Century Bright ensures the safety of the deposits of the Company at Century Bright by strengthening internal risk controls and obtaining support from Sinopec Group. Sinopec Group has formulated a number of internal rules, including the Rules for the Internal Control System, the Rules for Implementation of Overseas Capital Management Methods, and the Provisional Methods for Overseas Fund Platform Management, to impose strict restrictions on Century Bright regarding the provision of overseas financial services. Century Bright has also established the Rules for the Implementation of the Internal Control System, which ensures the standardisation and safety of its corporate deposits business. At the same time, as the wholly controlling shareholder of Century Bright, Sinopec Group entered into a keep-well agreement with Century Bright in 2013, in which Sinopec Group undertakes that when Century Bright has difficulty in making payments, Sinopec Group will ensure that Century Bright will fulfill its repayment obligation through various channels.

The Company has formulated the Risk Disposal Plan of China Petroleum & Chemical Corporation for Conducting Financial Business with Sinopec Finance Co. and Century Bright and agreed on the corresponding risk control measures to ensure the safety of the Company's funds in Sinopec Finance Co. and Century Bright to effectively prevent, timely control and resolve financial business risks. At the same time, Sinopec Finance Co. and Century Bright undertake that the deposits obtained from the Company will be primarily used for the Company's capital needs and ensure the safety of the deposits. In the event that the Company has a need for funds in excess of those deposited with Sinopec Finance Co. and/or Century Bright, Sinopec Finance Co. and/or Century Bright will use their best endeavours to satisfy the aforesaid needs of the Company in accordance with the relevant provisions under the financial services agreement.

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

14 MATERIAL GUARANTEE CONTRACTS AND THEIR PERFORMANCE

Unit: RMB million

External guarantees of the Company (excluding guarantees for controlled subsidiaries)													
Guarantor	Relationship with the Company	Name of guaranteed company	Amount*1	Transaction date (date of signing)	Period of guarantee	Type	Principal debt condition	Guaranty	Whether completed or not	Whether overdue or not	Amount of overdue guarantee	Counter-guaranteed	Whether guaranteed for connected parties*2
The Company	The listed company itself	Zhong An United Coal Chemical Co., Ltd.	3,081	April 2018	April 2018-December 2031	Joint and several liability guarantee	Normal performance	None	No	No	None	No	No
The Company	The listed company itself	Kazakhstan Natural Gas Chemical Project Company	2,285*3	June 2025	June 2025-April 2027	Joint and several liability guarantee	Normal performance	None	No	No	None	No	No
Total amount of guarantees provided during the reporting period*4													1,383
Total amount of guarantees outstanding at the end of reporting period*4 (A)													6,366
Guarantees by the Company to the controlled subsidiaries													
Total amount of guarantee provided to controlled subsidiaries during the reporting period													–
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)													3,405
Total amount of guarantees by the Company (including those provided to controlled subsidiaries)													
Total amount of guarantees (A+B)													9,771
The proportion of the total amount of guarantees to the the Company's net assets (%)													0.9
Among which:													
Guarantees provided for shareholders, de facto controller and its related parties (C)													–
Amount of debt guarantees provided directly or indirectly to the companies with liability-to-asset ratio over 70% (D)													5,366
The amount of guarantees in excess of 50% of the net assets (E)													–
Total amount of the above three guarantee items (C+D+E)													5,366
Statement of guarantee undue that might be involved in any joint and several liabilities													None
Statement of guarantee status													None

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

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

*3: Excluding interest on the loan principal as stipulated in the guarantee contract, export credit insurance premiums, and other expenses.

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

15 PERFORMANCE OF THE UNDERTAKINGS BY RELEVANT ENTITIES

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

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

16 STRUCTURED ENTITY CONTROLLED BY THE COMPANY

None.

17 REPURCHASE, SALES AND REDEMPTION OF SHARES

(1) Progress in the share repurchase

On 13 May 2026, shareholders at the Annual General Meeting for 2025, the First A Shareholders Meeting for 2026 and the First H Shareholders Meeting for 2026 of the Company considered and approved the Resolution to Grant to the Board a Mandate to Buy Back Domestic Shares and/or Overseas-listed Foreign Shares, authorising the Board (or the director authorised by the Board) to buy back A shares or H shares not exceeding 10% of the issued number of A shares or H shares of the Company (excluding treasury shares) separately or concurrently (calculated based on the total share capital when the resolution was considered and approved at the aforementioned Annual General Meeting and A Shareholders and H Shareholders Meetings).

Pursuant to the above authorisation, the Board of Directors considered and approved the Plan on Share Repurchase through Centralised Bidding Trading. For details, please refer to the relevant announcement published by the Company on the website of the SSE on 16 June 2026.

During the reporting period, the Company repurchased an aggregate of 53,790,690 A shares, accounting for approximately 0.04% of the total issued share capital of the Company as at 30 June 2026, and the total amount paid was RMB249,999,599.50 (exclusive of transaction fees).

During the reporting period, the Company repurchased an aggregate of 28,564,000 H shares, accounting for approximately 0.02% of the total issued share capital of the Company as at 30 June 2026, and the total amount paid was HKD117,026,970.80 (exclusive of transaction fees).

A Share Repurchase

Month	Repurchase Amount	Price per share Highest (RMB/share)	Price per share Lowest (RMB/share)	Total Amount (RMB)
June 2026	53,790,690	4.87	4.44	249,999,599.50

H Share Repurchase

Month	Repurchase Amount	Price per share Highest (HKD/share)	Price per share Lowest (HKD/share)	Total Amount (HKD)
June 2026	28,564,000	4.21	3.99	117,026,970.80

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

During the reporting period, Sinopec Shandong Taishan Petroleum Company Limited, a subsidiary controlled by the Company, implemented A-share repurchases. For details, please refer to the Announcement on the Completion of Share Repurchase Cancellation and Changes in Share Capital disclosed by Sinopec Shandong Taishan Petroleum Company Limited on the website of the Shenzhen Stock Exchange on 12 June 2026. Save as disclosed above, during the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed shares.

18 INFORMATION ON MAJOR SUBSIDIARIES OR THE ASSOCIATES OR JOINT VENTURES

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

Unit: RMB million

Company name	Corporate category	Registered capital	Percentage of share held by Sinopec Corp. (%)	Total Assets	Net Assets	Net Profit	Revenue	Operating Profit	Principal Business
Sinopec Marketing Company Limited	Controlled subsidiary	28,403	70	536,476	258,624	6,290	739,746	7,946	Sales of refined oil products
China International United Petroleum& Chemicals Company Limited	Wholly-owned subsidiary	5,000	100	218,532	80,240	4,289	715,567	5,190	Trading of crude oil and petrochemical products

19 RISK FACTORS

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

(1) **Risks with regard to the variations from macroeconomic situation:** The business results of the Company are closely related to macroeconomic situation. The global economy experienced insufficient driving force and increased from geopolitical disruptions. The development of economy is increasingly constrained by climate change and environmental issues. In addition, the Company's business may be adversely affected by other factors such as carbon tariffs and trade protectionism from certain countries influencing exports, etc.

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

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

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

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

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

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

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

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

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

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

1 CHANGES IN THE SHARE CAPITAL

Unit: share

	Before change		Change (+, -)		After change	
	Amount	Percentage (%)	Amount	Subtotal	Amount	Percentage (%)
I. Shares subject to lock-up restriction	2,390,438,247	1.98	–	–	2,390,438,247	1.98
1. State-owned shares	–	–	–	–	–	–
2. Shares held by state-owned legal persons	2,390,438,247	1.98	–	–	2,390,438,247	1.98
3. Shares held by other domestic investors	–	–	–	–	–	–
Among which: domestic non-state-owned legal persons	–	–	–	–	–	–
domestic natural persons	–	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–	–
Among which: foreign legal persons	–	–	–	–	–	–
foreign natural persons	–	–	–	–	–	–
II. Shares not subject to lock-up restriction	118,535,075,975	98.02	–	–	118,535,075,975	98.02
1. RMB-denominated ordinary shares	94,752,475,375	78.36	–	–	94,752,475,375	78.36
2. Domestically listed foreign shares	–	–	–	–	–	–
3. Overseas listed foreign shares	23,782,600,600	19.67	–	–	23,782,600,600	19.67
4. Others	–	–	–	–	–	–
III. Total	120,925,514,222	100	–	–	120,925,514,222	100

Note: During the reporting period, the Company repurchased a total of 53,790,690 A shares and 28,564,000 H shares. The share repurchases led to increases in basic earnings per share and net assets per share attributable to ordinary shareholders of the Company in the most recent year and period. During the reporting period, there were no stock dividends or conversion of capital reserve into shares.

Changes in Share Capital and Shareholdings of Shareholders

2 IMPACT OF SHARE CAPITAL CHANGES OCCURRING BETWEEN THE END OF THE REPORTING PERIOD AND THE DATE OF DISCLOSURE OF THE INTERIM REPORT ON FINANCIAL INDICATORS SUCH AS EARNINGS PER SHARE AND NET ASSETS PER SHARE

During the period from the end of the reporting period to the date of disclosure of the interim report, the Company implemented A share and H share repurchases, which will be cancelled subsequently. This matter is a non-adjusting event after the balance sheet date, and therefore has not had any impact on the financial indicators presented in this interim report as of 30 June 2026. However, it will have an impact on the Company's future financial indicators.

3 NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

As of 30 June 2026, the total number of shareholders of the Company was 690,808, including 685,840 holders of A shares and 4,968 holders of H shares. The Company has complied with requirement for public float under the Hong Kong Listing Rules.

(1) The shareholdings of top ten shareholders, top ten shareholders with tradable shares (or shareholders with non-restricted shares) and shareholders with restricted shares as of 30 June 2026:

Unit: share

	The shareholdings of top ten shareholders[2]						
Name of shareholder	Change of shareholding[1]	Total number of shares held at the end of reporting period	Percentage (%)	Number of restricted shares held	Shares subject to pledges, marked or freezing Status	Amount	Nature of Shareholders
China Petrochemical Corporation[3]	67,494,578	83,183,932,653	68.79	2,390,438,247	None	–	State-owned share
HKSCC Nominees Limited [4]	3,422,876	23,651,427,599	19.56	–	None	–	H share
中國石油天然氣集團有限公司	–	2,165,749,530	1.79	–	None	–	A share
國新宏盛投資(北京)有限公司	425,176,295	682,229,720	0.56	–	None	–	A share
香港中央結算有限公司	(15,298,884)	553,780,459	0.46	–	None	–	A share
中國證券金融股份有限公司	(1,899,132,954)	426,241,453	0.35	–	None	–	A share
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001 滬	(50,226,989)	318,806,625	0.26	–	None	–	A share
國豐興華(北京)私募基金管理有限公司－國豐興華鴻鵠志遠三期私募證券投資基金 1 號	–	304,958,594	0.25	–	None	–	A share
國信證券股份有限公司	(65,377,600)	170,281,824	0.14	–	Pledged	109,603,100	A share
國豐興華(北京)私募基金管理有限公司－鴻鵠志遠(上海)私募投資基金有限公司	–	120,312,776	0.10	–	None	–	A share
Description of the special repurchase account among the top ten shareholders		None					
Description of the voting rights entrusted by or to, or waived by the above-mentioned shareholders		None					
Statement on related parties or parties acting in concert among the above-mentioned shareholders		Except for the fact that both 國豐興華(北京)私募基金管理有限公司－國豐興華鴻鵠志遠三期私募證券投資基金 1 號 and 國豐興華(北京)私募基金管理有限公司－鴻鵠志遠(上海)私募投資基金有限公司 are managed by the same entity, 國豐興華(北京)私募基金管理有限公司. The Company is not aware of any connected relationship or acting in concert among the above top ten shareholders.					
Description of the shareholders holding preference shares with restored voting rights and their shareholding		None					

Note 1: As compared with the number of shares as of 31 December 2025.

Note 2: Compared to shareholders' holdings at the end of 2025, 國信證券股份有限公司 and 國豐興華(北京)私募基金管理有限公司－鴻鵠遠志(上海)私募投資基金有限公司 were newly added to the list of the top ten shareholders, while 中央匯金資產管理有限責任公司 and 中國工商銀行－上證 50 交易型開放式指數證券投資基金 withdrew from top ten shareholders.

Note 3: Due to confidence in the Company's development prospects, the controlling shareholder, Sinopec Group, planned to increase its shareholdings of A shares and H shares of the Company by itself and its wholly-owned subsidiary, by an amount of not less than RMB2.0 billion (inclusive) and not more than RMB3.0 billion (inclusive) within 12 months since 8 April 2025 (the "Shareholding Increase Plan"). As of 7 April 2026, Sinopec Group and its wholly-owned subsidiary had increased their shareholdings by 484,051,557 shares of the Company in aggregate, and the Shareholding Increase Plan has been fully implemented. For details, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, and the website of SSE on 9 April 2026, and on the website of Hong Kong Stock Exchange on 8 April 2026.

Note 4: Century Bright, an overseas wholly-owned subsidiary of Sinopec Group, held 1,404,842,000 H shares, accounting for 1.16% of the total issued share capital of the Company. Those shareholdings were included in the total number of the shares held by HKSCC Nominees Limited.

Unit: share

The shareholdings of top ten shareholders with non-restricted shares[1]			
Name of shareholder	Number of non-restricted shares held	Type and number of shares Type	Amount
China Petrochemical Corporation	80,793,494,406	RMB ordinary share	80,793,494,406
HKSCC Nominees Limited	23,651,427,599	Overseas listed foreign share	23,651,427,599
中國石油天然氣集團有限公司	2,165,749,530	RMB ordinary share	2,165,749,530
國新宏盛投資(北京)有限公司	682,229,720	RMB ordinary share	682,229,720
香港中央結算有限公司	553,780,459	RMB ordinary share	553,780,459
中國證券金融股份有限公司	426,241,453	RMB ordinary share	426,241,453
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001 滬	318,806,625	RMB ordinary share	318,806,625
國豐興華(北京)私募基金管理有限公司－國豐興華鴻鵠志遠三期私募證券投資基金 1 號	304,958,594	RMB ordinary share	304,958,594
國信證券股份有限公司	170,281,824	RMB ordinary share	170,281,824
國豐興華(北京)私募基金管理有限公司－鴻鵠志遠(上海)私募投資基金有限公司	120,312,776	RMB ordinary share	120,312,776

Note 1: Compared to shareholders' holdings at the end of 2025, 國信證券股份有限公司 and 國豐興華(北京)私募基金管理有限公司－鴻鵠志遠(上海)私募投資基金有限公司 were newly added to the list of the top ten shareholders, while 中央匯金資產管理有限責任公司 and 中國工商銀行－上證 50 交易型開放式指數證券投資基金 withdrew from top ten shareholders.

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

Unit: share

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

(2) Information disclosed by the shareholders of H shares in accordance with the SFO as of 30 June 2026

Name of shareholders	Status of shareholders	Number of shares interested	% of the Company's issued voting shares (H Share)
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,721,973,458 (L)	7.24
		51,622,000 (S)	0.22
Century Bright*	Beneficial owner	1,404,842,000 (L)	5.91

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

* Given that Century Bright is an overseas wholly-owned subsidiary of Sinopec Group, Sinopec Group is deemed to be interested in 1,404,842,000 H shares.

4 CHANGES IN THE CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

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

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

Bond name	The first medium-term notes in 2024	The second medium-term notes in 2024	The third medium-term notes in 2024	The fourth medium-term notes in 2024	The first medium-term notes in 2025	The second medium-term notes in 2025	The third medium-term notes in 2025	The fourth sci-tech innovation bonds in 2025	The first green medium-term notes in 2025
Abbreviation	24中石化MTN001	24中石化MTN002	24中石化MTN003	24中石化MTN004	25中石化MTN001	25中石化MTN002	25中石化MTN003	25中石化MTN004 (科創債)	25中石化GN001
Code	102483276	102483277	102485444	102485443	102580205	102580206	102580639	102582100	132580133
Issuance date	2024/7/30	2024/7/30	2024/12/16	2024/12/16	2025/1/13	2025/1/13	2025/2/18	2025/5/20	2025/11/27
Interest commencement date	2024/7/31	2024/7/31	2024/12/17	2024/12/17	2025/1/14	2025/1/14	2025/2/19	2025/5/21	2025/11/28
Maturity date	2034/7/31	2034/7/31	2026/12/17	2027/12/17	2030/1/14	2035/1/14	2045/2/19	2028/5/21	2030/11/28
Amount issued (RMB billion)	3.5	3.5	6.0	4.0	12.0	10.0	5.0	5.0	0.4
Outstanding balance (RMB billion)	3.5	3.5	6.0	4.0	12.0	10.0	5.0	5.0	0.4
Interest rate (%)	2.24	2.24	1.7	1.75	1.75	1.96	2	1.62	1.8
Principal and interest repayment	For medium-term notes, the interest is paid once a year and the principal will be paid in a lump-sum at maturity with last instalment of interest. For super short-term commercial papers, the interest will be paid along with the principal.								
Investor Qualification Arrangement	Nationwide inter-bank bond market institutional investors								
Applicable trading mechanism	Circulated and transferred in nationwide inter-bank bond market								
Risk of suspension for listed trading (if any), and countermeasures	Not applicable								
Trading market	Nationwide inter-bank bond market								
Use of proceeds	Proceeds from the above-mentioned corporate bonds have been used for their designated purpose as disclosed in the corporate bond prospectus. All the proceeds have been completely used till now.								
Credit rating	Entity rating AAA, 20-year bond rating AAA								
Special terms for issuer or investor option or investor protection, whether triggered or executed	Not applicable								
Guarantee, repayment scheme and other related events during the reporting period	No guarantee. No change on the repayment scheme.								
Convening of corporate bond holders' meeting	During the reporting period, the bondholders' meeting was not convened.								
Performance of corporate bonds trustee	Corporate bonds trustee has performed its duties in accordance with regulatory requirements.								

Bond name	The second green medium-term notes in 2025	The fifth sci-tech innovation bonds in 2025	The sixth sci-tech innovation bonds in 2025	The first sci-tech innovation bonds in 2026	The second sci-tech innovation bonds in 2026	The third sci-tech innovation bonds in 2026	The forth sci-tech innovation bonds in 2026	The first super short-term commercial papers in 2026	The second super short-term commercial papers in 2026
Abbreviation	25中石化GN002	25中石化MTN005 (科創債)	25中石化MTN006 (科創債)	26中石化MTN001 (科創債)	26中石化MTN002 (科創債)	26中石化MTN003 (科創債)	26中石化MTN004 (科創債)	26中石化SCP001	26中石化SCP002
Code	132580132	102585031	102585032	102680304	102680301	102680589	102680586	012681686	012681682
Issuance date	2025/11/27	2025/11/27	2025/11/27	2026/1/22	2026/1/22	2026/2/11	2026/2/11	2026/7/7	2026/7/7
Interest commencement date	2025/11/28	2025/11/28	2025/11/28	2026/1/23	2026/1/23	2026/2/12	2026/2/12	2026/7/8	2026/7/8
Maturity date	2030/11/28	2030/11/28	2030/11/28	2029/1/23	2031/1/23	2031/2/12	2031/2/12	2026/12/5	2026/11/27
Amount issued (RMB billion)	0.4	2.5	2.5	10.0	10.0	3.0	3.0	10.0	10.0
Outstanding balance (RMB billion)	0.4	2.5	2.5	10.0	10.0	3.0	3.0	10.0	10.0
Interest rate (%)	1.8	1.8	1.8	1.71	1.81	1.76	1.76	1.31	1.31
Principal and interest repayment	For medium-term notes, the interest is paid once a year and the principal will be paid in a lump-sum at maturity with last instalment of interest. For super short-term commercial papers, the interest will be paid along with the principal.								
Investor Qualification Arrangement	Nationwide inter-bank bond market institutional investors								
Applicable trading mechanism	Circulated and transferred in nationwide inter-bank bond market								
Risk of suspension for listed trading (if any), and countermeasures	Not applicable								
Trading market	Nationwide inter-bank bond market								
Use of proceeds	Proceeds from the above-mentioned corporate bonds have been used for their designated purpose as disclosed in the corporate bond prospectus. All the proceeds have been completely used till now.								
Credit rating	Entity rating AAA, 20-year bond rating AAA								
Special terms for issuer or investor option or investor protection, whether triggered or executed	Not applicable								
Guarantee, repayment scheme and other related events during the reporting period	No guarantee. No change on the repayment scheme.								
Convening of corporate bond holders' meeting	During the reporting period, the bondholders' meeting was not convened.								
Performance of corporate bonds trustee	Corporate bonds trustee has performed its duties in accordance with regulatory requirements.								

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

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

Principal data	At the end of the reporting period	At the end of last year	Change	Reasons for change
Current ratio	0.86	0.75	0.11	Increase in cash at bank and on hand and accounts receivable.
Quick ratio	0.54	0.42	0.12	Increase in cash at bank and on hand and accounts receivable.
Liability-to-asset ratio	54.27%	54.08%	0.19 percentage points	The impact of the issuance of sci-tech innovation bonds during the reporting period.
Loan repayment rate	100%	100%	–	–

	The reporting period for 2026 (January-June)	The corresponding period for 2025 (January-June)	Change	Reason for change
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses (RMB million)	25,273	21,215	4,058	The year on year increase in the Company's profit due to the rise in crude oil prices and improved margins of products such as jet fuel.
Net profit excluding extraordinary gains and losses (RMB million)	29,522	23,107	6,415	The year on year increase in the Company's profit due to the rise in crude oil prices and improved margins of products such as jet fuel.
EBITDA to total debt ratio	0.21	0.22	(0.01)	Increase in total debt.
EBITDA to interest coverage ratio	10.42	9.05	1.37	Increase in profit before taxation.
Interest coverage ratio	4.77	3.86	0.91	Increase in profit before taxation.
Cash interest coverage ratio	18.87	20.92	(2.05)	Increase in interest expense.
Interest payment rate	100%	100%	–	–

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

During the reporting period, the Company paid in full and on time the interest accrued for the other bonds and debt financing instruments. As at 30 June 2026, the Company obtained standby credit line from several domestic financial institutions, providing for a maximum amount of RMB707.8 billion available for unsecured loans. The Company has fulfilled all the relevant undertakings in the bond offering circular and had no significant matters which could influence the Company's operation and debt repayment ability.

On 18 April 2013, Sinopec Capital (2013) Limited, a wholly-owned overseas subsidiary of the Company, issued senior notes guaranteed by the Company with four different maturities, 3 years, 5 years, 10 years and 30 years. The 3-year notes principal totaled USD0.75 billion, with an annual interest rate of 1.250% and had been repaid and delisted; the 5-year notes principal totaled USD1 billion, with an annual interest rate of 1.875% and had been repaid and delisted; the 10-year notes principal totaled USD1.25 billion, with an annual interest rate of 3.125% and had been repaid and delisted; and the 30-year notes principal totaled USD500 million, with an annual interest rate of 4.250%. These notes were listed on the Hong Kong Stock Exchange on 25 April 2013, with interest payable semi-annually. The first payment of interest was made on 24 October 2013. During the reporting period, the Company has paid in full the current-period interests of 30-year notes.

