中國石化上海石油化工股份有限公司

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

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

Stock code: 00338 Hong Kong 600688 Shanghai

Interim Report 2026

CONTENTS

IMPORTANT MESSAGE

1. **The Board of Sinopec Shanghai Petrochemical Company Limited (the "Company") as well as its Directors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2026 interim report, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2026 interim report of the Company, and severally and jointly accept legal responsibility.**

2. **Directors who have not attended in person the Board meeting for considering and approving the 2026 interim report are:**

Name of Director	Position	Reasons for Absence	Name of Proxy
Zhou Ying	Independent Non-executive Director	On business trip	Liu Hao
Jiang Xia	Independent Non-executive Director	On business trip	Zhou Xinggui

All Directors other than those mentioned above attended the 2nd meeting of the twelfth session of the Board in person, where they reviewed and approved the Company's 2026 interim report.

3. **The interim financial report for the six months ended 30 June 2026 (the "Reporting Period") is unaudited.**

4. **Mr. Guo Xiaojun, Chairman and the responsible person of the Company; Mr. Du Jun, Director, Vice President and Chief Financial Officer in charge of the accounting work; and Ms. Fu Hejuan, person in charge of the Accounting Department (Accounting Chief) and Director of the Finance Department hereby warrant the truthfulness, accuracy, and completeness of the financial statements contained in the 2026 interim report.**

5. **The Company did not distribute the half-year profit for 2026 nor was there any capitalization of capital reserves.**

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

7. **The Company was not subject to any appropriation of funds by the controlling shareholder or its related parties for non-operating purposes.**

8. **The Company was not involved in any provision of external guarantees in violation of the applicable decision-making procedures.**

9. **Reminder of Major Risks**

   Potential risks are elaborated in this report. Please refer to "Section II Management Discussion and Analysis" under "Report of the Directors" in Chapter 3 for details of the potential risks that the Company may face.

10. **The 2026 interim report is published in both Chinese and English. In the event of any discrepancy between the English and Chinese versions, the Chinese version shall prevail.**

DEFINITIONS

In this report, unless the context otherwise specifies, the following terms shall have the following meanings:

"Company" or " Shanghai Petrochemical"	refers to	Sinopec Shanghai Petrochemical Company Limited
"Board"	refers to	the Board of Directors of the Company
"Director(s)"	refers to	the Director(s) of the Company
"PRC" or "China"	refers to	the People's Republic of China
"Reporting Period"	refers to	the six months ended 30 June 2026
"Hong Kong Stock Exchange"	refers to	The Stock Exchange of Hong Kong Limited
"Shanghai Stock Exchange"	refers to	The Shanghai Stock Exchange
"Group"	refers to	the Company and its subsidiaries
"Sinopec Group"	refers to	China Petrochemical Corporation
"Sinopec Corp."	refers to	China Petroleum & Chemical Corporation
"Sinopec Finance"	refers to	Sinopec Finance Co., Ltd.
"Hong Kong Listing Rules"	refers to	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Shanghai Listing Rules"	refers to	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange
"Model Code for Securities Transactions"	refers to	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules
"Securities Law"	refers to	the PRC Securities Law
"Company Law"	refers to	the PRC Company Law
"CSRC"	refers to	China Securities Regulatory Commission
"Articles of Association"	refers to	the articles of association of Sinopec Shanghai Petrochemical Company Limited
"Hong Kong Stock Exchange website"	refers to	www.hkexnews.hk
"Shanghai Stock Exchange website"	refers to	www.sse.com.cn
"website of the Company"	refers to	spc.sinopec.com
"HSE"	refers to	Health, Safety and Environment
"COD"	refers to	Chemical Oxygen Demand
"VOCs"	refers to	Volatile Organic Compounds
"SFO"	refers to	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
"Corporate Governance Code"	refers to	the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules
"Share Option Incentive Scheme"	refers to	the A Share Option Incentive Scheme of the Company

CORPORATE INTRODUCTION AND MAJOR FINANCIAL INDICATORS

(1) Major Accounting Data and Financial Indicators (Prepared under China Accounting Standards for Business Enterprises ("CAS"))