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畢馬威華振專字第 2604193 號

To the Shareholders of China Petroleum & Chemical Corporation,

We have reviewed the accompanying interim financial statements of China Petroleum & Chemical Corporation ("Sinopec Corp."), which comprise the consolidated and company balance sheets as of 30 June 2026, and the consolidated and company income statements, the consolidated and company cash flow statements and the consolidated and company statements of changes in shareholders' equity for the period from 1 January 2026 to 30 June 2026, and the notes to the financial statements. Management of Sinopec Corp. is responsible for the preparation of these interim financial statements. Our responsibility is to issue a report on these interim financial statements based on our review.

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

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements of Sinopec Corp. are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises ("CASs"), and do not present fairly, in all material respects, the consolidated and the company's financial position of Sinopec Corp. as of 30 June 2026, and the consolidated and the company's financial performance and cash flows for the period from 1 January 2026 to 30 June 2026.

KPMG Huazhen LLP

Beijing, China

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

Wu Xuchu (Engagement Partner)

Gou Jianjun

21 August 2026

UNAUDITED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

	Note	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Assets			
Current assets			
Cash at bank and on hand	5	187,272	152,318
Financial assets held for trading		3	4
Derivative financial assets	6	10,157	1,362
Accounts receivable	7	73,809	51,172
Receivables financing	8	18,114	5,340
Prepayments	9	7,951	5,057
Other receivables	10	33,216	38,011
Inventories	11	223,319	230,811
Other current assets		40,072	38,666
Total current assets		**593,913**	**522,741**
Non-current assets			
Long-term equity investments	12	256,242	252,114
Other equity instrument investments	13	4,185	7,156
Fixed assets	14	761,979	770,264
Construction in progress	15	197,748	195,196
Right-of-use assets	16	162,559	164,188
Intangible assets	17	146,997	148,260
Goodwill	18	5,457	5,476
Long-term deferred expenses	19	12,047	12,539
Deferred tax assets	20	21,709	20,082
Other non-current assets	21	36,530	57,601
Total non-current assets		**1,605,453**	**1,632,876**
Total assets		**2,199,366**	**2,155,617**
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	23	75,177	29,455
Derivative financial liabilities	6	3,180	5,676
Bills payable	24	65,110	66,457
Accounts payable	25	176,680	197,002
Contract liabilities	26	115,592	126,395
Employee benefits payable	27	20,649	11,509
Taxes payable	28	40,456	35,296
Other payables	29	107,371	99,619
Non-current liabilities due within one year	30	70,709	110,557
Other current liabilities	31	16,997	16,587
Total current liabilities		**691,921**	**698,553**
Non-current liabilities			
Long-term loans	32	188,467	182,968
Debentures payable	33	78,179	52,296
Lease liabilities	34	156,305	157,407
Provisions	35	51,910	51,086
Deferred tax liabilities	20	7,115	6,401
Other non-current liabilities	36	19,685	17,134
Total non-current liabilities		**501,661**	**467,292**
Total liabilities		**1,193,582**	**1,165,845**
Shareholders' equity			
Share capital	37	120,926	120,926
Capital reserve	38	124,958	124,818
Less: treasury shares		318	–
Other comprehensive income	39	4,993	6,726
Specific reserve	40	2,996	2,073
Surplus reserves	41	231,226	231,226
Retained earnings		358,963	344,555
Total equity attributable to shareholders of the Company		**843,744**	**830,324**
Non-controlling interests		**162,040**	**159,448**
Total shareholders' equity		**1,005,784**	**989,772**
Total liabilities and shareholders' equity		**2,199,366**	**2,155,617**

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun	**Wan Tao**	**Shou Donghua**
Chairman	*President*	*Chief Financial Officer*
(Legal representative)		

The accompanying notes form part of these financial statements.

	Note	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Assets			
Current assets			
Cash at bank and on hand		52,764	24,271
Financial assets held for trading		3	4
Derivative financial assets		27	2
Accounts receivable	7	36,393	25,584
Receivables financing		15,154	3,807
Prepayments	9	2,133	1,333
Other receivables	10	102,043	66,067
Inventories		33,972	46,055
Other current assets		40,451	25,503
Total current assets		**282,940**	**192,626**
Non-current assets			
Long-term equity investments	12	483,946	480,867
Other equity instrument investments		16	16
Fixed assets	14	296,412	299,396
Construction in progress	15	91,538	83,466
Right-of-use assets	16	83,729	83,621
Intangible assets		7,930	7,769
Long-term deferred expenses		2,209	2,537
Deferred tax assets		3,230	3,397
Other non-current assets		40,078	70,700
Total non-current assets		**1,009,088**	**1,031,769**
Total assets		**1,292,028**	**1,224,395**
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		43,792	4,330
Derivative financial liabilities		48	1
Bills payable		2,199	7,848
Accounts payable		57,580	54,107
Contract liabilities		5,269	7,381
Employee benefits payable		11,297	5,764
Taxes payable		20,885	15,061
Other payables		259,810	253,367
Non-current liabilities due within one year		49,037	77,718
Other current liabilities		545	717
Total current liabilities		**450,462**	**426,294**
Non-current liabilities			
Long-term loans		91,067	88,855
Debentures payable		74,759	48,768
Lease liabilities		87,381	87,086
Provisions		42,948	41,946
Other non-current liabilities		1,605	1,380
Total non-current liabilities		**297,760**	**268,035**
Total liabilities		**748,222**	**694,329**
Shareholders' equity			
Share capital		120,926	120,926
Capital reserve		65,852	65,801
Less: treasury shares		318	–
Other comprehensive income		316	244
Specific reserve		1,891	1,386
Surplus reserves		231,226	231,226
Retained earnings		123,913	110,483
Total shareholders' equity		**543,806**	**530,066**
Total liabilities and shareholders' equity		**1,292,028**	**1,224,395**

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun
Chairman
(Legal representative)

Wan Tao
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Note	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Operating income	42	**1,436,561**	**1,409,052**
Less: Operating costs	42	1,160,123	1,192,753
Taxes and surcharges	43	134,418	123,351
Selling and distribution expenses	46	27,881	28,335
General and administrative expenses	47	28,461	26,457
Research and development expenses	48	7,785	6,186
Financial expenses	44	6,652	8,426
Including: Interest expenses		9,636	9,737
Interest income		2,558	2,807
Exploration expenses, including dry holes	49	5,151	5,646
Add: Other income	50	2,159	3,288
Investment (losses)/income	51	(13,941)	7,717
Including: Income from investment in associates and joint ventures		6,955	4,846
(Losses)/gains from changes in fair value	52	(2,394)	1,785
Credit impairment reversals		23	138
Impairment losses	53	(15,681)	(2,289)
Asset disposal gains		700	557
Operating profit		**36,956**	**29,094**
Add: Non-operating income	54	829	722
Less: Non-operating expenses	55	1,141	1,049
Profit before taxation		**36,644**	**28,767**
Less: Income tax expense	56	6,651	5,207
Net profit		**29,993**	**23,560**
Classification by continuity of operations:			
Net profit from continuing operations		29,993	23,560
Net profit from discontinued operations		–	–
Classification by ownership:			
Shareholders of the Company		25,627	21,483
Non-controlling interests		4,366	2,077
Basic earnings per share (RMB/share)	66	**0.212**	**0.177**
Diluted earnings per share (RMB/share)	66	**0.212**	**0.177**
Other comprehensive income	39		
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		4,959	1,955
Items that will not be reclassified to profit or loss			
Changes in fair value of other equity instrument investments		1,800	608
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		302	3,205
Cash flow hedges		7,938	(1,185)
Foreign currency translation differences		(5,081)	(673)
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		816	1,155
Total other comprehensive income net of tax		**5,775**	**3,110**
Total comprehensive income		**35,768**	**26,670**
Attributable to:			
Shareholders of the Company		30,586	23,438
Non-controlling interests		5,182	3,232

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun
Chairman
(Legal representative)

Wan Tao
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Note	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Operating income	42	**406,196**	**459,567**
Less: Operating costs	42	301,138	364,183
Taxes and surcharges		62,573	64,017
Selling and distribution expenses		477	676
General and administrative expenses		10,905	10,021
Research and development expenses		7,235	5,590
Financial expenses		5,998	6,587
Including: Interest expenses		7,021	7,681
Interest income		1,044	1,094
Exploration expenses, including dry holes		4,534	4,673
Add: Other income		1,330	2,457
Investment income	51	17,322	12,363
Including: Income from investment in associates and joint ventures		1,522	1,149
(Losses)/gains from changes in fair value		(1)	78
Credit impairment reversals		2	–
Impairment losses		(3,248)	(1,270)
Asset disposal gains		316	97
Operating profit		**29,057**	**17,545**
Add: Non-operating income		214	166
Less: Non-operating expenses		514	568
Profit before taxation		**28,757**	**17,143**
Less: Income tax expense		1,776	641
Net profit		**26,981**	**16,502**
Classification by continuity of operations:			
Net profit from continuing operations		26,981	16,502
Net profit from discontinued operations		–	–
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of other equity instrument investments		–	1
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		84	(208)
Cash flow hedges		(60)	107
Total other comprehensive income net of tax		**24**	**(100)**
Total comprehensive income		**27,005**	**16,402**

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun
Chairman
(Legal representative)

Wan Tao
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Note	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		1,670,784	1,607,049
Refund of taxes and levies		1,546	5,767
Other cash received relating to operating activities		134,099	60,935
Sub-total of cash inflows		**1,806,429**	**1,673,751**
Cash paid for goods and services		(1,359,921)	(1,314,381)
Cash paid to and for employees		(44,177)	(44,410)
Payments of taxes and levies		(165,694)	(170,050)
Other cash paid relating to operating activities		(174,138)	(83,894)
Sub-total of cash outflows		**(1,743,930)**	**(1,612,735)**
Net cash flow generated from operating activities	58(a)	**62,499**	**61,016**
Cash flows from investing activities:			
Cash received from disposal of investments		5,907	40
Cash received from returns on investments		2,760	2,643
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		374	588
Net cash received from disposal of subsidiaries and other business units		–	30
Other cash received relating to investing activities	58(d)	51,425	39,738
Sub-total of cash inflows		**60,466**	**43,039**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(60,080)	(52,607)
Cash paid for acquisition of investments		(2,541)	(6,277)
Other cash paid relating to investing activities	58(e)	(46,337)	(44,123)
Sub-total of cash outflows		**(108,958)**	**(103,007)**
Net cash flow used in investing activities		**(48,492)**	**(59,968)**
Cash flows from financing activities:			
Cash received from capital contributions		1,334	834
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries		1,334	834
Cash received from borrowings	58(g)	414,603	254,938
Other cash received relating to financing activities		613	18
Sub-total of cash inflows		**416,550**	**255,790**
Cash repayments of borrowings		(378,417)	(207,282)
Cash paid for dividends, profits distribution or interest		(18,678)	(23,179)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders		(1,126)	(2,710)
Other cash paid relating to financing activities	58(f)	(11,053)	(10,234)
Sub-total of cash outflows		**(408,148)**	**(240,695)**
Net cash flow generated from financing activities		**8,402**	**15,095**
Effects of changes in foreign exchange rate		**(871)**	**276**
Net increase in cash and cash equivalents	58(b)	**21,538**	**16,419**
Add: Cash and cash equivalents at the beginning of the year		81,053	91,295
Cash and cash equivalents at the end of the period	58(c)	**102,591**	**107,714**

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Hou Qijun	**Wan Tao**	**Shou Donghua**
Chairman	*President*	*Chief Financial Officer*
(Legal representative)		

The accompanying notes form part of these financial statements.

	Note	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		460,595	509,555
Refund of taxes and levies		1,196	2,485
Other cash received relating to operating activities		8,897	30,837
Sub-total of cash inflows		**470,688**	**542,877**
Cash paid for goods and services		(280,915)	(356,642)
Cash paid to and for employees		(19,566)	(20,425)
Payments of taxes and levies		(71,651)	(79,396)
Other cash paid relating to operating activities		(62,444)	(56,457)
Sub-total of cash outflows		**(434,576)**	**(512,920)**
Net cash flow generated from operating activities		**36,112**	**29,957**
Cash flows from investing activities:			
Cash received from disposal of investments		661	20,271
Cash received from returns on investments		7,376	6,277
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		184	154
Other cash received relating to investing activities		9,116	1,937
Sub-total of cash inflows		**17,337**	**28,639**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(34,934)	(29,071)
Cash paid for acquisition of investments		(5,281)	(18,442)
Other cash paid relating to investing activities		(10,242)	(29,036)
Sub-total of cash outflows		(50,457)	(76,549)
Net cash flow used in investing activities		**(33,120)**	**(47,910)**
Cash flows from financing activities:			
Cash received from borrowings		87,374	102,797
Other cash received relating to financing activities		243,604	142,895
Sub-total of cash inflows		**330,978**	**245,692**
Cash repayments of borrowings		(50,965)	(62,279)
Cash paid for dividends or interest		(17,098)	(20,551)
Other cash paid relating to financing activities		(249,299)	(129,771)
Sub-total of cash outflows		**(317,362)**	**(212,601)**
Net cash flow generated from financing activities		**13,616**	**33,091**
Effects of changes in foreign exchange rate		**9**	**(2)**
Net increase in cash and cash equivalents		**16,617**	**15,136**
Add: Cash and cash equivalents at the beginning of the year		9,964	27,520
Cash and cash equivalents at the end of the period		**26,581**	**42,656**

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Chairman	*President*	*Chief Financial Officer*
(Legal representative)		

The accompanying notes form part of these financial statements.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2026

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Non-controlling interests RMB million	Total shareholders' equity RMB million
Balance at 1 January 2025	121,282	125,368	(1)	(987)	2,549	227,663	344,048	819,922	156,371	976,293
Change for the period										
1. Net profit	–	–	–	–	–	–	21,483	21,483	2,077	23,560
2. Other comprehensive income (Note 39)	–	–	–	1,955	–	–	–	1,955	1,155	3,110
Total comprehensive income	–	–	–	1,955	–	–	21,483	23,438	3,232	26,670
Amounts transferred to initial carrying amount of hedged items	–	–	–	(4)	–	–	–	(4)	48	44
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' contributions and decrease of capital:										
– Purchase of own shares (Note 37)	–	–	(138)	–	–	–	–	(138)	–	(138)
– Cancellation of repurchased own shares (Note 37)	(37)	(102)	139	–	–	–	–	–	–	–
4. Appropriations of profits:										
– Distributions to shareholders (Note 57)	–	–	–	–	–	–	(16,974)	(16,974)	–	(16,974)
5. Contributions and reduction to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	744	744
6. Transactions with non-controlling interests	–	(28)	–	–	–	–	–	(28)	(24)	(52)
7. Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(3,270)	(3,270)
Total transactions with owners, recorded directly in shareholders' equity	(37)	(130)	1	–	–	–	(16,974)	(17,140)	(2,550)	(19,690)
8. Net increase in specific reserve for the period	–	–	–	–	1,048	–	–	1,048	77	1,125
9. Other equity movements under the equity method	–	60	–	–	–	–	–	60	8	68
10. Others	–	127	–	–	–	–	(2)	125	(203)	(78)
Balance at 30 June 2025	**121,245**	**125,425**	**-**	**964**	**3,597**	**227,663**	**348,555**	**827,449**	**156,983**	**984,432**
Balance at 1 January 2026	120,926	124,818	–	6,726	2,073	231,226	344,555	830,324	159,448	989,772
Change for the period										
1. Net profit	–	–	–	–	–	–	25,627	25,627	4,366	29,993
2. Other comprehensive income (Note 39)	–	–	–	4,959	–	–	–	4,959	816	5,775
Total comprehensive income	–	–	–	4,959	–	–	25,627	30,586	5,182	35,768
Amounts transferred to initial carrying amount of hedged items	–	–	–	(4,366)	–	–	–	(4,366)	(657)	(5,023)
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' contributions and decrease of capital:										
– Purchase of own shares (Note 37)	–	–	(318)	–	–	–	–	(318)	–	(318)
4. Appropriations of profits:										
– Distributions to shareholders (Note 57)	–	–	–	–	–	–	(13,544)	(13,544)	–	(13,544)
5. Contributions and reduction to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	1,112	1,112
6. Transactions with non-controlling interests	–	–	–	–	–	–	–	–	(1)	(1)
7. Distributions to non-controlling interests	–	–	–	–	–	–	–	–	(3,138)	(3,138)
Total transactions with owners, recorded directly in shareholders' equity	–	–	(318)	–	–	–	(13,544)	(13,862)	(2,027)	(15,889)
8. Net increase in specific reserve for the period	–	–	–	–	923	–	–	923	96	1,019
9. Other comprehensive income reclassified into retained earnings	–	–	–	(2,326)	–	–	2,326	–	–	–
10. Other equity movements under the equity method	–	142	–	–	–	–	–	142	6	148
11. Others	–	(2)	–	–	–	–	(1)	(3)	(8)	(11)
Balance at 30 June 2026	**120,926**	**124,958**	**(318)**	**4,993**	**2,996**	**231,226**	**358,963**	**843,744**	**162,040**	**1,005,784**

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun
Chairman
(Legal representative)

Wan Tao
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves shareholders' equity RMB million	Retained earnings RMB million	Total RMB million
Balance at 1 January 2025	121,282	69,181	(1)	365	1,624	227,663	106,517	526,631
Change for the period								
1. Net profit	–	–	–	–	–	–	16,502	16,502
2. Other comprehensive income	–	–	–	(100)	–	–	–	(100)
Total comprehensive income	–	–	–	(100)	–	–	16,502	16,402
Amounts transferred to initial carrying amount of hedged items	–	–	–	(91)	–	–	–	(91)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' contributions and decrease of capital:								
– Contribution by ordinary shares (Note 37)	–	–	(138)	–	–	–	–	(138)
– Purchase of own shares (Note 37)	(37)	(102)	139	–	–	–	–	–
4. Appropriations of profits:								
– Distributions to shareholders (Note 57)	–	–	–	–	–	–	(16,974)	(16,974)
Total transactions with owners, recorded directly in shareholders' equity	(37)	(102)	1	–	–	–	(16,974)	(17,112)
5. Net increase in specific reserve for the period	–	–	–	–	593	–	–	593
6. Others	–	(17)	–	–	–	–	(2)	(19)
Balance at 30 June 2025	**121,245**	**69,062**	**–**	**174**	**2,217**	**227,663**	**106,043**	**526,404**
Balance at 1 January 2026	120,926	65,801	–	244	1,386	231,226	110,483	530,066
Change for the period								
1. Net profit	–	–	–	–	–	–	26,981	26,981
2. Other comprehensive income	–	–	–	24	–	–	–	24
Total comprehensive income	–	–	–	24	–	–	26,981	27,005
Amounts transferred to initial carrying amount of hedged items	–	–	–	48	–	–	–	48
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' contributions and decrease of capital:								
– Purchase of own shares (Note 37)	–	–	(318)	–	–	–	–	(318)
4. Appropriations of profits:								
– Distributions to shareholders (Note 57)	–	–	–	–	–	–	(13,544)	(13,544)
Total transactions with owners, recorded directly in shareholders' equity	–	–	(318)	–	–	–	(13,544)	(13,862)
5. Net increase in specific reserve for the period	–	–	–	–	505	–	–	505
6. Others	–	51	–	–	–	–	(7)	44
Balance at 30 June 2026	**120,926**	**65,852**	**(318)**	**316**	**1,891**	**231,226**	**123,913**	**543,806**

These financial statements have been approved for issue by the board of directors on 21 August 2026.

Hou Qijun
Chairman
(Legal representative)

Wan Tao
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

1 STATUS OF THE COMPANY

China Petroleum & Chemical Corporation (the "Company") was established on 25 February 2000 as a joint stock limited company. The company is registered in Beijing, the People's Republic of China, and the headquarter is located in Beijing, the People's Republic of China. The approval date of the financial report is 21 August 2026.

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

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

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

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

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

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

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

(3) the production and sale of chemical.

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

2 BASIS OF PREPARATION

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

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises – Basic Standards, specific standards and relevant regulations (hereafter referred as CASs collectively) issued by the MOF on or after 15 February 2006. These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No.15: General Requirements for Financial Reports" revised in 2023 by the China Securities Regulatory Commission ("CSRC"). These financial statements present truly and completely the consolidated and company financial position as at 30 June 2026, and the consolidated and company financial performance and the consolidated and company cash flows for the six-month period ended 30 June 2026.

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

(2) Accounting period

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

(3) Measurement basis

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

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

(4) Functional currency and presentation currency

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

2 BASIS OF PREPARATION *(Continued)*

(5) Materiality criteria: Determination method and selection basis

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

3 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) Cash and cash equivalents

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(4) Inventories

(a) Inventories categories

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

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

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

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

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

(c) Inventory system

Inventories are recorded by perpetual method.

(5) Long-term equity investments

(a) Investment in subsidiaries

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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

(b) Investment in joint ventures and associates

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

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(6) Leases

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

(a) As Lessee

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

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

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

(b) As Lessor

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

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

(7) Fixed assets and construction in progress

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(8) Oil and gas properties

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

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

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

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

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

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

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

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

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

(9) Intangible assets

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

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

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

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

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

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

(10) Goodwill

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

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

(11) Financial Instruments

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

(a) Financial assets

(i) Classification and measurement

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

(a) Financial assets *(Continued)*

(i) Classification and measurement (Continued)

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

– Measured at amortised cost:

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

– Measured at fair value through other comprehensive income:

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

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

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

(ii) Impairment

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

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

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

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

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

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

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

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

(11) **Financial Instruments** *(Continued)*

(a) Financial assets *(Continued)*

(ii) Impairment *(Continued)*

- *Allowance for doubtful accounts on receivables*

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

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

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

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

(iii) Derecognition

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

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

(b) Financial liabilities

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

(i) Financial liabilities measured at amortised cost

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

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

(ii) Financial guarantee liabilities

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(11) Financial Instruments *(Continued)*

(c) Determination of fair value

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

(d) Derivative financial instruments and hedge accounting

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

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

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

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

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

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

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

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

– ***Cash flow hedges***

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

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

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

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

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

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

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

(11) **Financial Instruments** *(Continued)*

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

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

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

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

– ***Fair value hedges***

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

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

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

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

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(13) Long-term deferred expenses

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

(14) Employee benefits

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

(a) Short-term compensation

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

(b) Post-employment benefits

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

Basic pension insurance

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

(c) Termination benefits

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

(15) Income tax

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

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

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(15) Income tax *(Continued)*

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

– the same taxable entity; or;

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

(16) Provisions

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

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

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

(17) Specific reserve

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

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

(18) Revenue recognition

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

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

– the Group has a present right to payment for the asset;

– the Group has transferred physical possession of the asset to the customer;

– the customer has the significant risks and rewards of ownership of the asset;

– the customer has accepted the asset.

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

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

– The Group acquires control of the goods or other assets from a third party and then transfers them to the customer;

– The Group is able to lead third parties to provide services to customers on behalf of the Group;

– After the Group acquires control of a product from a third party, it transfers the product to a customer by integrating the product with other products into a combination of products through the provision of significant services;

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(18) Revenue recognition *(Continued)*

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

– The Group bears the primary responsibility for the transfer of goods to customers;

– The Group assumes the inventory risk of the goods before or after the transfer of the goods;

– The Group reserves the right to determine the price of the products it trades at its own discretion.