Unit: RMB'000

Major accounting data	**The Reporting Period (January to June)**	Corresponding period of the previous year		(Decrease)/increase as compared to the corresponding period of the previous year (after restatement) (%)
		After restatement	Before restatement	
Operating income	**38,991,994**	39,523,226	39,523,226	(1.34)
Total profit/(loss)	**387,215**	(595,616)	(595,616)	N/A
Net profit/(loss) attributable to equity shareholders of the Company	**300,431**	(462,128)	(462,128)	N/A
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	**303,638**	(439,375)	(439,375)	N/A
Net cash flows (used in)/generated from operating activities	**(841,436)**	776,191	778,943	(208.41)
	As at the end of the Reporting Period	As at the end of the previous year		Increase at the end of the Reporting Period as compared to the end of the previous year (after restatement) (%)
		After restatement	Before restatement	
Net assets attributable to equity shareholders of the Company	**23,422,280**	23,132,313	23,132,313	1.25
Total assets	**42,916,900**	42,556,634	39,881,813	0.85

Major financial indicators	**The Reporting Period (January to June)**	Corresponding period of the previous year		Increase as compared to the corresponding period of the previous year (%)
		After restatement	Before restatement	
Basic earnings/(losses) per share (RMB/Share)	**0.028**	(0.044)	(0.044)	N/A
Diluted earnings/(losses) per share (RMB/Share)	**0.028**	(0.044)	(0.044)	N/A
Basic earnings/(losses) per share excluding extraordinary gains and losses (RMB/Share)	**0.029**	(0.042)	(0.042)	N/A
Return/(loss) on net assets (weighted average) (%)*	**1.291**	(1.870)	(1.870)	Increased by 3.161 percentage points
Return/(loss) on net assets excluding extraordinary gains and losses (weighted average) (%)*	**1.304**	(1.778)	(1.778)	Increased by 3.082 percentage points

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

(2) Differences between Financial Statements Prepared under CAS and IFRS Accounting Standards

Unit: RMB'000

	Net profit/(loss) attributable to equity shareholders of the Company		**Net assets attributable to equity shareholders of the Company**		
	The Reporting Period	Corresponding period of the previous year	**At the end of the Reporting Period**	At the beginning of the Reporting Period	
				After restatement	Before restatement
Prepared under CAS	**300,431**	(462,128)	**23,422,280**	23,132,313	23,132,313
Prepared under IFRS Accounting Standards	**298,478**	(449,274)	**23,411,458**	23,120,486	23,120,486

For detailed differences between the financial statements prepared under CAS and IFRS Accounting Standards, please refer to supplements to the financial statements prepared under CAS.

(3) Extraordinary Gains and Losses Items (Prepared under CAS)

Unit: RMB'000

Extraordinary gains and losses items	Amount
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	(14,518)
Government grants recognized in profit or loss, except for those which are closely related to the Company's normal operations, which the Company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the Company	5,190
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and financial liabilities, other than those held for effective hedging related to normal operations of the Company	10,095
Other gain or loss items meeting the definition of extraordinary gains and losses	(288)
Current net profit and loss of subsidiaries resulting from merger of enterprises under common control from the beginning of the period to the date of merger	(1,261)
Other non-operating income and expenses besides the items above	(5,874)
Income tax effect amount	2,180
Effect on non-controlling interests after taxation	1,269
Total	(3,207)

REPORT OF THE DIRECTORS

Section I Business Overview

(1) Description of the Principal Business, Operating Model and Industry in which the Company Operated during the Reporting Period

Located at Jinshanwei in the southwest of Shanghai, the Company is a highly integrated petrochemical enterprise which mainly processes crude oil into a broad range of refined oil products and chemical products. During the Reporting Period, the Company did not engage in any new material non-core business activities. The Company sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the most economically developed regions in the PRC.

The Company's high-quality development is supported by the ever-increasing demand in the PRC for high-quality petrochemical products. Relying on the competitive advantage of its high degree of integration, the Company is optimizing its product mix, improving the quality and variety of its existing products, upgrading technology and promoting energy conservation and consumption reduction, and following the path of green and low-carbon development. During the Reporting Period, Shanghai Jinshan Baling New Materials Co., Ltd., a developer and producer of high-end new materials such as thermoplastic elastomers with technological and product advantages, was included in the Company's consolidated financial statements, which helped optimize the Company's product mix.

The year 2026 marks the opening year of the "15th Five-Year Plan". The external environment is complex and volatile, with increasingly fierce competition among major countries. Domestically, the macroeconomy is undergoing a pressured recovery, with a weak rebound in domestic demand. Investment is driven by equipment renewal and high-tech manufacturing, while policies focus on expanding domestic demand and developing new quality productive forces.The petrochemical industry remains at the cyclical bottom. The industry is imposing strict controls on new capacity, accelerating the phase-out of outdated capacity, and speeding up the green and low-carbon transition. High-end new materials and fine chemicals have become the primary growth drivers. Enterprises are accelerating digital-intelligent transformation and industrial chain upgrading. The industry is shifting from scale expansion toward quality and efficiency improvement, and corporate divergence continues to widen.