(19) Government grants

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

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

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

(20) Borrowing costs

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

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

(21) Repairs and maintenance expenses

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

(22) Environmental expenditures

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

(23) Research and development costs

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

(24) Dividends

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

(25) Related parties

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

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

(26) Segment reporting

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

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

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

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

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

3 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(27) Significant accounting policies and changes in accounting estimate

(a) Changes in significant accounting policies

In 2026, the Group has adopted the revised accounting requirements and guidance under CASs newly issued by the Ministry of Finance ("MOF") as follows:

(i) The provision on "the derecognition of financial liability settled by electronic payment" in CAS Bulletin No. 19 of (Caikuai [2025] No. 32) ("Bulletin No. 19")

In accordance with CAS Bulletin No. 19, for an enterprise using an electronic payment system to settle a financial liability (or part thereof) in cash, if the enterprise has initiated a payment instruction and simultaneously meets all three conditions of the provision, the enterprise chooses to terminate the recognition of the financial liability on the date of meeting the conditions or the settlement date, it shall apply to all settlements made through the same electronic payment system.

The Group has chosen to derecognised on the date when the conditions are met for cash settlement (or a portion of it) using a qualified electronic payment system. When the Group initiates payment instructions through a qualified electronic payment system and no longer has the actual ability to withdraw, stop, or cancel the payment instructions and access funds used for settlement, and the settlement risk of the payment system can be ignored and not counted. These accounts payable are derecognised. The Group has applied it to all settlements conducted through the same electronic payment system.

The adoption of this regulation do not have a material impact on this interim financial report.

(ii) The provision on "the evaluation of cash flows characteristics of financial asset contracts and related disclosure" in Bulletin No. 19

Bulletin No. 19 further clarifies the evaluation method for interest and introduces additional testing for financial assets with contingent characteristics, in order to assess whether a financial asset has a contractual cash flow of only paying principal and interest.

The adoption of this regulation do not have a material impact on this interim financial report.

(iii) The provision on "the disclosure of investments in equity instruments designated at FVOCI" in Bulletin No. 19

In accordance with Bulletin No. 19, the Group should disclose at least by category, not by each investment. Besides, the Group should disclose the changes in fair value of investments disposed during the reporting period, the changes in fair value of investments held at the end of the reporting period, and the accumulated fair value gain or loss related to the equity investments disposed of during the reporting period which transferred into retained earnings.

Additional disclosure has been included in this interim financial report.

(iv) The provisions in CAS Bulletin No. 20 (Caikuai [2026] No. 7) ("Bulletin No. 20")

Bulletin No. 20 further clarifies the assessment of cash flows characteristics of financial asset contracts and accounting treatment and related disclosure of the lack of exchangeability.

The adoption of this regulation do not have a material impact on this interim financial report.

(b) Changes in accounting estimate

(i) Adjustment of the useful lives for chemical facilities and natural gas pipelines

On April 28, 2026, the Company's board of the directors approved the adjustment of the useful lives for natural gas pipelines and chemical facilities newly put into operation since the beginning of the 14^{th} Five-Year Plan, following a comprehensive consideration of technical and operational factors and assessment of the economic useful lives of the assets, the useful lives of similar assets adopted by the peers in the industry, as well as an evaluation of the useful lives and actual conditions of the property, plant and equipment.

The useful lives of chemical facilities that were put into operation in and after the 14th Five-Year Plan period are adjusted from 12 years to 16 years, while those of natural gas pipelines are extended from 30 years to 40 years. These changes are effective from 1 January 2026.

The accounting estimate change resulted in a decrease of approximately RMB600 million in depreciation expenses for the Group for the six-month period ended 30 June 2026.

4 TAXATION

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

Tax rates of products are presented as below:

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

5 CASH AT BANK AND ON HAND

The Group

	At 30 June 2026			At 31 December 2025		
	Original currency million	**Exchange rates**	**RMB million**	Original currency million	Exchange rates	RMB million
Cash on hand						
Renminbi			–			1
Cash at bank						
Renminbi			58,928			46,771
US Dollar	6,233	6.8109	42,453	4,121	7.0288	28,967
Hong Kong Dollar	1,656	0.8686	1,440	1,777	0.9032	1,605
EUR	5	7.7671	36	8	8.2355	67
Others			422			336
			103,279			**77,747**
Deposits at related parities						
Renminbi			18,533			7,524
US Dollar	9,450	6.8109	64,366	9,415	7.0288	66,174
EUR	82	7.7671	635	51	8.2355	418
Others			459			455
			83,993			**74,571**
Total			**187,272**			**152,318**

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

At 30 June 2026, time deposits with financial institutions of the Group amounted to RMB83,177 million (31 December 2025: RMB69,820 million), security deposit and other restricted deposits totally amounted to RMB1,504 million (31 December 2025: RMB1,445 million), which was not reported as cash and cash equivalents.

6 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

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

	30 June 2026 RMB Million		31 December 2025 RMB Million	
	Derivative financial assets	**Derivative financial liabilities**	Derivative financial assets	Derivative financial liabilities
Commodity derivatives	10,008	3,157	1,313	5,641
Financial derivatives	149	23	49	35
	10,157	**3,180**	**1,362**	**5,676**

7 ACCOUNTS RECEIVABLE

	The Group		The Company	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Accounts receivable	77,607	55,093	36,474	25,669
Less: Allowance for doubtful accounts	3,798	3,921	81	85
Total	**73,809**	**51,172**	**36,393**	**25,584**

Ageing analysis on accounts receivable is as follows:

	The Group							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	73,490	94.7	50	0.1	50,824	92.3	46	0.1
Between one and two years	86	0.1	17	19.8	113	0.2	33	29.2
Between two and three years	234	0.3	79	33.8	221	0.4	71	32.1
Over three years	3,797	4.9	3,652	96.2	3,935	7.1	3,771	95.8
Total	**77,607**	**100.0**	**3,798**		**55,093**	**100.0**	**3,921**	

	The Company							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	35,129	96.3	1	0.1	24,713	96.2	3	0.1
Between one and two years	582	1.6	–	–	195	0.8	–	–
Between two and three years	509	1.4	1	0.2	509	2.0	1	0.2
Over three years	254	0.7	79	31.1	252	1.0	81	32.1
Total	**36,474**	**100.0**	**81**		**25,669**	**100.0**	**85**	

At 30 June 2026 and 31 December 2025, the total amounts of the top five accounts receivable of the Group are set out below:

	At 30 June 2026	At 31 December 2025
Total amount (RMB million)	18,581	15,532
Percentage to the total balance of accounts receivable	23.9%	28.2%
Allowance for doubtful accounts	–	–

At 30 June 2026, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB7,464 million (31 December 2025: RMB16,367 million).

7 ACCOUNTS RECEIVABLE *(Continued)*

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

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

During for the six-month periods ended 30 June 2026 and 2025, the Group and the Company had no individually significant accounts receivable been fully or substantially provided allowance for doubtful accounts.

During for the six-month periods ended 30 June 2026 and 2025, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

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

30 June 2026	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount RMB million	Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted – average loss rate	Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	73,490	11,214	1	0.1%	49	50
1 to 2 years past due	86	22	–	26.6%	17	17
2 to 3 years past due	234	116	8	60.2%	71	79
Over 3 years past due	3,797	3,375	3,230	100.0%	422	3,652
Total	**77,607**	**14,727**	**3,239**		**559**	**3,798**

31 December 2025	Impairment provision on individual basis			Impairment provision on provision matrix basis		
	Gross carrying amount RMB million	Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted – average loss rate	Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	50,824	12,101	4	0.1%	42	46
1 to 2 years past due	113	20	3	32.3%	30	33
2 to 3 years past due	221	120	6	64.4%	65	71
Over 3 years past due	3,935	3,494	3,330	100.0%	441	3,771
Total	**55,093**	**15,735**	**3,343**		**578**	**3,921**

8 RECEIVABLES FINANCING

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

At 30 June 2026, the Group considers that its bills of acceptance issued by banks do not pose a significant credit risk and will not cause any significant loss due to the default of drawers.

At 30 June 2026, the Group's derecognised but outstanding bills due to endorsement or discount amounted to RMB55,961 million (31 December 2025: RMB64,722 million).

9 PREPAYMENTS

	The Group		The Company	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Prepayments	8,019	5,132	2,137	1,341
Less: Allowance for doubtful accounts	68	75	4	8
Total	**7,951**	**5,057**	**2,133**	**1,333**

Ageing analysis of prepayments is as follows:

	The Group							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total prepayments %**	**Allowance RMB million**	**Percentage of allowance to prepayments balance %**	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	7,371	91.9	–	–	4,725	92.1	–	–
Between one and two years	351	4.4	5	1.4	157	3.0	7	4.5
Between two and three years	87	1.1	2	2.3	50	1.0	6	12.0
Over three years	210	2.6	61	29.0	200	3.9	62	31.0
Total	**8,019**	**100.0**	**68**		**5,132**	**100.0**	**75**	

	The Company							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total prepayments %**	**Allowance RMB million**	**Percentage of allowance to prepayments balance %**	Amount RMB million	Percentage to total prepayments %	Allowance RMB million	Percentage of allowance to prepayments balance %
Within one year	2,056	96.2	–	–	1,263	94.2	–	–
Between one and two years	8	0.4	–	–	71	5.3	1	1.4
Between two and three years	69	3.2	–	–	–	–	–	–
Over three years	4	0.2	4	100.0	7	0.5	7	100.0
Total	**2,137**	**100.0**	**4**		**1,341**	**100.0**	**8**	

At 30 June 2026 and 31 December 2025, the total amounts of the top five prepayments of the Group are set out below:

	At 30 June 2026	At 31 December 2025
Total amount (RMB million)	1,673	1,208
Percentage to the total balance of prepayments	20.9%	23.5%

10 OTHER RECEIVABLES

	The Group		The Company	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Other receivables	34,798	39,590	102,901	66,927
Less: Allowance for doubtful accounts	1,582	1,579	858	860
Total	**33,216**	**38,011**	**102,043**	**66,067**

Other receivables mainly include security deposits and deposits.

Ageing analysis of other receivables is as follows:

	The Group							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	19,205	55.2	7	0.1	24,206	61.1	7	0.1
Between one and two years	307	0.9	32	10.4	3,176	8.0	24	0.8
Between two and three years	5,201	14.9	58	1.1	2,125	5.4	54	2.5
Over three years	10,085	29.0	1,485	14.7	10,083	25.5	1,494	14.8
Total	**34,798**	**100.0**	**1,582**		**39,590**	**100.0**	**1,579**	

	The Company							
	At 30 June 2026				At 31 December 2025			
	Amount RMB million	**Percentage to total other receivables %**	**Allowance RMB million**	**Percentage of allowance to other receivables balance %**	Amount RMB million	Percentage to total other receivables %	Allowance RMB million	Percentage of allowance to other receivables balance %
Within one year	93,445	90.9	–	–	57,711	86.3	–	–
Between one and two years	2,719	2.6	1	0.1	2,654	4.0	10	0.4
Between two and three years	1,963	1.9	16	0.8	2,075	3.0	1	0.1
Over three years	4,774	4.6	841	17.6	4,487	6.7	849	18.9
Total	**102,901**	**100.0**	**858**		**66,927**	**100.0**	**860**	

At 30 June 2026 and at 31 December 2025, the total amounts of the top five other receivables of the Group are set out below:

	At 30 June 2026	At 31 December 2025
Total amount (RMB million)	20,966	26,224
Ageing	Within one year, between one and two years, between two and three years and over three years	Within one year, between one and two years, between two and three years and over three years
Percentage to the total balance of other receivables	60.3%	66.2%
Allowance for doubtful accounts	72	72

During the six-month periods ended 30 June 2026 and 2025, the Group and the Company had no individually significant other receivables been fully or substantially provided allowance for doubtful accounts.

During the six-month periods ended 30 June 2026 and 2025, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

11 INVENTORIES

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Raw materials	123,965	118,156
Work in progress	22,410	21,927
Finished goods	86,657	92,682
Spare parts and consumables	3,481	3,307
	236,513	**236,072**
Less: Provision for diminution in value of inventories	13,194	5,261
Total	**223,319**	**230,811**

During the six-month period ended 30 June 2026, the provision for diminution in value of inventories of the Group was primarily due to the costs of finished products and raw materials were higher than net realisable value.

12 LONG-TERM EQUITY INVESTMENTS

The Group

	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2026	82,414	175,134	(5,434)	252,114
Additions for the period	1,863	1,012	–	2,875
Share of profits less losses under the equity method	(141)	7,130	–	6,989
Change of other comprehensive income under the equity method	(93)	489	–	396
Other equity movements under the equity method	11	137	–	148
Dividends declared	(1,309)	(2,274)	–	(3,583)
Disposals for the period	(394)	(60)	–	(454)
Foreign currency translation differences	(1,162)	(707)	106	(1,763)
Equity method investment transferred to subsidiary	(471)	–	–	(471)
Other movements	(9)	–	–	(9)
Balance at 30 June 2026	**80,709**	**180,861**	**(5,328)**	**256,242**

The Company

	Investments in subsidiaries RMB million	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2026	389,723	17,337	82,729	(8,922)	480,867
Additions for the period	1,362	539	487	–	2,388
Share of profits less losses under the equity method	–	(368)	1,890	–	1,522
Change of other comprehensive income under the equity method	–	4	80	–	84
Other equity movements under the equity method	–	4	47	–	51
Dividends declared	–	(112)	(854)	–	(966)
Balance at 30 June 2026	**391,085**	**17,404**	**84,379**	**(8,922)**	**483,946**

For the six-month period ended 30 June 2026, the Group and the Company had no individually significant long-term investment impairment.

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

12 LONG-TERM EQUITY INVESTMENTS *(Continued)*

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

(a) Principal joint ventures and associates

Name of investees	Principal place of business	Register location	Legal representative	Principal activities	Registered Capital RMB million	Percentage of equity/voting right directly or indirectly held by the Company
1. Joint ventures						
Fujian Refining & Petrochemical Company Limited ("FREP")	PRC	PRC	Zhang Xiguo	Manufacturing refining oil products	14,758	50.00%
BASF-YPC Company Limited ("BASF-YPC")	PRC	PRC	Wei Da	Manufacturing and distribution of petrochemical products	13,141	40.00%
INEOS Styrolution Advanced Materials (Ningbo) Pte. Ltd. ("INEOS (Ningbo)")	PRC	PRC	STEPHEN MARK HARRINGTON	Manufacturing of primary form plastics and synthetic resins	USD320	50.00%
Sinopec SABIC Tianjin Petrochemical Company Limited ("Sinopec SABIC Tianjin")	PRC	PRC	ALSHAIKH, AHMED TRAIS S	Manufacturing and distribution of petrochemical products	10,520	50.00%
Shanghai SECCO Petrochemical Co., Ltd. ("Shanghai SECCO")	PRC	PRC	Wang Jingyi	Manufacturing and distribution of petrochemical products	3,115	50.00%
2. Associates						
National Petroleum Pipe Network Group Co., Ltd. ("National Pipe Network Group") (Note)	PRC	PRC	Zhang Wei	Operation of natural gas pipelines and auxiliary facilities	500,000	14.00%
Sinopec Finance Company Limited ("Sinopec Finance")	PRC	PRC	Liu Rudong	Provision of non-banking financial services	18,000	49.00%
Sinopec Capital Co., Ltd. ("Sinopec Capital")	PRC	PRC	Ma Ming	Project management, equity investment management, investment consulting, self-owned equity management	10,000	49.00%
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic Energy")	PRC	PRC	Meng Wei	Mining coal and manufacturing of coal-chemical products	17,516	38.75%
China National Aviation Fuel Supply Co., Ltd. ("Aviation Fuel")	PRC	PRC	Bian Hui	Wholesale of gasoline, kerosene, and diesel within the civil aviation system	3,800	29.00%

Joint ventures and associates above are limited companies.

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

(b) Major financial information of principal joint ventures

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

	FREP		BASF-YPC		INEOS (Ningbo)		Sinopec SABIC Tianjin		Shanghai SECCO	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Current assets										
Cash and cash equivalents	1,173	2,287	1,750	2,593	665	818	1,438	1,000	1,907	1,375
Other current assets	10,038	9,320	5,002	3,416	376	406	3,994	2,083	4,709	3,427
Total current assets	**11,211**	**11,607**	**6,752**	**6,009**	**1,041**	**1,224**	**5,432**	**3,083**	**6,616**	**4,802**
Non-current assets	**10,693**	**11,129**	**7,771**	**8,050**	**13,285**	**13,392**	**13,921**	**14,471**	**26,661**	**25,807**
Current liabilities										
Current financial liabilities	(25)	(2,597)	(8)	(6)	–	–	(2,854)	(1,626)	(2,434)	–
Other current liabilities	(12,948)	(8,416)	(1,898)	(1,547)	(264)	(205)	(5,402)	(3,490)	(5,334)	(10,133)
Total current liabilities	**(12,973)**	**(11,013)**	**(1,906)**	**(1,553)**	**(264)**	**(205)**	**(8,256)**	**(5,116)**	**(7,768)**	**(10,133)**
Non-current liabilities										
Non-current financial liabilities	(29)	(3,410)	–	–	(4,419)	(4,588)	(5,021)	(5,259)	(8,442)	(2,764)
Other non-current liabilities	(199)	(203)	(62)	(59)	(1,073)	(1,074)	(522)	(545)	(837)	(859)
Total non-current liabilities	**(228)**	**(3,613)**	**(62)**	**(59)**	**(5,492)**	**(5,662)**	**(5,543)**	**(5,804)**	**(9,279)**	**(3,623)**
Net assets	**8,703**	**8,110**	**12,555**	**12,447**	**8,570**	**8,749**	**5,554**	**6,634**	**16,230**	**16,853**
Net assets attributable to shareholders of the Company	8,703	8,110	12,555	12,447	8,570	8,749	5,554	6,634	16,230	16,853
Share of net assets from joint ventures	4,352	4,055	5,022	4,979	4,285	4,375	2,777	3,317	8,115	8,427
Carrying amounts	**4,352**	**4,055**	**5,022**	**4,979**	**4,285**	**4,375**	**2,777**	**3,317**	**8,115**	**8,427**

12 LONG-TERM EQUITY INVESTMENTS *(Continued)*

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

Summarised income statement

Six-month period ended 30 June	FREP		BASF-YPC		INEOS (Ningbo)		Sinopec SABIC Tianjin		Shanghai SECCO	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Turnover	23,582	26,900	9,589	7,462	1,006	1,607	10,871	9,942	9,813	10,125
Interest income	33	73	15	18	7	7	8	14	4	11
Interest expense	(83)	(166)	–	–	(89)	(95)	(68)	(81)	(119)	(108)
Profit/(loss) before taxation	786	(642)	145	(823)	(236)	(320)	(1,083)	(1,074)	(821)	(676)
Tax expense	(193)	164	(37)	206	57	80	3	(1)	198	169
Profit/(loss) for the period	593	(478)	108	(617)	(179)	(240)	(1,080)	(1,075)	(623)	(507)
Total comprehensive income	**593**	**(478)**	**108**	**(617)**	**(179)**	**(240)**	**(1,080)**	**(1,075)**	**(623)**	**(507)**
Dividends from joint ventures	–	–	–	104	–	–	–	–	–	–
Share of net profit/(loss) from joint ventures	297	(239)	43	(246)	(90)	(120)	(540)	(538)	(312)	(254)

The share of profit and other comprehensive income for the six-month period ended 30 June 2026 in all individually immaterial joint ventures accounted for using equity method in aggregate was RMB461 million (six-month period ended 30 June 2025: loss RMB5 million) and loss RMB93 million (six-month period ended 30 June 2025: RMB1,864 million) respectively. As at 30 June 2026, the carrying amount of all individually immaterial joint ventures accounted for using equity method in aggregate was RMB51,624 million (31 December 2025: RMB52,644 million).

(c) Major financial information of principal associates

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

	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	At 30 June 2026	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025	**At 30 June 2026**	At 31 December 2025
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Current assets	76,949	71,938	158,031	111,027	20,633	20,582	4,580	3,047	33,424	21,931
Non-current assets	880,311	875,293	55,725	78,374	1,925	1,304	42,715	44,959	17,348	16,728
Current liabilities	(97,888)	(123,106)	(177,463)	(152,773)	(1,489)	(124)	(5,007)	(8,124)	(19,885)	(12,913)
Non-current liabilities	(229,530)	(212,969)	(442)	(449)	(3,426)	(3,732)	(11,596)	(9,198)	(1,059)	(1,609)
Net assets	**629,842**	**611,156**	**35,851**	**36,179**	**17,643**	**18,030**	**30,692**	**30,684**	**29,828**	**24,137**
Net assets attributable to shareholders of the Company	578,130	560,497	35,851	36,179	17,643	18,030	30,692	30,684	26,234	21,196
Net assets attributable to non-controlling interests	51,712	50,659	–	–	–	–	–	–	3,594	2,941
Share of net assets from associates	80,938	78,470	17,567	17,728	8,645	8,835	11,893	11,890	7,608	6,147
Carrying amounts	**80,938**	**78,470**	**17,567**	**17,728**	**8,645**	**8,835**	**11,893**	**11,890**	**7,608**	**6,147**

Summarised income statement

Six-month period ended 30 June	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	RMB million	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million	**RMB million**	RMB million
Turnover	61,157	60,141	2,163	2,548	5	2	9,159	7,946	116,673	86,184
Profit for the period	18,556	18,535	1,051	1,117	(627)	373	1,458	1,262	5,537	1,468
Other comprehensive income	–	–	21	(358)	143	(70)	–	–	–	–
Total comprehensive income	**18,556**	**18,535**	**1,072**	**759**	**(484)**	**303**	**1,458**	**1,262**	**5,537**	**1,468**
Dividends declared by associates	–	–	686	588	136	–	562	–	–	377
Share of net profit/(loss) from associates	2,350	2,348	515	547	(307)	183	565	489	1,418	371
Share of other comprehensive income from associates	–	–	10	(175)	70	(34)	–	–	–	–

The share of net profit and other comprehensive income of the Group for the six-month period ended 30 June 2026 in all individually immaterial associates accounted for using equity method in aggregate was RMB2,589 million (six-month period ended 30 June 2025: RMB2,310 million) and RMB409 million (six-month period ended 30 June 2025: RMB2,633 million) respectively. As at 30 June 2026, the carrying amount of all individually immaterial associates accounted for using equity method in aggregate was RMB53,416 million (31 December 2025: RMB51,247 million).

13 OTHER EQUITY INSTRUMENT INVESTMENTS

As of June 30, 2026, other equity instrument investments held by the Group were mainly equity investments in Contemporary Amperex Technology Co., Ltd. (CATL), with a book value of RMB3,803 million. During the six-month period ended June 30, 2026, the Group's derecognised gains on the current 'fair value change' of equity investments in CATL were RMB1,471 million. At the end of the reporting period, the current changes in fair values gains from the equity investment in CATL held at the end of the reporting period were RMB1,020 million, and the cumulative 'fair value change' gains related to the equity investment in CATL that were derecognised during the reporting period were transferred out to undistributed profits of RMB3,302 million.

14 FIXED ASSETS

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Fixed assets (a)	761,863	770,198
Fixed assets pending for disposal	116	66
Total	**761,979**	**770,264**

(a) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2026	179,434	1,003,921	1,287,065	2,470,420
Additions for the period	865	922	1,123	2,910
Transferred from construction in progress	1,825	17,382	20,687	39,894
Reclassifications	(383)	(677)	1,060	–
Decreases for the period	(389)	(181)	(3,627)	(4,197)
Exchange adjustments	(100)	(1,418)	(119)	(1,637)
Balance at 30 June 2026	**181,252**	**1,019,949**	**1,306,189**	**2,507,390**
Less: Accumulated depreciation:				
Balance at 1 January 2026	83,193	746,451	767,147	1,596,791
Additions for the period	3,308	19,083	28,048	50,439
Reclassifications	129	(269)	140	–
Decreases for the period	(218)	(102)	(2,591)	(2,911)
Exchange adjustments	(55)	(1,297)	(79)	(1,431)
Balance at 30 June 2026	**86,357**	**763,866**	**792,665**	**1,642,888**
Less: Provision for impairment losses:				
Balance at 1 January 2026	4,888	54,708	43,835	103,431
Increases for the period	3	–	7	10
Reclassifications	65	(32)	(33)	–
Decreases for the period	**(31)**	**(79)**	**(604)**	**(714)**
Exchange adjustments	–	(88)	–	(88)
Balance at 30 June 2026	**4,925**	**54,509**	**43,205**	**102,639**
Net book value:				
Balance at 30 June 2026	**89,970**	**201,574**	**470,319**	**761,863**
Balance at 31 December 2025	**91,353**	**202,762**	**476,083**	**770,198**

During the 6-month period ended June 30, 2026, the depreciation amount of fixed assets of the Group affecting profit or loss was RMB49,756 million (2024: RMB47,784 million).

14 FIXED ASSETS *(Continued)*

The Company

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Fixed assets (b)	296,325	299,345
Fixed assets pending for disposal	87	51
Total	**296,412**	**299,396**

(b) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2026	43,908	796,299	450,534	1,290,741
Additions for the period	1	760	181	942
Transferred from construction in progress	140	13,123	6,703	19,966
Reclassifications	706	(680)	(26)	–
Transferred from subsidiaries	6	–	292	298
Transferred to subsidiaries	–	(352)	(38)	(390)
Decreases for the period	(61)	(181)	(911)	(1,153)
Balance at 30 June 2026	**44,700**	**808,969**	**456,735**	**1,310,404**
Less: Accumulated depreciation:				
Balance at 1 January 2026	26,015	596,309	300,378	922,702
Additions for the period	607	14,353	8,703	23,663
Reclassifications	398	(271)	(127)	–
Transferred from subsidiaries	5	–	254	259
Transferred to subsidiaries	–	(152)	(11)	(163)
Decreases for the period	(53)	(102)	(806)	(961)
Balance at 30 June 2026	**26,972**	**610,137**	**308,391**	**945,500**
Less: Provision for impairment losses:				
Balance at 1 January 2026	2,245	45,741	20,708	68,694
Reclassifications	58	(32)	(26)	–
Transferred from subsidiaries	–	–	1	1
Transferred to subsidiaries	–	–	(3)	(3)
Decreases for the period	(4)	(79)	(30)	(113)
Balance at 30 June 2026	**2,299**	**45,630**	**20,650**	**68,579**
Net book value:				
Balance at 30 June 2026	**15,429**	**153,202**	**127,694**	**296,325**
Balance at 31 December 2025	**15,648**	**154,249**	**129,448**	**299,345**

The additions to oil and gas properties of the Group and the Company for the six-month period ended 30 June 2026 included RMB899 million (six-month period ended 30 June 2025: RMB879 million) (Note 35) and RMB754 million (six-month period ended 30 June 2025: RMB704 million), respectively of the estimated dismantlement costs for site restoration.

At 30 June 2026 and 31 December 2025, the Group and the Company had no individually significant fixed assets which were temporarily idle or pending for disposal, or individually significant fully depreciated fixed assets which were still in use.

The method for determining the impairment of fixed assets is detailed in Note 60.

15 CONSTRUCTION IN PROGRESS

	The Group RMB million	The Company RMB million
Cost:		
Balance at 1 January 2026	198,002	83,864
Additions for the period	49,480	32,292
Dry hole costs written off	(4,125)	(3,641)
Transferred to fixed assets	(39,894)	(19,966)
Reclassification to other assets	(2,905)	(613)
Exchange adjustments	(57)	–
Balance at 30 June 2026	**200,501**	**91,936**
Less: Provision for impairment losses:		
Balance at 1 January 2026	2,806	398
Decreases for the period	(6)	–
Exchange adjustments	(47)	–
Balance at 30 June 2026	**2,753**	**398**
Net book value:		
Balance at 30 June 2026	**197,748**	**91,538**
Balance at 31 December 2025	**195,196**	**83,466**

At 30 June 2026, major construction projects of the Group are as follows:

Project name	Budgeted amount RMB million	Balance at 1 January 2026 RMB million	Net change for the period RMB million	**Balance at 30 June 2026 RMB million**	Percentage of project investment to budgeted amount	Source of funding	**Accumulated interest capitalised at 30 June 2026 RMB million**
Maoming Refinery Transformation and Upgrading and Ethylene Upgrading Project	30,074	12,285	2,111	14,396	47.87%	Bank loans & self-financing	75
Zhenhai Refining and Chemical Refining and High-end Synthetic New Material Project	41,639	9,516	(3,598)	5,918	90.53%	Bank loans & self-financing	715
Natural Gas Branch Long Kou LNG project	8,913	5,816	99	5,915	75.19%	Bank loans & self-financing	310
Jiujiang Branch 1.5 million tons/year aromatics and refining supporting renovation project	10,570	4,017	1,440	5,457	52.90%	Bank loans & self-financing	23
GuangZhou Branch Safe, green, and high-quality development technology transformation project	9,020	3,911	965	4,876	57.97%	Bank loans & self-financing	49

16 RIGHT-OF-USE ASSETS

The Group

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2026	174,634	61,040	235,674
Additions for the period	2,345	5,800	8,145
Decreases for the period	(956)	(3,554)	(4,510)
Balance at 30 June 2026	**176,023**	**63,286**	**239,309**
Less: Accumulated depreciation:			
Balance at 1 January 2026	38,046	33,440	71,486
Additions for the period	3,595	4,777	8,372
Decreases for the period	(262)	(2,846)	(3,108)
Balance at 30 June 2026	**41,379**	**35,371**	**76,750**
Net book value:			
Balance at 30 June 2026	**134,644**	**27,915**	**162,559**
Balance at 31 December 2025	**136,588**	**27,600**	**164,188**

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

The Company

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2026	100,976	6,168	107,144
Additions for the period	1,488	1,714	3,202
Decreases for the period	(276)	(1,005)	(1,281)
Balance at 30 June 2026	**102,188**	**6,877**	**109,065**
Less: Accumulated depreciation:			
Balance at 1 January 2026	19,094	4,429	23,523
Additions for the period	1,748	941	2,689
Decreases for the period	(40)	(836)	(876)
Balance at 30 June 2026	**20,802**	**4,534**	**25,336**
Net book value:			
Balance at 30 June 2026	**81,386**	**2,343**	**83,729**
Balance at 31 December 2025	**81,882**	**1,739**	**83,621**

Depreciation of the right-of-use assets of the Group and Company charged for the six-month period ended 30 June 2026 are RMB8,158 million (during the six-month period ended 30 June 2025: RMB8,423 million) and RMB2,689 million respectively (during the six-month period ended 30 June 2025: RMB2,637 million).

17 INTANGIBLE ASSETS

The Group

	Land use rights RMB million	Patents RMB million	Non-patent technology RMB million	Operation rights RMB million	Others RMB million	Total RMB million
Cost:						
Balance at 1 January 2026	142,758	5,789	6,238	55,856	27,087	237,728
Additions for the period	1,719	1	389	74	402	2,585
Decreases for the period	(169)	(109)	–	(122)	(188)	(588)
Balance at 30 June 2026	**144,308**	**5,681**	**6,627**	**55,808**	**27,301**	**239,725**
Less: Accumulated amortisation:						
Balance at 1 January 2026	41,708	4,187	4,282	31,269	6,897	88,343
Additions for the period	1,803	83	140	1,126	500	3,652
Decreases for the period	(47)	(108)	–	(83)	(150)	(388)
Balance at 30 June 2026	**43,464**	**4,162**	**4,422**	**32,312**	**7,247**	**91,607**
Less: Provision for impairment losses:						
Balance at 1 January 2026	266	327	117	395	20	1,125
Decreases for the period	(1)	–	–	(3)	–	(4)
Balance at 30 June 2026	**265**	**327**	**117**	**392**	**20**	**1,121**
Net book value:						
Balance at 30 June 2026	**100,579**	**1,192**	**2,088**	**23,104**	**20,034**	**146,997**
Balance at 31 December 2025	**100,784**	**1,275**	**1,839**	**24,192**	**20,170**	**148,260**

Amortisation of the intangible assets of the Group charged for the six-month period ended 30 June 2026 is RMB3,696 million (six-month period ended 30 June 2025: RMB3,397 million).

18 GOODWILL

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

Name of investees	Principal activities	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Sinopec Zhenhai Refining and Chemical Branch	Manufacturing of intermediate petrochemical products and petroleum products	4,043	4,043
Other units without individual significant goodwill		1,414	1,433
Total		**5,457**	**5,476**

Goodwill refers to the excess of acquisition costs over the fair value of identifiable assets and liability in a business combination.

19 LONG-TERM DEFERRED EXPENSES

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

20 DEFERRED TAX ASSETS AND LIABILITIES

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

	Deferred tax assets		Deferred tax liabilities	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Receivables and inventories	6,482	3,592	(1)	(9)
Payables	3,380	2,294	–	–
Cash flow hedges	194	40	(1,916)	(1,055)
Fixed assets	19,888	19,484	(30,309)	(29,326)
Tax value of losses carried forward	8,243	10,494	–	–
Other equity instrument investments	140	133	(5)	(4)
Intangible assets	2,354	2,419	(139)	(140)
Lease liabilities and right of use assets	41,825	41,978	(35,692)	(36,160)
Others	2,883	2,641	(2,733)	(2,700)
Deferred tax assets/(liabilities)	**85,389**	**83,075**	**(70,795)**	**(69,394)**

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

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Deferred tax assets	63,680	62,993
Deferred tax liabilities	63,680	62,993

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

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Deferred tax assets	21,709	20,082
Deferred tax liabilities	7,115	6,401

At 30 June 2026, certain subsidiaries of the Company did not recognise deferred tax of deductible loss carried forward of RMB32,044 million (at 31 December 2025: RMB31,327 million), of which RMB1,216 million (during the six-month period ended 30 June 2025: RMB2,253 million) was incurred for the six-month period ended 30 June 2026, because it was not probable that the related tax benefit will be realised. These deductible losses carried forward of RMB5,235 million, RMB8,553 million, RMB5,496 million, RMB5,065 million, RMB6,479 million and RMB1,216 million will expire in 2026, 2027, 2028, 2029, 2030, 2031 and after, respectively.

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

21 OTHER NON-CURRENT ASSETS

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

22 DETAILS OF IMPAIRMENT LOSSES

At 30 June 2026, impairment losses of the Group are analysed as follows:

	Note	Balance at 31 December 2025 RMB million	Provision for the period RMB million	Written back for the period RMB million	Written off for the period RMB million	Other increase/ (decrease) RMB million	**Balance at 30 June 2026 RMB million**
Allowance for doubtful accounts							
Included: Accounts receivable	7	3,921	25	(49)	(6)	(93)	3,798
Prepayments	9	75	12	(5)	–	(14)	68
Other receivables	10	1,579	40	(39)	(3)	5	1,582
Other non-current assets		779	–	–	–	(27)	752
Total		**6,354**	**77**	**(93)**	**(9)**	**(129)**	**6,200**
Inventories	11	5,261	15,943	(260)	(7,665)	(85)	13,194
Long-term equity investments	12	5,434	–	–	–	(106)	5,328
Fixed assets	14	103,431	10	–	(714)	(88)	102,639
Construction in progress	15	2,806	–	–	(6)	(47)	2,753
Intangible assets	17	1,125	–	–	(4)	–	1,121
Goodwill		8,867	–	–	–	–	8,867
Others		48	–	(19)	–	(1)	28
Total		**133,326**	**16,030**	**(372)**	**(8,398)**	**(456)**	**140,130**

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

23 SHORT-TERM LOANS

The Group's short-term loans represent:

	At 30 June 2026			At 31 December 2025		
	Original currency million	**Exchange rates**	**RMB million**	Original currency million	Exchange rates	RMB million
Short-term bank loans			**61,161**			**23,155**
– Renminbi loans			61,161			23,155
Short-term loans from Sinopec Group Company and fellow subsidiaries			**14,016**			**6,300**
– Renminbi loans			8,544			4,552
– US Dollar loans	794	6.8109	5,411	249	7.0288	1,748
– HK Dollar loans	70	0.8686	61	–	0.9032	–
Total			**75,177**			**29,455**

At 30 June 2026, the Group's interest rates on short-term loans were from interest 1.00% to 4.43% (at 31 December 2025: from interest 1.00% to 4.89%) per annum. The majority of the above loans are by credit.

At 30 June 2026 and 31 December 2025, the Group had no significant overdue short-term loans.

24 BILLS PAYABLE

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

At 30 June 2026 and 31 December 2025 the Group had no overdue unpaid bills.

25 ACCOUNTS PAYABLE

The balance of accounts payable mainly consists of accounts payable for purchases of goods or materials. At 30 June 2026 and 31 December 2025, the Group had no individually significant accounts payable aged over one year.

26 CONTRACT LIABILITIES

As at 30 June 2026 and 31 December 2025, the Group's contract liabilities primarily represent advances from customers. Related performance obligations are satisfied and revenue is recognised within one year.

27 EMPLOYEE BENEFITS PAYABLE

(1) Employee benefits payable

	At 31 December 2025 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2026 RMB million**
Short-term employee benefits	11,463	47,677	(38,548)	20,592
Post-employment benefits – defined contribution plans	42	7,587	(7,576)	53
Termination benefits	4	77	(77)	4
	11,509	**55,341**	**(46,201)**	**20,649**

(2) Short-term employee benefits

	At 31 December 2025 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2026 RMB million**
Salaries, bonuses, allowances	9,268	35,039	(25,860)	18,447
Staff welfare	1,622	3,405	(3,404)	1,623
Social insurance	339	3,605	(3,571)	373
Included: Medical insurance	336	3,257	(3,223)	370
Work-related injury insurance	2	283	(283)	2
Maternity insurance	1	65	(65)	1
Housing fund	37	3,888	(3,886)	39
Labour union fee, staff and workers' education fee	186	810	(900)	96
Other short-term employee benefits	11	930	(927)	14
	11,463	**47,677**	**(38,548)**	**20,592**

(3) Post-employment benefits – defined contribution plans

	At 31 December 2025 RMB million	Accrued during the period RMB million	Decreased during the period RMB million	**At 30 June 2026 RMB million**
Basic pension insurance	35	5,085	(5,081)	39
Unemployment insurance	1	197	(197)	1
Annuity	6	2,305	(2,298)	13
	42	**7,587**	**(7,576)**	**53**

28 TAXES PAYABLE

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Value-added tax payable	3,985	2,515
Consumption tax payable	18,194	17,806
Income tax payable	2,410	1,607
Levy for mineral rights concessions	4,791	5,842
Special oil income levy	3,880	57
Other taxes	7,196	7,469
Total	**40,456**	**35,296**

29 OTHER PAYABLES

At 30 June 2026 and 31 December 2025, other payables of the Group over one year primarily represented payables for constructions.

30 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

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

	At 30 June 2026			At 31 December 2025		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans						
– Renminbi loans			37,490			73,528
– US Dollar loans	–	6.8109	1	–	7.0288	1
Long-term loans from Sinopec Group Company and fellow subsidiaries						
– Renminbi loans			680			5,621
Long-term loans due within one year			**38,171**			**79,150**
Debentures payable due within one year						
– Renminbi debentures			11,876			11,651
Lease liabilities due within one year			**18,771**			**18,079**
Others			**1,891**			**1,677**
Non-current liabilities due within one year			**70,709**			**110,557**

At 30 June 2026 and 31 December 2025, the Group had no significant overdue long-term loans.

31 OTHER CURRENT LIABILITIES

As at 30 June 2026, other current liabilities mainly represent RMB12,655 million (31 December 2025: RMB12,049 million) output VAT to be transferred.

32 LONG-TERM LOANS

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

		At 30 June 2026			At 31 December 2025		
	Interest rate and final maturity	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans							
– Renminbi loans	Interest rates ranging from interest 0.74% to 3.75% per annum at 30 June 2026 (2025: 1.08% to 3.90%) with maturities through 2040			206,122			236,339
– US Dollar loans	Interest rates at 0.00% per annum at 30 June 2026 (2025: 0.00%) with maturities through 2031	6	6.8109	39	6	7.0288	42
Less: Portion due within one year (note 30)				(37,491)			(73,529)
Long-term bank loans				**168,670**			**162,852**
Long-term loans from Sinopec Group Company and fellow subsidiaries							
– Renminbi loans	Interest rates ranging from interest 2.10% to 3.95% per annum at 30 June 2026 (2025: 2.10% to 4.20%) with maturities through 2040			20,477			25,737
Less: Portion due within one year (note 30)				(680)			(5,621)
Long-term loans from Sinopec Group Company and fellow subsidiaries				**19,797**			**20,116**
Total				**188,467**			**182,968**

32 LONG-TERM LOANS *(Continued)*

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

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Between one and two years	82,200	56,709
Between two and five years	53,224	80,125
After five years	53,043	46,134
Total	**188,467**	**182,968**

Long-term loans are carried at amortised costs.

33 DEBENTURES PAYABLE

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Debentures payable:		
– Corporate Bonds	90,055	63,947
Less: Portion due within one year (note 30)	11,876	11,651
Total	**78,179**	**52,296**

These corporate bonds are carried at amortised cost. At 30 June 2026, USD denominated corporate bonds were equivalent to RMB3,420 million, and RMB denominated corporate bonds were RMB86,635 million (31 December 2025: USD denominated corporate bonds of RMB3,529 million, and RMB denominated corporate bonds of RMB60,418 million).

34 LEASE LIABILITIES

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Lease liabilities	175,076	175,486
Less: Portion of lease liabilities due within one year (note 30)	18,771	18,079
Total	**156,305**	**157,407**

35 PROVISIONS

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

	The Group RMB million
Balance at 1 January 2026	48,004
Provision for the period	899
Accretion expenses	409
Decrease for the period	(139)
Foreign currency translation differences	(71)
Balance at 30 June 2026	**49,102**

36 OTHER NON-CURRENT LIABILITIES

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

37 SHARE CAPITAL

The Group

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Registered, issued and fully paid:		
97,142,913,622 listed A shares (31 December 2025: 97,142,913,622) of RMB1.00 each	97,143	97,143
23,782,600,600 listed H shares (31 December 2025: 23,782,600,600) of RMB1.00 each	23,783	23,783
Total	**120,926**	**120,926**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

37 SHARE CAPITAL *(Continued)*

The Group *(Continued)*

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

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

During the year ended 31 December 2025, the Company repurchased 89,349,476 listed A shares and 266,554,000 listed H shares respectively at a price of RMB5.27 per share to RMB6.10 per share for the repurchase of listed A shares, with a total amount of RMB500,000,213.01, and a price of HKD4.05 per share to HKD4.64 per share for the repurchase of listed H shares, with a total amount of HKD1,152,829,082.00. The 138,000 listed H shares repurchased on 30 December 2024, A shares and H shares repurchased in 2025 had been canceled in the year ended 31 December 2025.

In the first half of 2026, the Company repurchased 53,790,690 listed A shares and 28,564,000 listed H shares respectively at a price of RMB4.44 per share to RMB4.87 per share for the repurchase of listed A shares, with a total amount of RMB249,999,599.50, and a price of HKD3.99 per share to HKD4.21 per share for the repurchase of listed H shares, with a total amount of HKD117,026,970.80, 9,750,000 listed H shares of which have not been delivered as of June 30, 2026. As of June 30, 2026, all A and H shares repurchased in this period have not been cancelled.

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

Capital management

Management optimises the structure of the Group's capital, which comprises of equity and debts and bonds. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2026, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 24.0% (31 December 2025: 22.1%) and 54.3% (31 December 2025: 54.1%), respectively.

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

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

38 CAPITAL RESERVE

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

	RMB million
Balance at 1 January 2026	124,818
Other equity movements under the equity method	142
Others	(2)
Balance at 30 June 2026	**124,958**

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

39 OTHER COMPREHENSIVE INCOME

The Group

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

	Six-month period ended 30 June 2026		
	Before-tax amount RMB million	**Tax effect RMB million**	**Net-of-tax amount RMB million**
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the period	(419)	(35)	(454)
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	(11,133)	1,342	(9,791)
Subtotal	**10,714**	**(1,377)**	**9,337**
Changes in fair value of other equity instrument investments	2,557	6	2,563
Other comprehensive income that can be reclassified to profit or loss under the equity method	396	–	396
Foreign currency translation differences	(6,521)	–	(6,521)
Other comprehensive income	**7,146**	**(1,371)**	**5,775**

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

Financial Statements (PRC) (Unaudited)

39 OTHER COMPREHENSIVE INCOME *(Continued)*

The Group *(Continued)*

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

	Equity attributable to shareholders of the Company						
	Other comprehensive income that can be reclassified to profit or loss under the equity method RMB million	Changes in fair value of other equity instrument investments RMB million	Cash flow hedges RMB million	Foreign currency translation differences RMB million	Subtotal RMB million	Non-controlling interests RMB million	Total other comprehensive income RMB million
1 January 2025	(11,500)	(112)	3,253	7,372	(987)	(2,997)	(3,984)
Change for the period	3,205	608	(1,189)	(673)	1,951	1,203	3,154
30 June 2025	(8,295)	496	2,064	6,699	964	(1,794)	(830)
1 January 2026	(4,145)	2,179	4,151	4,541	6,726	(1,430)	5,296
Change for the period	302	(526)	3,572	(5,081)	(1,733)	(817)	(2,550)
30 June 2026	(3,843)	1,653	7,723	(540)	4,993	(2,247)	2,746

As at 30 June 2026, cash flow hedge reserve amounted to a gain of RMB8,571 million (31 December 2025: a gain of RMB4,257 million), of which a gain of RMB7,723 million was attributable to shareholders of the Company (31 December 2025: a gain of RMB4,151 million).