(2) Analysis of Core Competitiveness During the Reporting Period

As one of the major integrated petrochemical enterprises in China with an integrated refinery and petrochemical capacity, the Company possesses competitive business scale and strength, which have made it a major manufacturer of refined oil and chemical products in China. The Company also has self-owned utilities and environmental protection systems, as well as sea transport, inland shipping, rail transport and road transport ancillary facilities.

The Company's major competitive advantages include quality, geographical location and its vertically integrated production. The Company has over 50 years of petrochemical production and management experience, and has accumulated extensive resources in the petrochemical industry. The Company has won several quality product awards from the central and local governments. Located at the core region of Yangtze River Delta, the most economically active region in China with a strong demand for petrochemical products, the Company has built a comprehensive logistics system and supporting facilities with close geographic proximity with most of its clients which enables the Company to enjoy the convenience of coastal and inland shipping. This gave the Company a competitive edge in terms of transportation costs and timely delivery. The Company has leveraged its advantages in integrated refinery and petrochemical capacity to actively readjust and promote product structure, while continuously improving products quality and variety. The Company has also improved production technology and boosted capacity of key upstream units to maximize the use and the efficiency in the utilization of its corporate resources, and is therefore able to achieve strong and sustainable development.

Section II Management Discussion and Analysis

(1) Management Discussion and Analysis of the Operations during the Reporting Period

(The following discussion and analysis should be read in conjunction with the unaudited interim financial report of the Group and the notes in the interim report. Unless otherwise specified, financial data involved hereinafter are extracted from the unaudited interim financial report of the Group prepared in accordance with IFRS Accounting Standards.)

1. Review of the Company's operations during the Reporting Period

In the first half of 2026, affected by the conflicts between the United States, Israel and Iran, international oil prices experienced wide and repeated sharp fluctuations. The petrochemical industry faced unexpected impacts and challenges across various aspects, including costs, demand, and capacity adjustments.

Against this backdrop, the Group proactively advanced various initiatives including safety and environmental protection, tapping potential and enhancing efficiency, and project construction, achieving a turnaround from loss to profit in the first half of the year. As of 30 June 2026, the Group generated revenue of RMB38,964 million, representing a decrease of RMB536 million or 1.36% compared to the same period last year. Profit before taxation amounted to RMB385 million (1H2025: loss before taxation of RMB583 million), representing an increase of profit of RMB968 million year-on-year. Profit after taxation and excluding non-controlling shareholders' interests was RMB298 million (1H2025: loss of RMB449 million), representing an increase of profit of RMB747 million year-on-year.

In the first half of 2026, the total volume of goods within the main commodity categories produced by the Group was 4.9398 million tons, representing a decrease of 11.42% compared to the same period last year. The Group processed a total of 5.682 million tons of crude oil (of which 458.1 thousand tons were processed on order), representing a decrease of 10.16% compared to the same period last year. Refined oil output amounted to 3.482 million tons, representing a decrease of 12.80% year-on-year. Among them, the gasoline production decreased by 13.70% year-on-year to 1.4396 million tons; the diesel production decreased by 6.95% year-on-year to 1.1154 million tons; and the jet fuel production decreased by 17.68% year-on-year to 926.9 thousand tons. Ethylene production increased by 19.79% year-on-year to 327.3 thousand tons; p-xylene production decreased by 4.14% year-on-year to 338.3 thousand tons. Production of plastics, resins and copolymers decreased by 0.91% year-on-year to 453.5 thousand tons. Production of synthetic fibres decreased by 2.61% year-on-year to 14.1 thousand tons. The production and sales rate of the Group's product for the first half of this year was 100.87% and the payment return rate was 100.03% (excluding related companies and internal enterprises).

Safety and environmental protection were advanced in a coordinated manner. The Group consolidated the work safety accountability system, drove the transition of HSE work towards pre-emptive prevention, strictly strengthened control over contractors and direct operations, and ensured that on-site risks remained manageable. The Group further promoted the development of green enterprises. In the first half of the year, the comprehensive compliance rate of industrial wastewater discharged outward, the compliance rate of controlled emissions, and the rate of hazardous waste properly handled and disposed were all 100%, and the average VOCs concentration at the plant boundary was 49.3μg/m^3, representing a year-on-year decrease of 21%.

Multiple measures were adopted to tap potential and enhance efficiency. Adhering to the principle of production based on sales and prioritizing profitability, the Group adopted a range of measures to realize the structural adjustment of refined oil products featuring "restricting gasoline output, stabilizing jet fuel output and reducing diesel output". The Group accelerated its strategic transformation into a high-end new materials supplier and enriched its matrix of high-value-added products. It expanded and diversified crude oil resources to effectively mitigate supply risks. The Group also made vigorous efforts to expand the market and boost sales of steam resources, promoted the environmentally sound co-combustion and utilization of biochemical sludge, implemented "peak-flat-trough" power generation on a regularized basis, and dynamically carried out petroleum coke substitution, thereby achieving cost reduction and efficiency gains.

Transformation, upgrading, quality enhancement and capacity expansion were pursued. The hydrocracking unit under the Comprehensive Technological Transformation and Quality Upgrading Project received preliminary approval and commenced construction, and the basic design approvals for the remaining major items and the precursor project were expedited. The Cogeneration Unit Clean and Efficiency Improvement Project entered the full-scale installation phase. Phase I of the Carbon Fiber Project with a Capacity of 30,000 tons/year in Inner Mongolia New Jinshan was successfully commissioned. The Feedstock Structure Optimization and Revamp Project for Cracking Furnaces in the New Ethylene Plant was put into operation, significantly increasing the yield of high-value-added products. The Group accelerated the deep integration of digital and intelligent transformation with flattened management, completed Phase I construction of five digital and intelligent domains on schedule, and systematically planned the development of a digital twin plant.

Technological innovation delivered accelerated progress and improved efficiency. The Group launched the first batch of 12 major projects for integrated technology, industrial and financial innovation under the "15th Five-Year Plan". It continued to deepen technological research on the industrialization of large-tow carbon fibre, with the performance of 48K large-tow carbon fibre stably reaching the SCF40S level, and that of 60K large-tow carbon fibre reaching the SCF45S level. High-performance carbon fibre continued to undergo iterative upgrading, with the mass production of T1000-grade 12K small-tow carbon fibre achieved in technological terms. The Group completed the production of CF/PPS panels for thermoplastic composite research and development. The Group deepened the "user-oriented, research, production and marketing" collaborative mechanism, successfully developed ultra-clean high-voltage polyethylene cable insulation base material, and drove the upgrading of the high-end cable materials industry chain. It also advanced the industrialization and implementation of a series of projects for the comprehensive utilization of C5 and C9 resources.

Reform was deepened to unleash growth momentum. Seizing the opportunity of launching the "Entrepreneurship 2.0" and developing "New Jinshan", the Group fully implemented organizational flattening reform and process optimization. It advanced the institutionalization of management, the process-orientation of systems, and the standardization of workflows. The Group continuously improved its governance system and strengthened compliance governance. It refined the remuneration management system for Directors and senior management, and orderly completed the renewal of the Board. The Company's Wind ESG rating was upgraded to AA, placing it at the forefront of the industry. The Group enhanced its long-term mechanisms and reinforced the responsibility for governing the enterprise in accordance with the law. It optimized the remuneration distribution system and carried out regular remuneration-performance linkage adjustments.

Talent efforts were intensified to strengthen the Company and empower the workforce. The Group regularized the mechanism for management personnel to be "promoted or demoted based on performance", and strictly implemented the mechanisms for adjustment of bottom-ranked personnel and exit of incompetent employees. It revised the detailed rules for the management of talent development pathways, smoothing the vertical and horizontal channels for talent mobility. The Group continued to build a training system featuring "targeted demand matching and efficient resource allocation", with a focus on fostering a contingent of versatile talent capable of meeting the enterprise's transformation and upgrading needs, so as to win the tough battle for talent-driven enterprise development.

The following table sets forth the Group's sales volume and net sales after business tax and surcharges for the Reporting Period:

	For the six months ended 30 June					
	2026			2025		
	Sales volume ('000 tons)	**Net sales (RMB million)**	**Percentage (%)**	Sales volume ('000 tons)	Net sales (RMB million)	Percentage (%)
Petroleum products	**3,711.50**	**21,106.24**	**62.83**	4,326.17	20,921.99	62.46
Chemical products	**1,327.49**	**10,363.63**	**30.85**	1,252.31	8,477.13	25.31
Trading of petrochemical products	**–**	**1,868.09**	**5.56**	–	3,855.86	11.51
Others	**–**	**254.60**	**0.76**	–	243.33	0.72
Total	**5,038.99**	**33,592.56**	**100.00**	5,578.48	33,498.31	100.00

In the first half of 2026, the Group achieved a total net sales of RMB33.593 billion, representing an increase of 0.28% compared to the same period last year, of which the net sales of petroleum products and chemical products increased by 0.88% and 22.25% respectively, while the net sales of trading of petrochemical products decreased by 51.55%. Affected by the major overhaul of the Group's refining facilities, the sales volume of petroleum products decreased by 14.21%. The weighted average sales prices of all sectors rose over the same period last year due to the increase in crude oil prices. In the first half of 2026, the Group's cost of sales was RMB33.225 billion, representing a decrease of 2.68% compared to the same period last year and accounting for 98.91% of net sales.