40 SPECIFIC RESERVE

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

41 SURPLUS RESERVES

Movements in surplus reserves are as follows:

	The Group		
	Statutory surplus reserves RMB million	Discretionary surplus reserves RMB million	Total RMB million
Balance at 1 January 2026	114,226	117,000	231,226
Appropriation of surplus reserve	–	–	–
Balance at 30 June 2026	**114,226**	**117,000**	**231,226**

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

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

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

42 OPERATING INCOME AND OPERATING COSTS

	Six-month period ended 30 June			
	The Group		The Company	
	2026	2025	**2026**	2025
	RMB million	RMB million	**RMB million**	RMB million
Income from principal operations	1,409,380	1,380,387	396,913	448,773
Income from other operations	27,181	28,665	9,283	10,794
Total	**1,436,561**	**1,409,052**	**406,196**	**459,567**
Operating costs	**1,160,123**	**1,192,753**	**301,138**	**364,183**

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

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

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

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Income from principal operations	**1,409,380**	**1,380,387**
Included: Gasoline	378,243	392,763
Diesel	260,839	268,388
Crude oil	200,225	186,071
Chemical feedstock	24,795	19,610
Basic organic chemicals	98,496	96,824
Synthetic resin	58,447	64,143
Kerosene	123,851	102,849
Natural gas	57,613	49,667
Synthetic fiber monomers and polymers	21,921	21,212
Others (i)	184,950	178,860
Income from other operations	**27,181**	**28,665**
Included: Sale of materials and others	26,308	27,839
Rental income	873	826
Total	**1,436,561**	**1,409,052**

Notes:

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

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

43 TAXES AND SURCHARGES

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Consumption tax	104,122	99,493
City maintenance and construction tax	9,227	8,861
Special oil income levy	5,497	1,077
Education surcharge	6,795	6,383
Resources tax	5,028	4,092
Levy for mineral rights concessions	843	722
Others	2,906	2,723
Total	**134,418**	**123,351**

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

44 FINANCIAL EXPENSES

The Group

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Interest expenses incurred	5,426	5,614
Less: Capitalised interest expenses	488	686
Add: Interest expense on lease liabilities	4,289	4,431
Net interest expenses	9,227	9,359
Accretion expenses (Note 35)	409	378
Interest income	(2,558)	(2,807)
Net foreign exchange (gains)/losses	(426)	1,496
Total	**6,652**	**8,426**

The interest rates per annum at which borrowing costs were capitalised during the six-month period ended 30 June 2026 by the Group ranged from 0.74% to 2.77% (six-month period ended 30 June 2025: 2.00% to 2.98%).

45 CLASSIFICATION OF EXPENSES BY NATURE

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

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Purchased crude oil, products and operating supplies and expenses	1,079,814	1,118,440
Personnel expenses	52,385	49,442
Depreciation, depletion and amortisation	63,469	61,155
Exploration expenses (including dry holes)	5,151	5,646
Other expenses	28,582	24,694
Total	**1,229,401**	**1,259,377**

46 SELLING AND DISTRIBUTION EXPENSES

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

47 GENERAL AND ADMINISTRATIVE EXPENSES

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

48 RESEARCH AND DEVELOPMENT EXPENSES

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

49 EXPLORATION EXPENSES

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

50 OTHER INCOME

Classified by characteristic	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Government grants	2,099	3,122
Others	60	166
Total	**2,159**	**3,288**

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

51 INVESTMENT (LOSSES)/INCOME

	Six-month period ended 30 June			
	The Group		The Company	
	2026	2025	**2026**	2025
	RMB million	RMB million	**RMB million**	RMB million
Income from investment of subsidiaries accounted for under cost method	–	–	15,469	10,844
Income from investment accounted for under equity method	6,989	4,846	1,522	1,149
Investment (losses)/income from disposal of long-term equity investments	(34)	2	–	(38)
Dividend income from holding of other equity instrument investments	104	3	–	–
Investment (losses)/income from holding/disposal of financial assets and liabilities and derivative financial instruments at fair value through profit or loss	(22,218)	2,778	(5)	(1)
Gains/(losses) from ineffective portion of cash flow hedges	1,153	18	(10)	(52)
Others	65	70	346	461
Total	**(13,941)**	**7,717**	**17,322**	**12,363**

52 (LOSSES)/GAINS FROM CHANGES IN FAIR VALUE

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Net fair value (losses)/gains on financial assets and financial liabilities at fair value through profit or loss	(257)	1,533
Unrealised gains from ineffective portion cash flow hedges, net	(2,137)	252
Total	**(2,394)**	**1,785**

53 IMPAIRMENT LOSSES

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Prepayments	7	(6)
Inventories	15,683	2,303
Fixed assets	10	–
Others	(19)	(8)
Total	**15,681**	**2,289**

54 NON-OPERATING INCOME

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Government grants	106	130
Others	723	592
Total	**829**	**722**

55 NON-OPERATING EXPENSES

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Fines, penalties and compensation	131	140
Donations	18	42
Asset scrap, damage loss	136	244
Others	856	623
Total	**1,141**	**1,049**

56 INCOME TAX EXPENSE

The Group

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Provision for income tax for the period	8,469	5,714
Deferred taxation	(1,703)	(378)
Under-provision for income tax in respect of preceding year	(115)	(129)
Total	**6,651**	**5,207**

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

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Profit before taxation	**36,644**	**28,767**
Expected income tax expense at a tax rate of 25%	9,161	7,192
Tax effect of non-deductible expenses	1,660	1,580
Tax effect of non-taxable income	(2,728)	(2,435)
Tax effect of preferential tax rate (Note)	(2,055)	(1,684)
Effect of income taxes at foreign operations	(192)	(177)
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(218)	(43)
Tax effect of tax losses not recognised	304	563
Write-down of deferred tax assets	834	340
Adjustment for under provision for income tax in respect of preceding years	(115)	(129)
Actual income tax expense	**6,651**	**5,207**

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

57 DIVIDENDS

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

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 21 August 2026, the directors authorised to declare the interim dividends for the year ended 31 December 2026 of RMB0.105 (2025: RMB0.088) per share totaling RMB12,689 million (2025: RMB10,662 million). Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

(b) Dividends of ordinary shares declared during the period

Pursuant to the shareholders' approval at the Annual General Meeting on 13 May 2026, a final dividend of RMB0.112 per share totaling RMB13,544 million according to total shares on 16 June 2026 was approved. All dividends have been paid in June 2026.

Pursuant to the shareholders' approval at the Annual General Meeting on 28 May 2025, a final dividend of RMB0.140 per share totaling RMB16,974 million according to total shares on 17 June 2025 was approved. All dividends have been paid in June 2025.

58 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT

The Group

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

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Net profit	29,993	23,560
Add: Impairment losses on assets	15,681	2,289
Credit impairment reversal	(23)	(138)
Depreciation of right-of-use assets	8,158	8,423
Depreciation of fixed assets	49,756	47,784
Amortisation of intangible assets and long-term deferred expenses	5,555	4,948
Dry hole costs written off	4,125	4,571
Net gains on disposal of non-current assets	(564)	(313)
Losses/(gains) from changes in fair value	2,394	(1,785)
Financial expenses	7,078	8,690
Investment losses/(income)	13,941	(7,717)
(Increase)/decrease in deferred tax assets	(2,424)	381
Increase/(decrease) in deferred tax liabilities	721	(759)
Increase in inventories	(8,191)	(2,442)
Safety fund reserve	1,019	1,125
Increase in operating receivables	(48,041)	(29,942)
(Decrease)/increase in operating payables	(16,679)	2,341
Net cash flow generated from operating activities	**62,499**	**61,016**

(b) Net change in cash:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Cash balance at the end of the period	102,591	107,714
Less: Cash at the beginning of the period	81,053	91,295
Net increase of cash	**21,538**	**16,419**

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

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Cash at bank and on hand		
– Cash on hand	–	1
– Demand deposits	102,591	107,713
Cash at the end of the period	**102,591**	**107,714**

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

The Group *(Continued)*

(d) Other cash received relating to investing activities:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Decrease in time deposits with maturities over three months	49,340	37,983
Interest income	1,824	1,561
Others	261	194
Total	**51,425**	**39,738**

(e) Other cash paid relating to investing activities:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Increase in time deposits with maturities over three months	(46,242)	(43,346)
Loans to fellow subsidiaries	–	(613)
Others	(95)	(164)
Total	**(46,337)**	**(44,123)**

(f) Other cash paid relating to financing activities:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Repayments of lease liabilities	(10,399)	(9,289)
Repayment of other financial liabilities	–	(509)
Non-controlling shareholders' decrease of capital	(2)	(69)
Cash payments to purchase own shares	(318)	(138)
Others	(334)	(229)
Total	**(11,053)**	**(10,234)**

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

		Additions for the period		Decreases for the period		
	Balance at 1 January 2026 RMB million	Cash RMB million	Non-cash RMB million	Cash RMB million	Non-cash RMB million	**Balance at 30 June 2026 RMB million**
Long-term and Short-term loans and debentures payable	355,520	414,603	18,794	(382,352)	(14,695)	391,870
Other non-current liabilities – loans to related parties	8,212	–	389	(73)	13	8,541
Total	**363,732**	**414,603**	**19,183**	**(382,425)**	**(14,682)**	**400,411**

The decrease in cash for the year includes interest actually paid: RMB4,008 million.

59 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

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

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

Sinopec Group Company is an enterprise controlled by the PRC government. Sinopec Group Company directly and indirectly holds 69.95% shareholding of the Company.

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

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

Associates of the Group:
PipeChina
Sinopec Finance Co., Ltd.
Sinopec Capital
Zhongtian Synergetic Energy
Aviation Fuel

Joint ventures of the Group:
FREP
BASF-YPC
INEOS (Ningbo)
Sinopec SABIC Tianjin
Shanghai SECCO

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

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

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

	Note	The Group Six-month period ended 30 June **2026** **RMB million**	 2025 RMB million
Sales of goods	(i)	213,572	187,531
Purchases	(ii)	126,891	95,538
Transportation and storage	(iii)	11,892	12,431
Exploration and development services	(iv)	12,783	13,815
Production related services	(v)	15,935	12,117
Agency commission income	(vi)	63	49
Interest income	(vii)	1,320	1,323
Interest expense	(viii)	557	494
Net deposits placed with from related parties	(vii)	(9,422)	(15,287)
Net funds obtained from related parties	(ix)	20,751	21,689

The amounts set out in the table above in respect of the six-month periods ended 30 June 2026 and 2025 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2026 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB114,255 million (six-month period ended 30 June 2025: RMB74,287 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB107,235 million (six-month period ended 30 June 2025: RMB67,422 million), lease charges for land, buildings and others paid by the Group of RMB5,637 million, RMB634 million and RMB192 million (six-month period ended 30 June 2025: RMB5,591 million, RMB607 million and RMB173 million), respectively and interest expenses of RMB557 million (six-month period ended 30 June 2025: RMB494 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB74,846 million (six-month period ended 30 June 2025: RMB39,529 million), comprising RMB73,464 million (six-month period ended 30 June 2025: RMB38,173 million) for sales of goods, RMB1,320 million (six-month period ended 30 June 2025: RMB1,323 million) for interest income and RMB62 million (six-month period ended 30 June 2025: RMB33 million) for agency commission income.

For the six-month period ended 30 June 2026, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,641 million, RMB637 million and RMB202 million (six-month period ended 30 June 2025: RMB5,594 million, RMB611 million and RMB189 million). Interest expense on lease liabilities is RMB3,688 million (six-month period ended 30 June 2025: RMB3,784 million). For the six-month period ended 30 June 2026, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group.

As of 30 June 2026 and 31 December 2025, the Group's guarantee on bank credit to associated companies and joint ventures is shown in Note 63 (b). In addition, the Group has no other bank guarantee for Sinopec Group and its subsidiaries, associates and joint ventures.

Notes:

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

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

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

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

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

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

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

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

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

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

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

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group; and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2026. The terms of these agreements are summarised as follows:

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

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

(b) The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement.

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

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

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

(f) On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to "Mutual Supply Agreement" and "Buildings Leasing Contract".

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

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

The balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures at 30 June 2026 and 31 December 2025 are as follows:

	The ultimate holding company		Other related companies	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Cash at bank and on hand	–	–	83,993	74,571
Accounts receivable	1	–	19,461	12,982
Receivables financing	–	–	50	41
Other receivables	305	68	15,736	20,517
Prepayments and other current assets	107	177	1,310	747
Other non-current assets	–	–	5,107	7,072
Bills payable	–	–	10,634	10,693
Accounts payable	22	28	17,013	12,263
Contract liabilities	12	12	3,866	4,334
Other payables and other current liabilities	567	21	31,407	28,382
Other non-current liabilities	–	–	10,336	9,536
Short-term loans	–	–	14,016	6,300
Long-term loans (including current portion)	–	–	20,477	25,737
Lease liabilities (including current portion)	58,836	58,727	91,570	92,211

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 23 and Note 32.

As at and for the six-month period ended 30 June 2026, and as at and for the year ended 31 December 2025, no individually significant impairment losses for bad and doubtful debts were recorded in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

(5) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group (the supervisory committee was abolished in December 2025). The key management personnel compensations are as follows:

	Six-month period ended 30 June	
	2026 RMB thousand	2025 RMB thousand
Short-term employee benefits	2,324	4,617
Retirement scheme contributions	100	294
Total	**2,424**	**4,911**

60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Oil and gas properties and reserves

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

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

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

(b) Impairment for assets

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

(c) Depreciation

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

(d) Measurement of expected credit losses

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

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

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

60 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(e) Allowance for diminution in value of inventories

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

61 PRINCIPAL SUBSIDIARIES

The Company's principal subsidiaries have been consolidated into the Group's financial statements for the six-month period ended 30 June 2026. The following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group:

Full name of enterprise	Principal activities	Registered capital/paid-up capital million	Actual investment at 30 June 2026 million	Percentage of equity interest/ voting right held by the Group %	Non-controlling Interests at 30 June 2026 RMB million
(a) Subsidiaries acquired through group restructuring:					
China Petrochemical International Company Limited	Trading of petrochemical products	RMB1,400	RMB1,856	100.00	12
China International United Petroleum and Chemical Company Limited	Trading of crude oil and petrochemical products	RMB5,000	RMB6,585	100.00	6,105
Sinopec Catalyst Company Limited	Production and sale of catalyst products	RMB1,500	RMB2,981	100.00	368
Sinopec Yangzi Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB15,651	RMB15,756	100.00	–
Sinopec Lubricant Company Limited	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials	RMB3,374	RMB3,374	100.00	84
Sinopec Yizheng Chemical Fibre Limited Liability Company	Production and sale of polyester chips and polyester fibres	RMB4,000	RMB7,437	100.00	–
Sinopec (Henan) Refining and Chemical Company Limited	Manufacturing intermediate petrochemical products and petroleum products	RMB1,843	RMB2,248	100.00	–
Sinopec Marketing Company Limited ("Marketing Company")	Sales of refined oil products	RMB28,403	RMB20,000	70.43	84,454
Sinopec Kantons Holdings Limited ("Sinopec Kantons")	Operating and providing crude oil terminal services and natural gas pipeline transportation services	HKD248	HKD3,952	60.33	5,933
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical")	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products	RMB10,543	RMB5,462	51.81	12,365
Fujian Petrochemical Company Limited ("Fujian Petrochemical") (i)	Manufacturing of plastics, intermediate petrochemical products and petroleum products	RMB10,492	RMB6,326	50.00	4,499
(b) Subsidiaries established by the Group:					
Sinopec International Petroleum Exploration and Production Limited ("SIPL")	Investment in exploration, production and sale of petroleum and natural gas	RMB8,250	RMB8,250	100.00	4,900
Sinopec Overseas Investment Holding Limited ("SOIH")	Investment holding of overseas business	USD4,945	USD4,945	100.00	–
Sinopec Chemical Sales Company Limited	Marketing and distribution of petrochemical products	RMB1,000	RMB1,165	100.00	162
Sinopec Great Wall Energy & Chemical Company Limited	Coal chemical industry investment management, production and sale of coal chemical products	RMB26,087	RMB22,988	100.00	25
Sinopec Beihai Refining and Chemical Limited Liability Company	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products	RMB5,294	RMB5,240	98.98	137
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	Crude oil processing and petroleum products manufacturing	RMB8,168	RMB6,621	90.30	2,249
Sinopec Qingdao Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB5,153	RMB4,380	85.00	2,247
Sinopec-SK (Wuhan) Petrochemical Company Limited ("Sinopec-SK")	Production, sale, research and development of petroleum products, chemical products, ethylene and downstream byproducts	RMB7,193	RMB4,244	59.00	2,435
(c) Subsidiaries acquired through business combination under common control:					
Sinopec Hainan Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB9,698	RMB12,707	100.00	259
Sinopec Qingdao Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB1,595	RMB7,233	100.00	–
Sinopec Shanghai Gaoqiao Petrochemical Company Limited ("Gaoqiao Petrochemical")	Manufacturing of intermediate petrochemical products and petroleum products	RMB10,000	RMB4,804	55.00	9,767
Sinopec Hunan Petrochemical Company Limited ("Hunan Petrochemical")	Crude oil processing and petroleum products manufacturing	RMB7,333	RMB5,478	74.69	3,711

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

61 PRINCIPAL SUBSIDIARIES *(Continued)*

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

Note:

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

Summarised financial information on subsidiaries with material non-controlling interests

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

Summarised consolidated balance sheet

	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	At 30 June 2026 RMB million	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million	**At 30 June 2026 RMB million**	At 31 December 2025 RMB million
Current assets	228,354	216,357	19,481	19,472	15,927	15,177	2,812	3,474	17,389	16,529	4,722	4,703
Current liabilities	(229,424)	(226,993)	(1,074)	(984)	(14,657)	(16,260)	(115)	(141)	(6,241)	(5,736)	(15,236)	(15,901)
Net current (liabilities)/assets	**(1,070)**	**(10,636)**	**18,407**	**18,488**	**1,270**	**(1,083)**	**2,697**	**3,333**	**11,148**	**10,793**	**(10,514)**	**(11,198)**
Non-current assets	308,122	317,140	12,444	12,630	26,990	27,380	12,399	11,787	13,564	13,850	30,444	30,779
Non-current liabilities	(48,428)	(49,803)	(13,340)	(13,438)	(3,760)	(2,670)	(199)	(172)	(3,020)	(3,045)	(5,269)	(4,884)
Net non-current assets/(liabilities)	**259,694**	**267,337**	**(896)**	**(808)**	**23,230**	**24,710**	**12,200**	**11,615**	**10,544**	**10,805**	**25,175**	**25,895**

Summarised consolidated statement of comprehensive income and cash flow

Six-month period ended 30 June	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2026 RMB million	2025 RMB million	**2026 RMB million**	2025 RMB million	**2026 RMB million**	2025 RMB million	**2026 RMB million**	2025 RMB million	**2026 RMB million**	2025 RMB million	**2026 RMB million**	2025 RMB million
Turnover	739,746	750,908	1,117	1,065	38,992	39,523	311	283	29,752	19,485	29,988	21,813
Net profit/(loss) for the period	6,290	6,942	817	(515)	283	(461)	340	519	78	(258)	(50)	(968)
Total comprehensive income	**7,325**	**7,485**	**(169)**	**1,505**	**317**	**(446)**	**277**	**529**	**81**	**(257)**	**(54)**	**(964)**
Comprehensive income attributable to non-controlling interests	2,838	2,740	(9)	540	144	(214)	110	210	35	(115)	(13)	(244)
Dividends paid to non-controlling interests	2,380	636	–	1,987	2	107	130	136	–	–	–	–
Net cash flow generated from/ (used in) operating activities	**980**	**22,855**	**379**	**536**	**(841)**	**779**	**116**	**68**	**693**	**(1,565)**	**1,538**	**(73)**

62 COMMITMENTS

Capital commitments

At 30 June 2026 and 31 December 2025, the capital commitments of the Group are as follows:

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Authorised and contracted for (i)	116,969	170,368
Authorised but not contracted for	88,911	87,592
Total	**205,880**	**257,960**

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.

Notes:

(i) On June 30, 2026, the investment commitment of the Group is RMB21,502 million (31 December 2025: RMB21,756 million).

62 COMMITMENTS *(Continued)*

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase specified volume of products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of the production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

Estimated future annual payments are as follows:

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Within one year	267	270
Between one and two years	138	141
Between two and three years	82	78
Between three and four years	83	79
Between four and five years	78	74
Thereafter	880	834
Total	**1,528**	**1,476**

The implementation of commitments in previous year and the Group's commitments did not have material discrepancy.

63 CONTINGENT LIABILITIES

(a) The Company has been advised by its PRC lawyers that, except for liabilities constituting or arising from or relating to the business assumed by the Company in the Reorganisation, no other liabilities were assumed by the Company, and the Company is not jointly and severally liable for other debts and obligations incurred by Sinopec Group Company prior to the Reorganisation.

(b) At 30 June 2026 and 31 December 2025, the guarantees by the Group in respect of credit facilities, supply agreement and engineering services agreement granted to the parties below are as follows:

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Joint ventures (Note i)	4,081	3,522
Associates (Note ii)	2,285	1,901
Total	**6,366**	**5,423**

Note (i): The Group provided guarantees in respect to standby credit facilities amounting to RMB11,500 million (31 December 2025: RMB7,100 million) to certain joint ventures. As at 30 June 2026, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) from banks and guaranteed by the Group was RMB4,081 million (31 December 2025: RMB3,522 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under an certain agreement amount to RMB16,550 million (31 December 2025: RMB17,080 million). As at 30 June 2026, there has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2025: Nil).

Note (ii): The Group provides guarantees for a joint venture company to accept loans, with a total committed guarantee amount of RMB4,307 million (31 December 2025: RMB4,307 million). As of 30 June 2026, the actual withdrawal amount of the guaranteed company (corresponding to the proportion of equity held by the Group) and the total guarantee amount of the Group amounted to RMB2,285 million (31 December 2025: RMB1,901 million).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2026 and 31 December 2025, the Group estimates that there is no material liability has been accrued for ECLs related to the Group's obligation under these guarantee arrangements.

63 CONTINGENT LIABILITIES *(Continued)*

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group recognised normal routine pollutant discharge fees of approximately RMB6,716 million in the consolidated financial statements for the six-month period ended 30 June 2026 (six-month period ended 30 June 2025: RMB6,867 million).

Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

64 SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments. The format is based on the Group's management and internal reporting structure.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Exploration and production — which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.

(ii) Refining — which processes and purifies crude oil, which is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.

(iii) Marketing and distribution — which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline, diesel and natural gas) in the PRC through wholesale and retail sales networks.

(iv) Chemicals — which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products to external customers.

(v) Corporate and others — which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash at bank and on hand, long-term equity investments, deferred tax assets and other unallocated assets. Segment liabilities exclude short-term loans, non-current liabilities due within one year, long-term loans, debentures payable, deferred tax liabilities, other non-current liabilities and other unallocated liabilities.

64 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

Reportable information on the Group's operating segments is as follows:

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Income from principal operations		
Exploration and production		
External sales	76,572	82,883
Inter-segment sales	76,727	60,349
	153,299	**143,232**
Refining		
External sales	90,335	80,040
Inter-segment sales	610,251	576,790
	700,586	**656,830**
Marketing and distribution		
External sales	716,429	727,814
Inter-segment sales	4,817	3,703
	721,246	**731,517**
Chemicals		
External sales	192,798	196,479
Inter-segment sales	42,425	42,060
	235,223	**238,539**
Corporate and others		
External sales	333,246	293,171
Inter-segment sales	381,310	368,526
	714,556	**661,697**
Elimination of inter-segment sales	(1,115,530)	(1,051,428)
Consolidated income from principal operations	**1,409,380**	**1,380,387**
Income from other operations		
Exploration and production	1,290	1,424
Refining	1,610	1,494
Marketing and distribution	20,016	21,070
Chemicals	2,910	3,399
Corporate and others	1,355	1,278
Consolidated income from other operations	**27,181**	**28,665**
Consolidated operating income	**1,436,561**	**1,409,052**

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Operating profit/(loss)		
By segment		
Exploration and production	27,191	21,267
Refining	16,457	2,597
Marketing and distribution	5,428	7,170
Chemicals	(878)	(4,518)
Corporate and others	23,226	(3,213)
Elimination	(14,340)	870
Total segment operating profit	**57,084**	**24,173**
Investment income/(loss)		
Exploration and production	1,434	1,830
Refining	470	(225)
Marketing and distribution	4,432	1,419
Chemicals	(318)	(1,053)
Corporate and others	(19,959)	5,746
Total segment investment (loss)/income	**(13,941)**	**7,717**
Less: Financial expenses	6,652	8,426
Add: Other income	2,159	3,288
(Losses)/gains from changes in fair value	(2,394)	1,785
Asset disposal gains	700	557
Operating profit	**36,956**	**29,094**
Add: Non-operating income	829	722
Less: Non-operating expenses	1,141	1,049
Profit before taxation	**36,644**	**28,767**

64 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Assets		
Segment assets		
Exploration and production	505,440	507,683
Refining	300,323	310,708
Marketing and distribution	371,623	375,973
Chemicals	319,279	318,180
Corporate and others	197,219	155,069
Total segment assets	**1,693,884**	**1,667,613**
Cash at bank and on hand	187,272	152,318
Long-term equity investments	256,242	252,114
Deferred tax assets	21,709	20,082
Other unallocated assets	40,259	63,490
Total assets	**2,199,366**	**2,155,617**
Liabilities		
Segment liabilities		
Exploration and production	197,216	189,396
Refining	71,111	67,047
Marketing and distribution	221,756	228,242
Chemicals	102,510	106,113
Corporate and others	139,944	157,582
Total segment liabilities	**732,537**	**748,380**
Short-term loans	75,177	29,455
Non-current liabilities due within one year	70,709	110,557
Long-term loans	188,467	182,968
Debentures payable	78,179	52,296
Deferred tax liabilities	7,115	6,401
Other non-current liabilities	19,685	17,134
Other unallocated liabilities	21,713	18,654
Total liabilities	**1,193,582**	**1,165,845**

	Six-month period ended 30 June	
	2026 RMB million	2025 RMB million
Capital expenditure		
Exploration and production	28,417	27,609
Refining	6,873	5,518
Marketing and distribution	2,358	2,754
Chemicals	9,791	7,348
Corporate and others	1,241	539
	48,680	**43,768**
Depreciation, depletion and amortisation		
Exploration and production	27,823	25,926
Refining	10,510	10,122
Marketing and distribution	12,382	12,230
Chemicals	10,496	10,391
Corporate and others	2,258	2,486
	63,469	**61,155**
Impairment losses on long-lived assets		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	3	–
Chemicals	7	–
Corporate and others	–	–
	10	**–**

64 SEGMENT REPORTING *(Continued)*

(2) Geographical information

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets are analysed by different regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. Six-month period ended 30 June 2026, the Group's external sales and non-current assets from mainland China were RMB1,118,338 million (six-month period ended 30 June 2025: RMB1,128,512 million) and RMB1,521,436 million (31 December 2025: RMB1,546,733 million), respectively. The proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 77.8% (six-month period ended 30 June 2025: 80.1%) and 96.5% (31 December 2025: 96.5%) respectively. In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

65 FINANCIAL INSTRUMENTS

Overview

Financial assets of the Group include cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and other equity instrument investments. Financial liabilities of the Group include short-term loans, derivative financial liabilities, bills payable, accounts payable, employee benefits payable, other payables, long-term loans, debentures payable and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

• credit risk;

• liquidity risk; and

• market risk.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's accounts receivable relates to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total accounts receivable at 30 June 2026, except for the amounts due from Sinopec Group Company and fellow subsidiaries. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable. The Group maintains an impairment loss for doubtful accounts and actual losses have been within management's expectations.

The carrying amounts of cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and long-term receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

65 FINANCIAL INSTRUMENTS *(Continued)*

Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is accounts receivable, receivables financing and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For accounts receivable, and receivables financing, the Group applies the "No.22 Accounting Standards for Business Enterprises – Financial instruments: recognition and measurement" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable, and receivables financing.

To measure the expected credit losses, accounts receivable, and receivables financing have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2026 or 31 December 2025, respectively, and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the accounts receivable, and receivables financing.

The detailed analysis of accounts receivable and receivables financing is listed in Note 7 and Note 8.

The Group's other receivables (Note 10) are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected credit losses. The Group considers "low credit risk" for other receivables when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

Liquidity risk is the risk that the Group encounters short fall of capital when meeting its obligation of financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed capital conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group prepares monthly cash flow budget to ensure that they will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the liquidity risk.

At 30 June 2026, the Group has standby credit facilities with several PRC financial institutions which provide the Group to borrow up to RMB707,801 million (31 December 2025: RMB704,827 million) on an unsecured basis, at a weighted average interest rate of 2.02% per annum (31 December 2025: 2.20%). At 30 June 2026, the Group's outstanding borrowings under these facilities were RMB75,093 million (31 December 2025: RMB29,421 million) and were included in loans.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	At 30 June 2026					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	75,177	75,819	75,819	–	–	–
Derivative financial liabilities	3,180	3,180	3,180	–	–	–
Bills payable	65,110	65,110	65,110	–	–	–
Accounts payable	176,680	176,680	176,680	–	–	–
Other payables	107,371	107,371	107,371	–	–	–
Non-current liabilities due within one year	70,280	71,638	71,638	–	–	–
Long-term loans	188,467	238,446	42,391	85,139	65,258	45,658
Debentures payable	78,179	90,821	2,199	10,461	46,970	31,191
Lease liabilities	156,305	230,008	–	11,349	33,633	185,026
Total	**920,749**	**1,059,073**	**544,388**	**106,949**	**145,861**	**261,875**

65 FINANCIAL INSTRUMENTS *(Continued)*

Liquidity risk *(Continued)*

	At 31 December 2025					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	29,455	32,115	32,115	–	–	–
Derivative financial liabilities	5,676	5,676	5,676	–	–	–
Bills payable	66,457	66,457	66,457	–	–	–
Accounts payable	197,002	197,002	197,002	–	–	–
Other payables	99,619	99,619	99,619	–	–	–
Non-current liabilities due within one year	110,524	112,258	112,258	–	–	–
Long-term loans	182,968	196,185	2,809	60,427	85,754	47,195
Debentures payable	52,296	60,075	1,728	5,123	24,940	28,284
Lease liabilities	157,407	232,881	–	11,313	33,384	188,184
Total	**901,404**	**1,002,268**	**517,664**	**76,863**	**144,078**	**263,663**

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term loans. Loans carrying interest at variable interest rates and at fixed interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term loans of the Group are disclosed in Note 23 and Note 32, respectively.

At 30 June 2026, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's net profit for the period by approximately RMB1,106 million (31 December 2025: decrease/increase RMB1,533 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the balance sheet date with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2025.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of such risk.

Evaluate and monitor market risk exposure arising from trading positions based on dynamic market research and judgment, combined with resource demand and production and management plans, to continuously manage and hedge the risk of commodity price fluctuations arising from market changes.

At 30 June 2026, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. At 30 June 2026, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's net profit for the period by approximately RMB1,624 million (31 December 2025: increase/decrease RMB4,385 million), and decrease/increase the Group's other comprehensive income by approximately RMB2,542 million (31 December 2025: decrease/increase RMB8,812 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the balance sheet date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2025.

65 FINANCIAL INSTRUMENTS *(Continued)*

Market risk *(Continued)*

(c) Commodity price risk and hedge accounting *(Continued)*

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group Six-month period ended 30 June **2026** **RMB million**	 2025 RMB million
Beginning of the period	4,257	3,338
Effective portion of changes in fair value of hedging instruments recognised during the period	(419)	101
Reclassification adjustments for amounts transferred to the consolidated income statement	11,133	(1,382)
Amounts transferred to initial carrying amount of hedged items	(5,614)	14
Related tax	(786)	136
End of the period	**8,571**	**2,207**

The ineffective portion of cash flow hedge relationship is disclosed in Note 51 and Note 52.

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy. With the fair value of each financial instrument categorised in its entirely based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 30 June 2026

The Group

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets held for trading:				
– Fund investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	7,316	2,841	–	10,157
Receivables financing:				
– Receivables financing	–	–	18,114	18,114
Other equity instrument investments:				
– Other investments	3,903	–	282	4,185
	11,222	**2,841**	**18,396**	**32,459**
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	2,352	828	–	3,180
	2,352	**828**	**–**	**3,180**

65 FINANCIAL INSTRUMENTS *(Continued)*

Fair values *(Continued)*

(i) Financial instruments carried at fair value *(Continued)*

At 31 December 2025

The Group

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets held for trading:				
– Fund investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	758	604	–	1,362
Receivables financing:				
– Receivables financing	–	–	5,340	5,340
Other equity instrument investments:				
– Other investments	6,840	–	316	7,156
	7,602	**604**	**5,656**	**13,862**
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	3,796	1,880	–	5,676
	3,796	**1,880**	**–**	**5,676**

During the six-month period ended 30 June 2026, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the receivables financing classified as Level 3 financial assets.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.58% to 3.68% (31 December 2025: from 1.80% to 3.87%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2026 and 31 December 2025:

	At 30 June 2026 RMB million	At 31 December 2025 RMB million
Carrying amount	296,216	300,328
Fair value	288,764	261,898

The Group has not developed an internal valuation model necessary to estimate the fair value of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair value because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on Group's existing capital structure and the terms of the borrowings. The cost of obtaining the discount rate and interest rate of similar borrowings is unduly high. Therefore, it is not feasible to assess the fair value of such borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2026 and 31 December 2025.

66 BASIC AND DILUTED EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by the net profit attributable to shareholders of the Company and the weighted average number of outstanding ordinary shares of the Company:

	Six-month period ended 30 June	
	2026	2025
Net profit attributable to shareholders of the Company (RMB million)	25,627	21,483
Weighted average number of outstanding ordinary shares of the Company (million shares)	120,922	121,262
Basic earnings per share (RMB/share)	**0.212**	**0.177**

The calculation of the weighted average number of ordinary shares is as follows:

	Six-month period ended 30 June	
	2026	2025
Number of outstanding ordinary shares of the Company at 1 January (million shares)	120,926	121,282
Impact of repurchasing shares (million shares)	(4)	(20)
Weighted average number of outstanding ordinary shares of the Company at 30 June (million shares)	**120,922**	**121,262**

(ii) Diluted earnings per share

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

67 RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No.9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

Six-month period ended 30 June	**2026**			2025		
	Weighted average return on net assets (%)	**Basic earnings per share (RMB/Share)**	**Diluted earnings per share (RMB/Share)**	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profit attributable to the Company’s ordinary equity shareholders	**3.06**	**0.212**	**0.212**	2.61	0.177	0.177
Net profit deducted extraordinary gains and losses attributable to the Company’s ordinary equity shareholders	**3.02**	**0.209**	**0.209**	2.58	0.175	0.175

68 NON-RECURRING PROFIT/LOSS ITEMS

According to the Interpretation announcement No. 1 – Non-recurring profit or loss of Information Disclosure of Companies Issuing Securities to the Public (2023), the non-recurring Profit and Loss of the Group is listed as follows:

Six-month period ended 30 June Non-recurring (profit)/loss items	**2026** **RMB million**	2025 RMB million
Net income from disposal of non-current assets	(700)	(557)
Donation expenses	18	42
Government grants	(437)	(453)
Gains on holding and disposal of businesses and investments	(129)	(71)
Other non-recurring net expenses	379	330
Subtotal	**(869)**	**(709)**
Corresponding tax adjustments	398	256
Total	**(471)**	**(453)**
Including:		
Non-recurring profit or loss affecting net profit of parent shareholders	(354)	(268)
Non-recurring profit or loss affecting net profit of non-controlling shareholders	(117)	(185)

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF CHINA PETROLEUM & CHEMICAL CORPORATION
(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 115 to 150 which comprises the consolidated statement of financial position of China Petroleum & Chemical Corporation (the "Company") as of 30 June 2026 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2026 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG

Certified Public Accountants

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

21 August 2026

UNAUDITED INTERIM CONSOLIDATED INCOME STATEMENT

For the six-month period ended 30 June 2026
(Amounts in million, except per share data)

	Note	Six-month period ended 30 June 2026 RMB	2025 RMB
Revenue			
Revenue from primary business	3	1,409,380	1,380,387
Other operating revenues		27,181	28,665
Total revenue		**1,436,561**	**1,409,052**
Operating expenses			
Purchased crude oil, products and operating supplies and expenses		(1,096,936)	(1,118,440)
Selling, general and administrative expenses		(26,126)	(25,869)
Depreciation, depletion and amortisation		(63,469)	(61,155)
Exploration expenses, including dry holes		(5,151)	(5,646)
Personnel expenses		(52,385)	(49,442)
Taxes other than income tax	4	(134,418)	(123,351)
Impairment reversals on trade and other receivables		23	138
Other operating (expense)/income, net		(20,889)	8,136
Total operating expenses		**(1,399,351)**	**(1,375,629)**
Operating profit		**37,210**	**33,423**
Finance costs			
Interest expense		(9,636)	(9,737)
Interest income		2,558	2,807
Foreign currency exchange gains/(losses), net		426	(1,496)
Net finance costs		**(6,652)**	**(8,426)**
Investment income		134	75
Share of profits from associates and joint ventures		6,989	6,045
Profit before taxation		**37,681**	**31,117**
Income tax expense	5	(6,651)	(5,207)
Profit for the period		**31,030**	**25,910**
Attributable to:			
Shareholders of the Company		26,567	23,752
Non-controlling interests		4,463	2,158
Profit for the period		**31,030**	**25,910**
Earnings per share:			
Basic	7	**0.220**	**0.196**
Diluted	7	**0.220**	**0.196**

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report. Details of dividends payable to shareholders of the Company attributable to the profit for the period are set out in Note 6.

For the six-month period ended 30 June 2026

(Amounts in million)

	Note	Six-month period ended 30 June 2026 RMB	2025 RMB
Profit for the period		**31,030**	**25,910**
Other comprehensive income:			
Other comprehensive income (net of tax) attributable to shareholders of the Company		4,959	1,955
Items that will not be reclassified to profit or loss			
Changes in fair value of investments in other equity instruments		1,800	608
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of associates and joint ventures		302	3,205
Cash flow hedges		7,938	(1,185)
Foreign currency translation differences		(5,081)	(673)
Other comprehensive income (net of tax) attributable to non-controlling interests		816	1,155
Total other comprehensive income net of tax		**5,775**	**3,110**
Total comprehensive income for the period		**36,805**	**29,020**
Attributable to:			
Shareholders of the Company		31,526	25,707
Non-controlling interests		5,279	3,313

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

(Amounts in million)

	Note	**30 June 2026 RMB**	31 December 2025 RMB
Non-current assets			
Property, plant and equipment, net	8	761,863	770,198
Construction in progress	9	197,748	195,196
Right-of-use assets	10	263,138	264,972
Goodwill		5,457	5,476
Interest in associates		179,814	174,066
Interest in joint ventures		74,296	75,916
Financial assets at fair value through other comprehensive income	14	4,185	7,156
Deferred tax assets		21,709	20,082
Long-term prepayments and other assets	11	95,111	117,682
Total non-current assets		**1,603,321**	**1,630,744**
Current assets			
Cash and cash equivalents		102,591	81,053
Time deposits with financial institutions		83,177	69,820
Financial assets at fair value through profit or loss		3	4
Derivative financial assets	12	10,157	1,362
Trade accounts receivable	13	73,809	51,172
Financial assets at fair value through other comprehensive income	14	18,114	5,340
Inventories		223,319	230,811
Prepaid expenses and other current assets		82,743	83,179
Total current assets		**593,913**	**522,741**
Current liabilities			
Short-term debts	15	110,528	108,335
Loans from Sinopec Group Company and fellow subsidiaries	15	14,696	11,921
Lease liabilities	16	18,771	18,079
Derivative financial liabilities	12	3,180	5,676
Trade accounts payable and bills payable	17	241,790	263,459
Contract liabilities		115,592	126,395
Other payables		184,954	163,081
Income tax payable		2,410	1,607
Total current liabilities		**691,921**	**698,553**
Net current liabilities		**98,008**	**175,812**
Total assets less current liabilities		**1,505,313**	**1,454,932**
Non-current liabilities			
Long-term debts	15	246,849	215,148
Loans from Sinopec Group Company and fellow subsidiaries	15	19,797	20,116
Lease liabilities	16	156,305	157,407
Deferred tax liabilities		7,115	6,401
Provisions		51,910	51,086
Other long-term liabilities		20,430	17,898
Total non-current liabilities		**502,406**	**468,056**
Net assets		**1,002,907**	**986,876**
Equity			
Share capital	18	120,926	120,926
Reserves		719,975	706,537
Total equity attributable to shareholders of the Company		**840,901**	**827,463**
Non-controlling interests		**162,006**	**159,413**
Total equity		**1,002,907**	**986,876**

These financial statements have been approved and authorised for issue by the board of directors on 21 August 2026.

Hou Qijun	**Wan Tao**	**Shou Donghua**
Chairman	*President*	*Chief Financial Officer*
(Legal representative)		

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended 30 June 2025

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Treasury shares RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2025	121,282	29,099	58,993	(1)	110,663	117,000	2,084	376,695	815,815	156,332	972,147
Profit for the period	–	–	–	–	–	–	–	23,752	23,752	2,158	25,910
Other comprehensive income	–	–	–	–	–	–	1,955	–	1,955	1,155	3,110
Total comprehensive income for the period	–	–	–	–	–	–	1,955	23,752	25,707	3,313	29,020
Amounts transferred to initial carrying amount of hedged items	–	–	–	–	–	–	(4)	–	(4)	48	44
Transactions with owners, recorded directly in equity:											
Purchase of own shares (Note 18)	–	–	–	(138)	–	–	–	–	(138)	–	(138)
Cancellation of repurchased own shares (Note 18)	(37)	–	(102)	139	–	–	–	–	–	–	–
Contributions by and distributions to owners:											
Final dividend for 2024 (Note 6)	–	–	–	–	–	–	–	(16,974)	(16,974)	–	(16,974)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	(3,270)	(3,270)
Contributions to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	–	744	744
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(16,974)	(16,974)	(2,526)	(19,500)
Transactions with non-controlling interests	–	(28)	–	–	–	–	–	–	(28)	(24)	(52)
Total transactions with owners	(37)	(28)	(102)	1	–	–	–	(16,974)	(17,140)	(2,550)	(19,690)
Other equity movements under the equity method	–	60	–	–	–	–	–	–	60	8	68
Others	–	127	–	–	–	–	1,048	(1,048)	127	(203)	(76)
Balance at 30 June 2025	**121,245**	**29,258**	**58,891**	**-**	**110,663**	**117,000**	**5,083**	**382,425**	**824,565**	**156,948**	**981,513**

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Treasury shares RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2026	120,926	29,748	57,794	–	114,226	117,000	9,321	378,448	827,463	159,413	986,876
Profit for the period	–	–	–	–	–	–	–	26,567	26,567	4,463	31,030
Other comprehensive income	–	–	–	–	–	–	4,959	–	4,959	816	5,775
Total comprehensive income for the period	–	–	–	–	–	–	4,959	26,567	31,526	5,279	36,805
Amounts transferred to initial carrying amount of hedged items	–	–	–	–	–	–	(4,366)	–	(4,366)	(657)	(5,023)
Transactions with owners, recorded directly in equity:											
Purchase of own shares (Note 18)	–	–	–	(318)	–	–	–	–	(318)	–	(318)
Contributions by and distributions to owners:											
Final dividend for 2025 (Note 6)	–	–	–	–	–	–	–	(13,544)	(13,544)	–	(13,544)
Distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	(3,138)	(3,138)
Contributions to subsidiaries from non-controlling interests	–	–	–	–	–	–	–	–	–	1,112	1,112
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(13,544)	(13,544)	(2,026)	(15,570)
Transactions with non-controlling interests	–	–	–	–	–	–	–	–	–	(1)	(1)
Total transactions with owners	–	–	–	(318)	–	–	–	(13,544)	(13,862)	(2,027)	(15,889)
Other comprehensive income transferred to retained earnings	–	–	–	–	–	–	2,326	(2,326)	–	–	–
Other equity movements under the equity method	–	142	–	–	–	–	–	–	142	6	148
Others	–	(2)	–	–	–	–	923	(923)	(2)	(8)	(10)
Balance at 30 June 2026	**120,926**	**29,888**	**57,794**	**(318)**	**114,226**	**117,000**	**13,163**	**388,222**	**840,901**	**162,006**	**1,002,907**

Notes:

(a) The usage of the discretionary surplus reserve is similar to that of statutory surplus reserve.

(b) As at 30 June 2026, the amount of retained earnings available for distribution was RMB123,913 million (30 June 2025: RMB106,043 million), being the amount determined in accordance with CASs. According to the Articles of Association of the Company, the amount of retained earnings available for distribution to shareholders of the Company is lower of the amount determined in accordance with the accounting policies complying with CASs and the amount determined in accordance with the accounting policies complying with IFRS Accounting Standards.

(c) The capital reserve primarily represents (i) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation (Note 1); and (ii) the difference between the considerations paid over or received the amount of the net assets of entities and related operations acquired from or sold to Sinopec Group Company and non-controlling interests.

(d) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

(Amounts in million)

	Note	Six-month period ended 30 June	
		2026	2025
		RMB	RMB
Net cash generated from operating activities	(a)	**62,499**	**61,016**
Investing activities			
Capital expenditure		(53,246)	(45,185)
Exploratory wells expenditure		(6,834)	(7,422)
Purchase of investments		(2,541)	(6,277)
Proceeds from disposal of investments		5,907	70
Proceeds from disposal of property, plant, equipment and other non-current assets		374	588
Increase in time deposits with maturities over three months		(46,242)	(43,346)
Decrease in time deposits with maturities over three months		49,340	37,983
Interest received		1,824	1,561
Investment and dividend income received		2,760	2,643
Proceeds from/(payments of) other investing activities		166	(583)
Net cash used in investing activities		**(48,492)**	**(59,968)**
Financing activities			
Proceeds from bank and other loans		414,603	254,938
Repayments of bank and other loans		(378,417)	(207,282)
Contributions to subsidiaries from non-controlling interests		1,334	834
Dividends paid by the Company		(13,544)	(16,974)
Distributions by subsidiaries to non-controlling interests		(1,126)	(2,710)
Interest paid		(4,008)	(3,495)
Non-controlling shareholders' decrease of capital		(2)	(69)
Cash payments to purchase own shares		(318)	(138)
Repayments of lease liabilities		(10,399)	(9,289)
Proceeds from other financing activities		613	18
Payments of other financing activities		(334)	(738)
Net cash generated from financing activities		**8,402**	**15,095**
Net increase in cash and cash equivalents		**22,409**	**16,143**
Cash and cash equivalents at 1 January		**81,053**	**91,295**
Effect of foreign currency exchange rate changes		**(871)**	**276**
Cash and cash equivalents at 30 June		**102,591**	**107,714**

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

(Amounts in million)

(a) Reconciliation from profit before taxation to net cash generated from operating activities

	Six-month period ended 30 June 2026 RMB	2025 RMB
Operating activities		
Profit before taxation	37,681	31,117
Adjustments for:		
Depreciation, depletion and amortisation	63,469	61,155
Dry hole costs written off	4,125	4,571
Share of profits from associates and joint ventures	(6,989)	(6,045)
Investment income	(134)	(75)
Interest income	(2,558)	(2,807)
Interest expense	9,636	9,737
Losses/(gains) on foreign currency exchange rate changes and derivative financial instruments	23,191	(2,466)
Gain on disposal of property, plant, equipment and other non-current assets, net	(564)	(313)
Impairment losses on assets	15,681	2,289
Impairment reversal on trade and other receivables	(23)	(138)
	143,515	**97,025**
Net changes from:		
Accounts receivable and other current assets	(48,041)	(29,942)
Inventories	(8,191)	(2,442)
Accounts payable and other current liabilities	(15,661)	4,984
	71,622	**69,625**
Income tax paid	(9,123)	(8,609)
Net cash generated from operating activities	**62,499**	**61,016**

Notes to the financial statements on pages 122 to 150 are parts of the interim financial report.