In the first half of 2026, the cost of crude oil processing of the Group amounted to RMB23.892 billion, representing an increase of RMB806 million compared to the same period last year. Among them, the Group's crude oil unit processing cost was RMB4,573.59/ton for the current period, representing an increase of RMB571.69/ton or 14.29% compared to the same period last year, and resulting in the cost increase of RMB2.986 billion. The crude oil processing volume (excluding processing on order) for the current period decreased by 544.7 thousand tons compared to the same period last year, resulting in cost reduction of RMB2.18 billion. Crude oil costs accounted for 71.91% of the Group's cost of sales in the first half of the year.

In the first half of 2026, the Group's expenditure on other excipients was RMB3.875 billion, representing an increase of 2.08% compared to the same period last year. During the Reporting Period, the Group's depreciation and amortization expenses and maintenance expenses were RMB1.066 billion and RMB636 million, respectively. Depreciation and amortization expenses increased by 6.07% year-on-year mainly due to the increase in depreciation of fixed assets. Maintenance expenses increased by 40.71% year-on-year mainly due to the increase in overhaul projects for the current period as compared to the same period in 2025.

In the first half of 2026, the Group recorded selling and administrative expenses of RMB102 million, which remained largely unchanged from RMB102 million in the same period last year.

In the first half of 2026, the Group's other operating income was RMB42 million, representing an increase of RMB6 million compared to the same period last year.

In the first half of 2026, the Group's other operating expenses were RMB19 million, representing an increase of RMB6 million compared to the same period last year.

In the first half of 2026, the Group reported a net financial income of RMB23 million, while the net financial income amounted to RMB74 million in the same period last year, which was mainly due to a decrease in interest income of RMB38 million and an increase in interest expense of RMB13 million during the Reporting Period.

In the first half of 2026, the Group recorded a profit after taxation and excluding non-controlling shareholders' profits or losses of RMB298 million, representing an increase of profit of RMB747 million from the loss of RMB449 million in the same period last year.

Liquidity and Capital Resources

In the first half of 2026, the Group's net cash outflow from operating activities was RMB865 million, as compared with net cash flows generated from operating activities of RMB765 million in the same period of 2025 (after restatement), representing an increase of RMB1,630 million in net cash outflows as compared with the same period of 2025. This was mainly due to the fact that the Group's total cash outflows for purchasing goods and paying various taxes during the Reporting Period increased by RMB2,082 million as compared to the same period in 2025.

In the first half of 2026, the Group's net cash outflow from investment activities was RMB1,455 million, while a net cash inflow of RMB461 million occurred in the same period last year (after restatement). This was mainly due to the net amount of time deposits recovered by the Group in the first half of 2026 decreased by RMB1,100 million compared to the same period in 2025, and the cash outflow for the acquisition of long-term assets increased by RMB463 million compared to the same period in 2025.

In the first half of 2026, the Group's net cash inflow from financing activities was RMB1,864 million, while a net cash outflow of RMB971 million occurred in the same period last year (after restatement). This was mainly due to a net increase in borrowings of RMB2,142 million during the period and capital injections of RMB600 million received from non-controlling shareholders of a subsidiary.

Borrowings and Debts

The Group's long-term borrowings are mainly used for capital expansion projects. The Group generally arranges long-term borrowings in accordance with capital expenditure plans. The short-term debt is used to supplement the working capital required by the normal production and operation of the Group. As at 30 June 2026, the total loan balance of the Group increased by RMB1,271 million from the opening balance (after restatement), which was mainly due to an increase of RMB199 million in borrowings due within one year, while the balance of long-term borrowings increased by RMB1,072 million. The Group had no short-term bonds during the Reporting Period. As of 30 June 2026, the Group's total principal of borrowings at floating interest rates was RMB3,343 million.

Capital Expenditures

In the first half of 2026, the Group's capital expenditure was RMB925 million. It was mainly used for the construction of the Shanghai Petrochemical Cogeneration Unit Clean and Efficiency Improvement Project and the Shanghai Petrochemical Large Tow Carbon Fiber Off-site Project.

In the second half of the year, the Group will continue to promote the implementation of the Shanghai Petrochemical Cogeneration Unit Clean and Efficiency Improvement Project and the Large Tow Carbon Fiber Off-site Project. The planned capital expenditure of the Group can be financed from operating cash and bank credit.

Gearing Ratio

As of 30 June 2026, the Group's gearing ratio was 42.85% (as of 31 December 2025: 44.42% (after restatement)). The gearing ratio was calculated as: total liabilities/total assets.

The Group's Employees

As at 30 June 2026, the number of registered employees of the Group was 6,698, among which 4,357 were production personnel, 1,681 were sales, finance and other personnel, and 660 were administrative personnel. 74.40% of the Group's employees were college graduates or above.

The Group determines the remuneration of its employees and Directors on the basis of their position, performance, experience and current market pay trends. Other benefits include state-administered pension plans. The Group also provides professional and vocational training for its employees.

Income Tax

The Enterprise Income Tax Law of the PRC took effect from 1 January 2008. As of the half year ended 30 June 2026, the income tax rate applicable to the Group was 25%, while Inner Mongolia New Jinshan Carbon Fiber Co., Ltd., a subsidiary of the Group, is qualified to a preferential tax rate of 15% from 2025 to 2030.

Disclosure Required by the Hong Kong Listing Rules

Save as disclosed herein, pursuant to paragraph 40 of Appendix D2 to the Hong Kong Listing Rules, the Company confirms that there were no material differences between the existing information of the Company relating to the matters as set out in paragraph 32 of Appendix D2 to the Hong Kong Listing Rules and the relevant information disclosed in the Company's 2025 annual report.

2. Market Outlook and Work Plans for the Second Half of the Year

At present, China's petrochemical industry remains in a phase of compressed profitability and deep structural adjustment. The high profits recorded in the first half of the year were primarily driven by windfall gains from price increases triggered by external geopolitical conflicts. Globally, bulk chemical products face general oversupply. Domestic issues including low-end overcapacity and homogeneous cut-throat competition have not been fundamentally resolved, exposing the industry to substantial price-volatility risks. Looking ahead to the second half of 2026, the global economy is expected to show a weak recovery trend with limited growth momentum. Domestically, the economy is expected to undergo a mild structural recovery, with export resilience remaining intact and domestic demand improving modestly. Progress in easing US-Iran tensions will continue to erode the geopolitical premium. Coupled with the concentrated commissioning of substantial new domestic production capacity, the industry will only witness limited seasonal recovery opportunities. Overall, the sector may maintain a pattern underpinned by cost support amid a retreat from elevated levels.

From the Group's own perspective, benefiting from the resource empowerment of the Sinopec system and the supply-side clearance dividends in the industry, our integrated advantages continue to strengthen, and transformation and upgrading are accelerating with greater momentum. Although the Group turned loss into profit in the first half of the year, the persistent volatility in oil price has made business forecasting more difficult, with pressure from narrowing product spreads emerging and the concentrated investment in major technical renovation projects placing significant strain on cash flow. Moreover, with major overhauls and renovations scheduled for the second half of the year, the task of improving quality and efficiency remains formidable throughout the year. The Group will focus on the following tasks:

1. Building a new safety-oriented landscape to reinforce the bottom line of development, and translating management strengths into tangible outcomes for safe and stable operations. The Group will ensure safety by upholding cultural guidance, institutional enforcement, and strict accountability. It will strengthen foundational work, promote the deep integration of the QHSE management system operations with the "Three Basics" work, accelerate the phase-out and renewal of outdated plant facilities and equipments, and comprehensively enhance all employees' practical emergency-response skills and ability to handle unexpected incidents. The Group will also deepen green enterprise initiatives, implement the requirements for improving atmospheric environmental performance, intensify the systematic treatment of VOCs and other pollutants, and achieve a steady reduction in total emissions of major pollutants. It will ensure environmental compliance management in construction projects, advance energy conservation and carbon reduction retrofits and upgrades, and strengthen dual-control management of carbon emissions.

2. Consolidating the Group's operational foundation through full-chain quality and efficiency enhancement, and transforming its integrated advantages into profit dividends. The Group will strengthen market research and analysis, optimize the crude oil resource structure and pricing ratio, and establish a stable and diversified resource portfolio to ensure supply. The Group will promote the optimization of the chemical feedstock mix, enhance the low-cost "oil conversion" capability, and rationally manage the pace of external procurement to achieve multi-channel, low-cost feedstock supply. It will closely follow market changes and conduct dynamic profitability assessments across the entire industry chain. The Group will flexibly adjust processing loads and product mix, coordinate diesel-to-gasoline ratio adjustments and the scheduling of chemical grade naphtha production, so as to maximize the efficiency of profitable units. It will accelerate the iterative upgrading of existing high-end products, expand the market share of foaming materials and high-voltage cable base materials, and expand markets, boost sales, increase volumes, and grow revenue.