1 PRINCIPAL ACTIVITIES AND ORGANISATION

Principal activities

China Petroleum & Chemical Corporation (the "Company") is an energy and chemical company incorporated in the People's Republic of China (the "PRC") that, through its subsidiaries (hereinafter collectively referred to as the "Group"), engages in oil and gas and chemical operations. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.

Organisation

The Company was established in the PRC on 25 February 2000 as a joint stock limited company as part of the reorganisation (the "Reorganisation") of China Petrochemical Corporation ("Sinopec Group Company"), the ultimate holding company of the Group and a ministry-level enterprise under the direct supervision of the State Council of the PRC. Prior to the incorporation of the Company, the oil and gas and chemical operations of the Group were carried on by oil administration bureaux, petrochemical and refining production enterprises and sales and marketing companies of Sinopec Group Company.

As part of the Reorganisation, certain of Sinopec Group Company's core oil and gas and chemical operations and businesses together with the related assets and liabilities were transferred to the Company. On 25 February 2000, in consideration for Sinopec Group Company transferring such oil and gas and chemical operations and businesses and the related assets and liabilities to the Company, the Company issued 68.8 billion domestic state-owned ordinary shares with a par value of RMB1.00 each to Sinopec Group Company. The shares issued to Sinopec Group Company on 25 February 2000 represented the entire registered and issued share capital of the Company on that date. The oil and gas and chemical operations and businesses transferred to the Company were related to (i) the exploration, development and production of crude oil and natural gas, (ii) the refining, transportation, storage and marketing of crude oil and petroleum products, and (iii) the production and sales of chemicals.

2 BASIS OF PREPARATION

This interim consolidated financial report for the half-year reporting period ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the Group during the interim reporting period.

New and amended standards and interpretations adopted by the Group:

A number of amendments to IFRS Accounting Standards have been issued, which are first effective for the current accounting period. Of these, only the amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*, are relevant to the Group's financial statements. The impacts of adopting these amendments are discussed below.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 BASIS OF PREPARATION *(Continued)*

New and amended standards and interpretations adopted by the Group: *(Continued)*

Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Amendments to the classification and measurement of financial instruments*

The amendments cover three main aspects:

- The amendments clarify when a financial asset or a financial liability is recognised and derecognised. They also introduce an optional exception that permits an entity to derecognise a financial liability before the settlement date when the financial liability is settled in cash using an electronic payment system, provided that specific criteria are met.

- For the assessment of whether a financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the amendments clarify the assessment of interest and introduce an additional test for the financial assets with contingent features. The amendments also clarify the difference between financial assets with non-recourse features and contractually linked instruments which may then change the applicable assessments.

- The amendments introduce new disclosures for disposals of investments in equity instruments designated at FVOCI, and for financial instruments not measured at FVPL which contain contractual terms that could change the amount of contractual cash flows based on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in basic lending risks and costs.

Upon adoption of the amendments, the Group has elected to apply the exception for the derecognition of certain trade payables settled in cash using qualifying electronic payment systems. Under the exception, these trade payables are derecognised when the Group initiates a payment instruction through a qualifying electronic payment system and, as a result, no longer has the practical ability to withdraw, stop, or cancel the payment instruction and to access the cash to be used for settlement, and the settlement risk associated with the payment system is insignificant. The Group has applied this election consistently to all settlements made through the same qualifying electronic payment system.

The adoption of the amendments does not have a material impact on the Group's consolidated financial statements for the periods presented.

The amendments also affect the disclosures to be included in the financial statements in respect of investments in equity instruments designated at FVOCI and financial instruments not measured at FVPL with specified contingent features. Additional disclosure has been included in this interim financial report.

Changes in accounting estimate

(i) Adjustment of the useful lives for chemical facilities and natural gas pipelines

On 28 April 2026, the Company's board of directors approved the adjustment of the useful lives for natural gas pipelines and chemical facilities newly put into operation since the beginning of the 14th Five-Year Plan, following a comprehensive consideration of technical and operational factors and assessments of the economic useful lives of the assets, the useful lives of similar assets adopted by the peers in the industry, as well as an evaluation of the useful lives and actual conditions of the property, plant and equipment.

The useful lives of chemical facilities that were put into operation in and after the 14th Five-Year Plan period are adjusted from 12 years to 16 years, while those of natural gas pipelines are extended from 30 years to 40 years. These changes are effective from 1 January 2026.

This accounting estimate change resulted in a decrease of approximately RMB600 million in depreciation expenses of the Group for the six-month period ended 30 June 2026.

3 REVENUE FROM PRIMARY BUSINESS

Revenue from primary business mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas, which are recognised at a point in time.

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Gasoline	378,243	392,763
Diesel	260,839	268,388
Crude oil	200,225	186,071
Chemical feedstock	24,795	19,610
Basic organic chemicals	98,496	96,824
Synthetic resin	58,447	64,143
Kerosene	123,851	102,849
Natural gas	57,613	49,667
Synthetic fiber monomers and polymers	21,921	21,212
Others (i)	184,950	178,860
	1,409,380	**1,380,387**

Note:

(i) Others are primarily liquefied petroleum gas and other refinery and chemical by-products and joint products.

4 TAXES OTHER THAN INCOME TAX

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Consumption tax (i)	104,122	99,493
City maintenance and construction tax (ii)	9,227	8,861
Special oil income levy	5,497	1,077
Education surcharge (ii)	6,795	6,383
Resources tax	5,028	4,092
Levy for mineral rights concessions	843	722
Others	2,906	2,723
	134,418	**123,351**

Notes:

(i) Consumption tax was levied based on sales quantities of taxable products, tax rates of respective products are presented as below:

Products	RMB/Ton
Gasoline	2,109.76
Diesel	1,411.20
Naphtha	2,105.20
Solvent oil	1,948.64
Lubricant oil	1,711.52
Fuel oil	1,218.00
Jet fuel oil	1,495.20

(ii) City construction tax and education surcharge are levied on an entity based on its paid amount of value-added tax and consumption tax.

5 INCOME TAX EXPENSE

Income tax expense in the consolidated income statement represents:

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Current tax		
– Provision for the period	8,469	5,714
– Adjustment of prior years	(115)	(129)
Deferred taxation	(1,703)	(378)
	6,651	**5,207**

6 DIVIDENDS

Dividends payable to shareholders of the Company attributable to the period represent:

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Interim dividends declared after the date of the statement of financial position of 0.105 per share (2025: RMB0.088 per share)	**12,689**	10,662

Pursuant to the approval at the directors' meeting on 21 August 2026, the interim dividends for the year ending 31 December 2026 of RMB0.105 (2025: RMB0.088) per share totalling RMB12,689 million (2025: RMB10,662 million) were approved. Dividends declared after the date of the statement of financial position are not recognised as a liability at the date of the statement of financial position.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the period represent:

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Final cash dividends in respect of the previous financial year, approved during the period of RMB0.112 per share (2025: RMB0.140 per share)	**13,544**	16,974

Pursuant to the shareholders' approval at the Annual General Meeting on 13 May 2026, a final dividend of RMB0.112 per share totalling RMB13,544 million according to total shares on 16 June 2026 was approved. All dividends have been paid in the six-month period ended 30 June 2026.

Pursuant to the shareholders' approval at the Annual General Meeting on 28 May 2025, a final dividend of RMB0.140 per share totalling RMB16,974 million according to total shares on 17 June 2025 was approved. All dividends have been paid in the six-month period ended 30 June 2025.

7 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the six-month period ended 30 June 2026 is based on the profit attributable to ordinary shareholders of the Company of RMB26,567 million (six-month period ended 30 June 2025: profit of RMB23,752 million) and the weighted average number of shares of approximately 120,922 million (six-month period ended 30 June 2025: approximately 121,262 million) during the period.

There are no potential dilutive ordinary shares, and the diluted earnings per share are equal to the basic earnings per share.

8 PROPERTY, PLANT AND EQUIPMENT

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2025	167,795	947,575	1,217,090	2,332,460
Additions	39	894	724	1,657
Transferred from construction in progress	1,525	19,438	25,503	46,466
Reclassifications	906	(2)	(904)	–
Transferred to other long-term assets	(57)	(6)	(309)	(372)
Disposals	(309)	–	(3,786)	(4,095)
Exchange adjustments	(28)	(193)	(35)	(256)
Balance at 30 June 2025	**169,871**	**967,706**	**1,238,283**	**2,375,860**
Balance at 1 January 2026	179,434	1,003,921	1,287,065	2,470,420
Additions	210	899	993	2,102
Transferred from construction in progress	1,825	17,382	20,687	39,894
Acquisition of subsidiaries	655	–	130	785
Transferred from other long-term assets	–	23	–	23
Reclassifications	(383)	(677)	1,060	–
Transferred to other long-term assets	(124)	–	(224)	(348)
Disposals	(265)	(181)	(3,403)	(3,849)
Exchange adjustments	(100)	(1,418)	(119)	(1,637)
Balance at 30 June 2026	**181,252**	**1,019,949**	**1,306,189**	**2,507,390**
Accumulated depreciation and impairment losses:				
Balance at 1 January 2025	82,174	763,384	769,819	1,615,377
Depreciation for the period	2,731	17,368	27,685	47,784
Reclassifications	184	(1)	(183)	–
Transferred to other long-term assets	(8)	(4)	(96)	(108)
Disposals	(244)	–	(3,445)	(3,689)
Exchange adjustments	(18)	(188)	(23)	(229)
Balance at 30 June 2025	**84,819**	**780,559**	**793,757**	**1,659,135**
Balance at 1 January 2026	88,081	801,159	810,982	1,700,222
Depreciation for the period	2,745	19,072	27,939	49,756
Impairment losses for the period	3	–	7	10
Acquisition of subsidiaries	563	–	109	672
Transferred from other long-term assets	–	11	–	11
Reclassifications	194	(301)	107	–
Transferred to other long-term assets	(31)	–	(53)	(84)
Disposals	(218)	(181)	(3,142)	(3,541)
Exchange adjustments	(55)	(1,385)	(79)	(1,519)
Balance at 30 June 2026	**91,282**	**818,375**	**835,870**	**1,745,527**
Net book value:				
Balance at 1 January 2025	85,621	184,191	447,271	717,083
Balance at 30 June 2025	**85,052**	**187,147**	**444,526**	**716,725**
Balance at 1 January 2026	91,353	202,762	476,083	770,198
Balance at 30 June 2026	**89,970**	**201,574**	**470,319**	**761,863**

The additions to oil and gas properties of the Group for the six-month period ended 30 June 2026 included RMB899 million (six-month period ended 30 June 2025: RMB879 million) of estimated dismantlement costs for site restoration.

At 30 June 2026 and 31 December 2025, the Group had no individual significant property, plant and equipment which were temporarily idle or pending for disposal or individually significant fully depreciated fixed assets which were still in use.

9 CONSTRUCTION IN PROGRESS

	Six-month period ended 30 June	
	2026 RMB million	2025 RMB million
Balance at 1 January	195,196	208,747
Additions	49,480	40,538
Dry hole costs written off	(4,125)	(4,571)
Transferred to property, plant and equipment	(39,894)	(46,466)
Transferred to other long-term assets	(2,905)	(2,652)
Disposals and others	6	(1,223)
Exchange adjustments	(10)	(4)
Balance at 30 June	**197,748**	**194,369**

As at 30 June 2026, the amount of capitalised cost of exploratory wells included in construction in progress related to the exploration and production segment was RMB22,158 million (31 December 2025: RMB22,705 million). The geological and geophysical exploration costs paid during the period ended 30 June 2026 were RMB1,386 million (six-month period ended 30 June 2025: RMB1,162 million).

10 RIGHT-OF-USE ASSETS

	Land RMB million	Others RMB million	Total RMB million
Cost:			
Balance at 1 January 2026	297,178	61,040	358,218
Additions	4,064	5,800	9,864
Decreases	(1,125)	(3,554)	(4,679)
Balance at 30 June 2026	**300,117**	**63,286**	**363,403**
Accumulated depreciation:			
Balance at 1 January 2026	59,806	33,440	93,246
Additions	5,398	4,777	10,175
Decreases	(310)	(2,846)	(3,156)
Balance at 30 June 2026	**64,894**	**35,371**	**100,265**
Net book value:			
Balance at 1 January 2026	**237,372**	**27,600**	**264,972**
Balance at 30 June 2026	**235,223**	**27,915**	**263,138**

11 LONG-TERM PREPAYMENTS AND OTHER ASSETS

	30 June 2026 RMB million	31 December 2025 RMB million
Operating rights of service stations	23,104	24,192
Long-term receivables due from and prepayment to Sinopec Group Company and fellow subsidiaries	2,283	3,759
Prepayments for construction projects to third parties	3,413	5,073
Others (i)	66,311	84,658
	95,111	**117,682**

Note:

(i) Others mainly comprise catalyst expenditures, improvement expenditures of property, plant and equipment and time deposits with maturities over one year.

The cost of operating rights of service stations is charged to expense on a straight-line basis over the respective periods of the rights. The movement of operating rights of service stations is as follows:

	Six-month period ended 30 June	
	2026 RMB million	2025 RMB million
Operating rights of service stations		
Cost:		
Balance at 1 January	55,856	53,871
Additions	74	132
Decreases	(122)	(197)
Balance at 30 June	**55,808**	**53,806**
Accumulated amortisation:		
Balance at 1 January	31,664	29,793
Additions	1,126	1,017
Decreases	(86)	(131)
Balance at 30 June	**32,704**	**30,679**
Net book value at 30 June	**23,104**	**23,127**

12 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and swaps contracts. See Note 22.

	30 June 2026 RMB million		31 December 2025 RMB million	
	Fair value of assets	**Fair value of liabilities**	Fair value of assets	Fair value of liabilities
Commodity derivatives	10,008	3,157	1,313	5,641
Financial derivatives	149	23	49	35
	10,157	**3,180**	**1,362**	**5,676**

13 TRADE ACCOUNTS RECEIVABLE

	30 June 2026 RMB million	31 December 2025 RMB million
Amounts due from third parties	58,134	42,096
Amounts due from Sinopec Group Company and fellow subsidiaries	6,371	7,136
Amounts due from associates and joint ventures	13,102	5,861
	77,607	**55,093**
Less: Loss allowance for expected credit losses	(3,798)	(3,921)
	73,809	**51,172**

The aging analysis of trade accounts receivable (net of loss allowance for expected credit losses) is as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Within one year	73,440	50,778
Between one and two years	69	80
Between two and three years	155	150
Over three years	145	164
	73,809	**51,172**

Loss allowance for expected credit losses are analysed as follows:

	Six-month period ended 30 June	
	2026 RMB million	2025 RMB million
Balance at 1 January	3,921	4,182
Reversal for the period	(24)	(138)
Written off for the period	(6)	(5)
Others	(93)	(16)
Balance at 30 June	**3,798**	**4,023**

As at 30 June 2026, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB7,464 million (at 31 December 2025: RMB16,367 million).

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

These receivables relate to a wide range of customers for whom there is no recent history of default.

Information about the impairment of trade accounts receivable and the Group's exposure to credit risk can be found in Note 22.

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30 June 2026 RMB million	31 December 2025 RMB million
Non-current assets		
Unlisted equity instruments	282	316
Listed equity instruments (ii)	3,903	6,840
Current assets		
Trade accounts receivable and bills receivable (i)	18,114	5,340
	22,299	**12,496**

Note:

(i) As at 30 June 2026 and 31 December 2025, bills receivable and certain trade accounts receivable were classified as financial assets at fair value through other comprehensive income ("FVOCI"), as relevant business model is achieved both by collecting contractual cash flows and selling of these assets.

(ii) As at 30 June 2026, the Group's other equity instrument investments were primarily composed of an equity investment in Contemporary Amperex Technology Co. Limited ("CATL"), with a carrying amount of RMB3,803 million. For the six-month period ended June 30, 2026, the fair value gain of the Group's equity investments in CATL that were disposed of during the reporting period was RMB1,471 million, and the fair value gain of the remaining equity investments in CATL held at the end of the reporting period was RMB1,020 million. Accumulated fair value gain of RMB3,302 million related to the equity investments in CATL disposed of during the reporting period was transferred into retained earnings.

15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES

Short-term and long-term bank loans, short-term other loans and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Short-term debts represent:

	30 June 2026 RMB million	31 December 2025 RMB million
Third parties' debts		
Short-term bank loans	**61,161**	**23,155**
RMB denominated	61,161	23,155
Current portion of long-term bank loans	**37,491**	**73,529**
RMB denominated	37,490	73,528
USD denominated	1	1
Current portion of long-term corporate bonds	**11,876**	**11,651**
RMB denominated	11,876	11,651
	110,528	**108,335**
Loans from Sinopec Group Company and fellow subsidiaries		
Short-term loans	**14,016**	**6,300**
RMB denominated	8,544	4,552
USD denominated	5,411	1,748
HKD denominated	61	–
Current portion of long-term loans	**680**	**5,621**
RMB denominated	680	5,621
	14,696	**11,921**
	125,224	**120,256**

The Group's weighted average interest rate on short-term loans was 2.20% (31 December 2025: 2.16%) per annum at 30 June 2026. The above borrowings are unsecured.

15 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES *(Continued)*

Long-term debts represent:

	Interest rate and final maturity	30 June 2026 RMB million	31 December 2025 RMB million
Third parties' debts			
Long-term bank loans			
RMB denominated	Interest rates ranging from 0.74% to 3.75% per annum at 30 June 2026 with maturities through 2040	206,122	236,339
USD denominated	Interest rates at 0.00% per annum at 30 June 2026 with maturities through 2031	39	42
		206,161	**236,381**
Corporate bonds			
RMB denominated	Fixed interest rates ranging from 1.62% to 3.20% per annum at 30 June 2026 with maturities through 2045	86,635	60,418
USD denominated	Fixed interest rates of 4.25% per annum at 30 June 2026 with maturities through 2043	3,420	3,529
		90,055	**63,947**
Total third parties' long-term debts		**296,216**	**300,328**
Less: Current portion		(49,367)	(85,180)
		246,849	**215,148**
Long-term loans from Sinopec Group Company and fellow subsidiaries			
RMB denominated	Interest rates ranging from 2.10% to 3.95% per annum at 30 June 2026 with maturities through 2040	20,477	25,737
Less: Current portion		(680)	(5,621)
		19,797	**20,116**
		266,646	**235,264**

Short-term and long-term bank loans, corporate bonds and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Note:

(i) These corporate bonds are carried at amortised cost.

16 LEASE LIABILITIES

	30 June 2026 RMB million	31 December 2025 RMB million
Lease liabilities		
Current	18,771	18,079
Non-current	156,305	157,407
	175,076	**175,486**

17 TRADE ACCOUNTS PAYABLE AND BILLS PAYABLE

	30 June 2026 RMB million	31 December 2025 RMB million
Amounts due to third parties	159,644	184,710
Amounts due to Sinopec Group Company and fellow subsidiaries	9,208	4,610
Amounts due to associates and joint ventures	7,828	7,682
	176,680	**197,002**
Bills payable	65,110	66,457
Trade accounts payable and bills payable measured at amortised cost	**241,790**	**263,459**

The aging analysis of trade accounts payable and bills payable is as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Within 1 month or on demand	130,286	110,603
Between 1 month and 6 months	105,778	133,619
Over 6 months	5,726	19,237
	241,790	**263,459**

18 SHARE CAPITAL

	30 June 2026 RMB million	31 December 2025 RMB million
Registered, issued and fully paid		
97,142,913,622 listed A shares (31 December 2025:97,142,913,622) of RMB1.00 each	97,143	97,143
23,782,600,600 listed H shares (31 December 2025:23,782,600,600) of RMB1.00 each	23,783	23,783
	120,926	**120,926**

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

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

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

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

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

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

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

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

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

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

18 SHARE CAPITAL *(Continued)*

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

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

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

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

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110 (證監許可[2024]110 號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company on 18 March 2024. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

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

During the year ended 31 December 2025, the Company repurchased 89,349,476 listed A shares and 266,554,000 listed H shares respectively at a price of RMB5.27 per share to RMB6.10 per share for the repurchase of listed A shares, with a total amount of RMB500,000,213.01, and a price of HKD4.05 per share to HKD4.64 per share for the repurchase of listed H shares, with a total amount of HKD1,152,829,082.00. The H shares repurchased on 30 December 2024, A shares and H shares repurchased in 2025 had been canceled in the year ended 31 December 2025.

During the period ended 30 June 2026, the Company repurchased 53,790,690 listed A shares and 28,564,000 listed H shares respectively at a prices of RMB4.44 per share to RMB4.87 per share for the repurchase of listed A shares, with a total amount of RMB249,999,599.50, and a price of HKD3.99 per share to HKD4.21 per share for the repurchase of listed H shares, with a total amount of HKD117,026,970.80. Among the listed H shares repurchased, 9,750,000 shares had not yet been settled at 30 June 2026. The A shares and H shares repurchased in 2026 had not been canceled at 30 June 2026.

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

Capital management

Management optimises the structure of the Group's capital, which comprises of equity, debts and bonds. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, including long-term debts and loans from Sinopec Group Company and fellow subsidiaries, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 30 June 2026, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 24.1% (31 December 2025: 22.1%) and 54.4% (31 December 2025:54.2%), respectively.

The schedule of the contractual maturities of loans and commitments are disclosed in Notes 15 and 19, respectively.

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

19 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

At 30 June 2026 and 31 December 2025, capital commitments of the Group are as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Authorised and contracted for (i)	116,969	170,368
Authorised but not contracted for	88,911	87,592
	205,880	**257,960**

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.

Note:

(i) The investment commitment of the Group is RMB21,502 million (31 December 2025: RMB21,756 million).

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase specified volume of products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed upon expiration within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of production licenses is 80 years with a special dispensation given by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed.