3. Reshaping the development landscape through industrial chain transformation and upgrading, and converting existing resources into growth drivers. During the year, the Comprehensive Technological Transformation and Quality Upgrading Project will commence full-scale civil construction. The Cogeneration Unit Clean and Efficiency Improvement Project will complete and commission the No. 11 to No. 13 pulverized-coal-fired boiler units, achieving a smooth transition between the old and new units and enhancing green development and energy-saving efficiency. On the basis of achieving stable production and full capacity at Phase I of the Construction Project of the Large-Tow Carbon Fiber with a capacity of 30,000 tons/year in Inner Mongolia, the Group is advancing the construction of Phase II, striving for full completion and operation by the end of 2027, with the goal of building the largest low-cost large-tow carbon fiber production base in China. The Group will further stimulate technological innovation vitality and deepen digital and intelligent transformation to empower operations. It will fully tap the potential for intensive and deep processing of resources across the entire industry chain and make every effort to advance the extension projects of the new material industry chain, thereby propelling basic chemical raw materials towards industrial advantages.

4. Stimulating internal driving forces and vitality through comprehensive deepening of reforms, and converting institutional advantages into tangible development outcomes. The Group will continue to improve modern corporate governance, steadily advance the reform towards the flattening of its organizational structure, deepen the linkage management of remuneration and efficacy, dynamically refine the assessment and incentive mechanisms, promote market-based benchmarking of performance-based remuneration, and enhance value creation through lean management and control, thereby comprehensively improving per capita labor efficiency. The Group will persistently deepen institutional and mechanistic reforms. It will launch comprehensive initiatives and achieve breakthroughs in multiple areas, systematically restructure the operational mechanism for scientific research management and provide all-round empowerment to the integration of science, industry, finance and innovation. The Group will continue to build a lean and efficient workforce, open up vertical and horizontal channels for talent mobility, continuously improve the position system, development pathways and performance management system, refine the cross-sequence job transfer rules, and promote the compound growth of talent.

(2) Analysis of the Company's Principal Performance during the Reporting Period (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

1. Analysis of Changes in the Related Financial Data

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

Unit: RMB'000

Item	For the six months ended 30 June		Change (%)	Reason for change
	2026	2025 (after restatement)		
Research and development expenses	**84,173**	130,190	(35.35)	The decrease in research and development projects during the Reporting Period, resulting in a decrease in research and development expenses as compared to the same period last year.
Finance income	**(23,872)**	(55,612)	N/A	Interest income decreased and interest expenses increased during the Reporting Period.
Other income	**12,128**	7,909	53.34	Government grants received during the Reporting Period increased as compared to the same period last year.
Gains from changes in fair value	**10,095**	510	1,879.41	Gains from fair value changes on commodity swap contracts increased during the Reporting Period.
Impairment losses	**(545,274)**	(416,854)	N/A	The provision for inventory write-down increased during the Reporting Period.
Non-operating income	**6,810**	13,005	(47.64)	Fixed assets retirement income decreased during the Reporting Period.
Non-operating expenses	**22,185**	35,179	(36.94)	Fixed assets retirement losses decreased during the Reporting Period.

Item	For the six months ended 30 June 2026	2025 (after restatement)	Change (%)	Reason for change
Income tax expenses/ (benefits)	**103,821**	(134,702)	N/A	Profit was recorded during the Reporting Period, resulting in income tax expenses.
Net profit/(loss) attributable to shareholders of the Company	**300,431**	(462,128)	N/A	The operating results increased year-on-year during the Reporting Period.
Net cash flows (used in)/generated from operating activities	**(841,436)**	776,191	(208.41)	The cash paid for purchases of goods and services during the Reporting Period increased as compared with the same period last year.
Net cash flows (used in)/generated from investing activities	**(1,440,345)**	477,398	(401.71)	The net amount of time deposits recovered during the Reporting Period decreased, while the expenditure on the acquisition of long-term assets increased, as compared to the same period last year.
Net cash flows generated from/(used in) financing activities	**1,825,520**	(998,433)	N/A	During the Reporting Period, cash received from absorbing investments and the net cash inflows from borrowings and repayments both increased as compared with the same period of last year.