Estimated future annual payments are as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Within one year	267	270
Between one and two years	138	141
Between two and three years	82	78
Between three and four years	83	79
Between four and five years	78	74
Thereafter	880	834
	1,528	**1,476**

19 COMMITMENTS AND CONTINGENT LIABILITIES *(Continued)*

Contingent liabilities

At 30 June 2026 and 31 December 2025, the guarantees by the Group in respect of facilities granted to the parties below are as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Joint ventures (i)	4,081	3,522
Associates (ii)	2,285	1,901
	6,366	**5,423**

Note:

(i) The Group provided guarantees in respect to standby credit facilities granted by certain banks amounting to RMB11,500 million (31 December 2025: RMB7,100 million) to certain joint ventures. As at 30 June 2026, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) and guaranteed by the Group was RMB4,081 million (31 December 2025: RMB3,522 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under certain supplying agreements amounting to RMB16,550 million (31 December 2025: RMB17,080 million). As at 30 June 2026, the relevant payment obligations outstanding and therefore the Group has no guarantee amount (31 December 2025: Nil).

(ii) The Group provides guarantees for a joint venture company to obtain loans, with a total committed guarantee amount of RMB4,307 million (31 December 2025: RMB4,307 million). As at 30 June 2026, the actual withdrawal amount of the guaranteed company (corresponding to the proportion of equity held by the Group) and the guarantee amount of the Group amounted to RMB2,285 million (31 December 2025: RMB1,901 million).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 30 June 2026 and 31 December 2025, the Group estimates that there is no material liability has been accrued for expected credit losses related to the Group's obligation under these guarantee arrangements.

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect management's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to, refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group paid normal routine pollutant discharge fees of approximately RMB6,716 million in the consolidated financial statements for the six-month period ended 30 June 2026 (six-month period ended 30 June 2025: RMB6,867 million).

Legal contingencies

The Group is defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

The Group is part of a larger group of companies under Sinopec Group Company, which is controlled by the PRC government, and has significant transactions and relationships with Sinopec Group Company and fellow subsidiaries. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

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

	Note	Six-month period ended 30 June	
		2026	2025
		RMB million	RMB million
Sales of goods	(i)	213,572	187,531
Purchases	(ii)	126,891	95,538
Transportation and storage	(iii)	11,892	12,431
Exploration and development services	(iv)	12,783	13,815
Production related services	(v)	15,935	12,117
Agency commission income	(vi)	63	49
Interest income	(vii)	1,320	1,323
Interest expense	(viii)	557	494
Net deposits placed with related parties	(vii)	(9,422)	(15,287)
Net funds obtained from related parties	(ix)	20,751	21,689

The amounts set out in the table above in respect of the six-month periods ended 30 June 2026 and 2025 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the six-month period ended 30 June 2026 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB114,255 million (six-month period ended 30 June 2025: RMB74,287 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB107,235 million (six-month period ended 30 June 2025: RMB67,422 million), lease charges for land, buildings and others paid by the Group of RMB5,637 million, RMB634 million and RMB192 million (six-month period ended 30 June 2025: RMB5,591 million, RMB607 million and RMB173 million), respectively and interest expenses of RMB557 million (six-month period ended 30 June 2025: RMB494 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB74,846 million (six-month period ended 30 June 2025: RMB39,529 million), comprising RMB73,464 million (six-month period ended 30 June 2025: RMB38,173 million) for sales of goods, RMB1,320 million (six-month period ended 30 June 2025: RMB1,323 million) for interest income and RMB62 million (six-month period ended 30 June 2025: RMB33 million) for agency commission income.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

For the six-month period ended 30 June 2026, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB5,641 million, RMB637 million and RMB202 million (six-month period ended 30 June 2025: RMB5,594 million, RMB611 million and RMB189 million) respectively. Interest expense on lease liabilities is RMB3,688 million (six-month period ended 30 June 2025: RMB3,784 million). For the six-month period ended 30 June 2026, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group.

As at 30 June 2026 and 31 December 2025, The guarantees given to banks by the Group respect of banking facilities to associates and joint ventures are disclosed in Note 19. In addition, there was no guarantee given to banks by the Group in respect of banking facilities to Sinopec Group Company and fellow subsidiaries.

Notes:

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

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

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

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

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

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

(vii) Interest income represents interest received from deposits placed with Sinopec Finance Company Limited ("Sinopec Finance") and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate. The balance of deposits at 30 June 2026 was RMB83,993 million (31 December 2025: RMB74,571 million).

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

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

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the six-month period ended 30 June 2026. The terms of these agreements are summarised as follows:

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

  (1) the government-prescribed price;

  (2) where there is no government-prescribed price, the government-guidance price;

  (3) where there is neither a government-prescribed price nor a government-guidance price, the market price; or

  (4) where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.

- The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement.

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

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

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

- On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to "Mutual Supply Agreement" and "Buildings Leasing Contract", etc.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures *(Continued)*

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	30 June 2026 RMB million	31 December 2025 RMB million
Trade accounts receivable	19,462	12,982
Financial assets at fair value through other comprehensive income	50	41
Prepaid expenses and other current assets	17,458	21,509
Long-term prepayments and other assets	5,107	7,072
Total	**42,077**	**41,604**
Trade accounts payable and bills payable	27,669	22,984
Contract liabilities	3,878	4,346
Other payables	31,974	28,403
Other long-term liabilities	10,336	9,536
Short-term loans and current portion of long-term loans from Sinopec Group Company and fellow subsidiaries	14,696	11,921
Long-term loans excluding current portion from Sinopec Group Company and fellow subsidiaries	19,797	20,116
Lease liabilities (including to be paid within one year)	150,406	150,938
Total	**258,756**	**248,244**

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 15.

As at and for the six-month period ended 30 June 2026, and as at and for the year ended 31 December 2025, no individually significant loss allowance for expected credit losses were recognised in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

(b) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group (the supervisory committee was abolished in December 2025). The key management personnel compensation is as follows:

	Six-month period ended 30 June	
	2026 RMB'000	2025 RMB'000
Short-term employee benefits	2,324	4,617
Retirement scheme contributions	100	294
	2,424	**4,911**

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its staff. As at 30 June 2026 and 31 December 2025, the accrual for the contribution to post-employment benefit plans was not material.

20 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled energy and chemical enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred as "state-controlled entities").

Apart from transactions with Sinopec Group Company and fellow subsidiaries, the Group has transactions with other state-controlled entities, include but not limited to the followings:

- sales and purchases of goods and ancillary materials;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- uses of public utilities.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

21 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The format is based on the Group's management and internal reporting structure.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Exploration and production, which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.

(ii) Refining, which processes and purifies crude oil, that is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.

(iii) Marketing and distribution, which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline, diesel and natural gas) in the PRC through wholesale and retail sales networks.

(iv) Chemicals, which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products mainly to external customers.

(v) Corporate and others, which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for interest in associates and joint ventures, investments, deferred tax assets, cash and cash equivalents, time deposits with financial institutions and other unallocated assets. Segment liabilities exclude short-term debts, income tax payable, long-term debts, loans from Sinopec Group Company and fellow subsidiaries, deferred tax liabilities and other unallocated liabilities.

Information of the Group's reportable segments is as follows:

	Six-month period ended 30 June	
	2026	2025
	RMB million	RMB million
Revenue from primary business		
Exploration and production		
External sales	76,572	82,883
Inter-segment sales	76,727	60,349
	153,299	**143,232**
Refining		
External sales	90,335	80,040
Inter-segment sales	610,251	576,790
	700,586	**656,830**
Marketing and distribution		
External sales	716,429	727,814
Inter-segment sales	4,817	3,703
	721,246	**731,517**
Chemicals		
External sales	192,798	196,479
Inter-segment sales	42,425	42,060
	235,223	**238,539**
Corporate and others		
External sales	333,246	293,171
Inter-segment sales	381,310	368,526
	714,556	**661,697**
Elimination of inter-segment sales	(1,115,530)	(1,051,428)
Revenue from primary business	**1,409,380**	**1,380,387**
Other operating revenues		
Exploration and production	1,290	1,424
Refining	1,610	1,494
Marketing and distribution	20,016	21,070
Chemicals	2,910	3,399
Corporate and others	1,355	1,278
Other operating revenues	**27,181**	**28,665**
Revenue	**1,436,561**	**1,409,052**

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	Six-month period ended 30 June 2026 RMB million	2025 RMB million
Result		
Operating profit/(loss)		
By segment		
– Exploration and production	28,729	23,638
– Refining	17,021	3,535
– Marketing and distribution	5,682	7,959
– Chemicals	(247)	(4,224)
– Corporate and others	365	1,645
– Elimination	(14,340)	870
Total segment operating profit	**37,210**	**33,423**
Share of profits from associates and joint ventures		
– Exploration and production	1,455	1,883
– Refining	465	(267)
– Marketing and distribution	3,170	1,366
– Chemicals	(138)	390
– Corporate and others	2,037	2,673
Aggregate share of profits from associates and joint ventures	**6,989**	**6,045**
Investment income/(loss)		
– Exploration and production	(1)	–
– Refining	11	13
– Marketing and distribution	101	37
– Chemicals	(190)	(261)
– Corporate and others	213	286
Aggregate investment income	**134**	**75**
Net finance costs	**(6,652)**	**(8,426)**
Profit before taxation	**37,681**	**31,117**

	30 June 2026 RMB million	31 December 2025 RMB million
Assets		
Segment assets		
– Exploration and production	506,624	508,774
– Refining	300,323	310,708
– Marketing and distribution	371,788	376,116
– Chemicals	319,379	318,337
– Corporate and others	197,274	155,123
Total segment assets	**1,695,388**	**1,669,058**
Interest in associates and joint ventures	254,110	249,982
Financial assets at fair value through other comprehensive income	4,185	7,156
Deferred tax assets	21,709	20,082
Cash and cash equivalents, time deposits with financial institutions	185,768	150,873
Other unallocated assets	36,074	56,334
Total assets	**2,197,234**	**2,153,485**
Liabilities		
Segment liabilities		
– Exploration and production	204,652	196,323
– Refining	73,231	69,119
– Marketing and distribution	241,546	247,154
– Chemicals	104,123	108,193
– Corporate and others	146,211	163,897
Total segment liabilities	**769,763**	**784,686**
Short-term debts	110,528	108,335
Income tax payable	2,410	1,607
Long-term debts	246,849	215,148
Loans from Sinopec Group Company and fellow subsidiaries	34,493	32,037
Deferred tax liabilities	7,115	6,401
Other unallocated liabilities	23,169	18,395
Total liabilities	**1,194,327**	**1,166,609**

21 SEGMENT REPORTING *(Continued)*

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities *(Continued)*

	Six-month period ended 30 June **2026** **RMB million**	2025 RMB million
Capital expenditure		
Exploration and production	28,417	27,609
Refining	6,873	5,518
Marketing and distribution	2,358	2,754
Chemicals	9,791	7,348
Corporate and others	1,241	539
	48,680	**43,768**
Depreciation, depletion and amortisation		
Exploration and production	27,823	25,926
Refining	10,510	10,122
Marketing and distribution	12,382	12,230
Chemicals	10,496	10,391
Corporate and others	2,258	2,486
	63,469	**61,155**
Impairment losses on long-lived assets		
Exploration and production	–	–
Refining	–	–
Marketing and distribution	3	–
Chemicals	7	–
Corporate and others	–	–
	10	**–**

(2) Geographical information

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets are analysed by different regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. For the six-month period ended and as at 30 June 2026, the Group's external sales and non-current assets from mainland China were RMB1,118,338 million (six-month period ended 30 June 2025: RMB1,128,512 million) and RMB1,519,649 million (31 December 2025: RMB1,544,958 million), respectively. For the six-month period ended and as at 30 June 2026, the proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 77.8% (six-month period ended 30 June 2025: 80.1%) and 96.5% (31 December 2025: 96.5%) respectively. In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Overview

Financial assets of the Group include cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, amounts due from Sinopec Group Company and fellow subsidiaries, amounts due from associates and joint ventures, financial assets at FVOCI and other receivables. Financial liabilities of the Group include short-term debts, loans from Sinopec Group Company and fellow subsidiaries, derivative financial liabilities, trade accounts payable and bills payable, amounts due to Sinopec Group Company and fellow subsidiaries, amounts due to associates and joint ventures, other payables, long-term debts and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The board of directors has overall responsibility for the establishment, oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's trade accounts receivable relate to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total trade accounts receivable at 30 June 2026, except the amounts due from Sinopec Group Company and fellow subsidiaries. Management performs ongoing credit evaluations of the Group's customers' financial condition and generally does not require collateral on trade accounts receivable. The Group maintains a loss allowance for expected credit losses and actual losses have been within management's expectations.

The carrying amounts of cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, financial assets at FVOCI and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is cash deposits, trade accounts receivable and bills receivable and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For trade accounts receivable and financial assets at FVOCI, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade accounts receivable and financial assets at FVOCI.

To measure the expected credit losses, trade accounts receivable and financial assets at FVOCI have been grouped based on shared credit risk characteristics and the days past due.

The expected credit losses were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of expected credit loss rates by the operating segment.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Credit risk *(Continued)*

(ii) Impairment of financial assets *(Continued)*

The following table provides information about the exposure to credit risk and expected credit losses for accounts receivable as at 30 June 2026 and 31 December 2025.

30 June 2026	Gross carrying amount RMB million	Impairment provision on individual basis: Carrying amount RMB million	Impairment provision on individual basis: Impairment provision on individual basis RMB million	Impairment provision on provision matrix basis: Weighted – average loss rate %	Impairment provision on provision matrix basis: Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	73,490	11,214	1	0.1%	49	50
1 to 2 years past due	86	22	–	26.6%	17	17
2 to 3 years past due	234	116	8	60.2%	71	79
Over 3 years past due	3,797	3,375	3,230	100.0%	422	3,652
Total	**77,607**	**14,727**	**3,239**		**559**	**3,798**

31 December 2025	Gross carrying amount RMB million	Impairment provision on individual basis: Carrying amount RMB million	Impairment provision on individual basis: Impairment provision on individual basis RMB million	Impairment provision on provision matrix basis: Weighted – average loss rate %	Impairment provision on provision matrix basis: Impairment provision RMB million	Loss allowance RMB million
Current and within 1 year past due	50,824	12,101	4	0.1%	42	46
1 to 2 years past due	113	20	3	32.3%	30	33
2 to 3 years past due	221	120	6	64.4%	65	71
Over 3 years past due	3,935	3,494	3,330	100.0%	441	3,771
Total	**55,093**	**15,735**	**3,343**		**578**	**3,921**

All of the entity's other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group considers there was no significant increase in credit risk for other receivables by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the Group's liquidity risk.

As at 30 June 2026, the Group has standby credit facilities with several PRC financial institutions which provide borrowings up to RMB707,801 million (31 December 2025: RMB704,827 million) on an unsecured basis, at a weighted average interest rate of 2.02% per annum (2025: 2.20%). As at 30 June 2026, the Group's outstanding borrowings under these facilities were RMB75,093 million (31 December 2025: RMB29,421 million) and were included in debts.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Liquidity risk *(Continued)*

The following table sets out the remaining contractual maturities at the date of the statement of financial position of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates current at the date of the statement of financial position) and the earliest date the Group would be required to repay:

	30 June 2026					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	110,528	111,382	111,382	–	–	–
Long-term debts	246,849	308,762	43,717	93,036	102,776	69,233
Loans from Sinopec Group Company and fellow subsidiaries	34,493	35,530	15,898	2,564	9,452	7,616
Lease liabilities	175,076	249,596	19,588	11,349	33,633	185,026
Derivative financial liabilities	3,180	3,180	3,180	–	–	–
Trade accounts payable and bills payable	241,790	241,790	241,790	–	–	–
Other payables	108,833	108,833	108,833	–	–	–
	920,749	**1,059,073**	**544,388**	**106,949**	**145,861**	**261,875**

	31 December 2025					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	108,335	109,462	109,462	–	–	–
Long-term debts	215,148	234,112	4,453	62,444	100,760	66,455
Loans from Sinopec Group Company and fellow subsidiaries	32,037	36,550	14,486	3,106	9,934	9,024
Lease liabilities	175,486	251,746	18,865	11,313	33,384	188,184
Derivative financial liabilities	5,676	5,676	5,676	–	–	–
Trade accounts payable and bills payable	263,459	263,459	263,459	–	–	–
Other payables	101,263	101,263	101,263	–	–	–
	901,404	**1,002,268**	**517,664**	**76,863**	**144,078**	**263,663**

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Market risk *(Continued)*

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 30 June, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term debts and loans from Sinopec Group Company and fellow subsidiaries. Debts bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term debts, and loans from Sinopec Group Company and fellow subsidiaries of the Group are disclosed in Note 15.

As at 30 June 2026, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's profit for the period by approximately RMB1,106 million (31 December 2025: decrease/increase by RMB1,533 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the date of the statement of financial position with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2025.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of this risk.

Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluate and monitor the market risk exposure caused by transaction positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes.

As at 30 June 2026, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. As at 30 June 2026, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's profit for the period by approximately RMB1,624 million (31 December 2025: increase/decrease RMB4,385 million), and decrease/increase the Group's other reserves by approximately RMB2,542 million (31 December 2025: decrease/increase RMB8,812 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the date of the statement of financial position and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2025.

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group Six-month period ended 30 June **2026** **RMB million**	 2025 RMB million
Beginning of the period	4,257	3,338
Effective portion of changes in fair value of hedging instruments recognised during the year	(419)	101
Reclassification adjustments for amounts transferred to the consolidated income statement	11,133	(1,382)
Amounts transferred to initial carrying amount of hedged items	(5,614)	14
Related tax	(786)	136
End of the period	**8,571**	**2,207**

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the date of the statement of financial position across the three levels of the fair value hierarchy defined in IFRS 13, *Fair Value Measurement*, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 30 June 2026

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	7,316	2,841	–	10,157
Financial assets at fair value through other comprehensive income:				
– Equity instruments	3,903	–	282	4,185
– Trade accounts receivable and bills receivable	–	–	18,114	18,114
	11,222	**2,841**	**18,396**	**32,459**
Liabilities				
Derivative financial liabilities				
– Derivative financial liabilities	2,352	828	–	3,180
	2,352	**828**	**–**	**3,180**

At 31 December 2025

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	758	604	–	1,362
Financial assets at fair value through other comprehensive income:				
– Equity instruments	6,840	–	316	7,156
– Trade accounts receivable and bills receivable	–	–	5,340	5,340
	7,602	**604**	**5,656**	**13,862**
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	3,796	1,880	–	5,676
	3,796	**1,880**	**–**	**5,676**

During the six-month period ended 30 June 2026, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of trade accounts receivable and bills receivable classified as Level 3 financial assets.

22 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(Continued)*

Fair values *(Continued)*

(ii) Fair values of financial instruments carried at other than fair value

The disclosures of the fair value estimates, their methods and assumptions of the Group's financial instruments, are made to comply with the requirements of IFRS 7 and IFRS 9 and should be read in conjunction with the Group's consolidated financial statements and related notes. The estimated fair value amounts have been determined by the Group using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.58% to 3.68% (31 December 2025: 1.80% to 3.87%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 30 June 2026 and 31 December 2025:

	30 June 2026 RMB million	31 December 2025 RMB million
Carrying amount	296,216	300,328
Fair value	288,764	261,898

The Group has not developed an internal valuation model necessary to estimate the fair values of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair values because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on the Reorganisation of the Group, the Group's existing capital structure and the terms of the borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 30 June 2026 and 31 December 2025.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The selection of material accounting policies, the judgements and other uncertainties affecting application of such policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in Note 2. Management believes the following material accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Oil and gas properties and reserves

The accounting for the exploration and production's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. There are two methods to account for oil and gas business activities, the successful efforts method and the full cost method. The Group has elected to use the successful efforts method. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense as they are incurred. These costs primarily include dry hole costs, seismic costs and other exploratory costs. Under the full cost method, these costs are capitalised and written-off or depreciated over time.

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

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

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

Impairment for long-lived assets

If circumstances indicate that the net book value of a long-lived asset, may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with IAS 36 "Impairment of Assets". The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances, including environmental protection and energy structure transition variables, indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group's assets or cash-generating units are not readily available. Accordingly, the Group determines the recoverable amount based on the present value in use.

The projected future cash flows of an asset are based on data from the most recent financial budget approved by management, as well as on a stabilised growth rate for the years following the period of that budget. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Projected cash flows based on budgets usually cover five years, or longer periods if that is reasonable. When projecting cash flows for years beyond the budgeted period, the growth rate used does not exceed the long-term average growth rate of the business or markets in which products are located, or the long-term average growth rate of the market in which the asset is located, except where a higher growth rate can be justified. In determining the discount rate, the weighted average cost of capital is usually used as the basis.

In determining the value in use, expected cash flows generated by the asset or the cash-generating units are discounted to their present value, which requires significant judgement relating to future selling prices of crude oil, natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profiles, the oil and gas reserves and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price, amount of operating costs and discount rate.

23 ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Depreciation

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

Measurement of expected credit losses

The Group measures and recognises ECLs using readiness matrix, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions. The Group regularly monitors and reviews the assumptions used for estimating ECLs.

Allowance for diminution in value of inventories

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

24 STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2026 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these consolidated interim financial statements.

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Group's consolidated financial statements prepared in accordance with the accounting policies complying with CASs and IFRS Accounting Standards. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

(i) GOVERNMENT GRANTS

Under CASs, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS Accounting Standards, government grants relating to the purchase of fixed assets are recognised as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) SAFETY PRODUCTION FUND

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

(iii) CAPITALISATION OF EXCHANGE DIFFERENCE OF SPECIFIC LOANS

Under CASs, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency should be capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.

Effects of major differences between the shareholders' equity under CASs and the total equity under IFRS Accounting Standards are analysed as follows:

	Note	**30 June 2026 RMB million**	31 December 2025 RMB million
Shareholders' equity under CASs		1,005,784	989,772
Adjustments:			
Government grants	(i)	(745)	(764)
Capitalisation of exchange difference of specific loans	(iii)	(2,132)	(2,132)
Total equity under IFRS Accounting Standards*		**1,002,907**	**986,876**

Effects of major differences between the net profit under CASs and the profit for the period under IFRS Accounting Standards are analysed as follows:

	Note	Six-month period ended 30 June **2026 RMB million**	2025 RMB million
Net profit under CASs		29,993	23,560
Adjustments:			
Government grants	(i)	19	28
Safety production fund	(ii)	1,019	1,125
Others		(1)	(2)
Capitalisation of exchange difference of specific loans	(iii)	–	1,199
Profit for the period under IFRS Accounting Standards*		**31,030**	**25,910**

* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS Accounting Standards.

The following documents will be available for inspections during the normal business hours after 21 August 2026 (Friday) at the registered address of the Company upon the requests by the relevant regulatory authorities or shareholders in accordance with the Articles of Association of the Company or relevant laws or regulations:

1 The original interim report for the first half of 2026 signed by Mr. Hou Qijun, the Chairman;

2 The original financial statements and consolidated financial statements of the Company for the six-month period ended 30 June 2026 prepared in accordance with the CASs and IFRS Accounting Standards, signed by Mr. Hou Qijun, the Chairman, Mr. Wan Tao, the President, and Ms. Shou Donghua, the Chief Financial Officer and head of the accounting department of the Company;

3 The original review report of the above financial statements signed by the auditors; and

4 Copies of disclosure documents published by the Company in the newspapers designated by CSRC during the reporting period.

By Order of the Board
Hou Qijun
Chairman

Beijing, PRC, 21 August 2026

If there is any inconsistency between the Chinese and English version of this interim report, the Chinese version shall prevail.

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