(3) Analysis of Business Operations by Industry, Product or Geographical Location Segment (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

1. Principal Operations by Industry or Product

Unit: RMB'000

Industry Segment/ Product Segment	Revenue	Operating cost	Gross profit margin (%)	Increase/ (decrease) in revenue compared to corresponding period of the previous year (%)	Increase/ (decrease) in operating cost compared to corresponding period of the previous year (%)	Increase/(decrease) in gross profit margin compared to corresponding period of the previous year
Petroleum products	26,434,381	19,875,930	24.81	(1.57)	(5.39)	Increased by 3.03 percentage points
Chemical products	10,402,753	9,999,460	3.88	21.87	27.01	Decreased by 3.89 percentage points
Trading of petrochemical products	1,870,053	1,839,230	1.65	(51.56)	(51.86)	Increased by 0.62 percentage point
Others	56,862	57,775	(1.61)	(6.37)	2.54	Decreased by 8.83 percentage points

Note: This gross profit margin is calculated according to the price of petroleum products which includes consumption tax. Gross profit margin of petroleum products after deducting consumption tax was 7.30%.

2. Revenue from Principal Operations by Geographical Location

Unit: RMB'000

Geographical location segment	Revenue from principal operations	Increase/(decrease) in revenue from principal operations as compared to corresponding period of the previous year (%)
Eastern China	36,642,045	(3.37)
Other regions in the PRC	270,730	(26.34)
Exports	1,851,274	80.40

(4) Analysis of Assets and Liabilities (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

Unit: RMB'000

Item	As at 30 June 2026 Amount	As at 30 June 2026 % of total assets	As at 31 December 2025 Amount (after restatement)	As at 31 December 2025 % of total assets	Change of amount on 30 June 2026 compared to 31 December 2025 (%)	Main reason for change
Derivative financial assets	**50,587**	**0.12**	13,493	0.03	274.91	Purchase of crude oil and refined oil product swap contracts during the Reporting Period.
Accounts receivables	**1,555,836**	**3.63**	784,663	1.84	98.28	Receivables due from sales of refined oil products increased at the end of the Reporting Period.
Prepayments	**64,333**	**0.15**	164,053	0.39	(60.79)	Prepaid customs consumption tax on imported naphtha and deposits decreased during the Reporting Period.
Other receivables	**46,887**	**0.11**	213,226	0.50	(78.01)	Customs consumption tax refund receivable decreased at the end of the Reporting Period.
Other current assets	**574,033**	**1.34**	312,369	0.73	83.77	Deductible value-added tax increased at the end of the Reporting Period.
Investments in other equity instruments	**–**	**–**	3,466	0.01	(100.00)	The fair value of investments in other equity instruments decreased at the end of the Reporting Period.
Right-of-use assets	**15,705**	**0.04**	7,008	0.02	124.10	New properties leased during the Reporting Period.
Short-term loans	**140,000**	**0.33**	70,000	0.16	100.00	New borrowings were obtained during the Reporting Period to supplement working capital needs.

Item	As at 30 June 2026		As at 31 December 2025		Change of amount on 30 June 2026 compared to 31 December 2025 (%)	Main reason for change
	Amount	**% of total assets**	Amount (after restatement)	% of total assets		
Derivative financial liabilities	**40,316**	**0.09**	7,108	0.02	467.19	Purchase of crude oil and refined oil product swap contracts during the Reporting Period.
Employee benefits payable	**306,738**	**0.71**	176,037	0.41	74.25	Bonuses accrued during the Reporting Period.
Other payables	**1,150,402**	**2.68**	1,713,396	4.03	(32.86)	Payable for equipment and construction work decreased at the end of the Reporting Period.
Non-current liabilities due within one year	**326,154**	**0.76**	195,934	0.46	66.46	Long-term borrowings due within one year increased during the Reporting Period.
Long-term loans	**3,426,405**	**7.98**	2,354,368	5.53	45.53	Long-term loans newly increased during the Reporting Period to supplement the funding needs of engineering construction projects.
Lease liabilities	**8,287**	**0.02**	140	0.00	5,819.29	New properties leased during the Reporting Period.
Non-controlling interests	**1,077,539**	**2.51**	494,001	1.16	118.12	Capital injections from non-controlling interests of a subsidiary during the Reporting Period.

As of the end of the Reporting Period, there was no case where the Company's main assets were sealed up, seized, frozen, mortgaged or pledged, and there was no case or arrangement where the possession, use, income and disposal rights of main assets were subject to other restrictions.

Overseas assets

During the Reporting Period, the Company's overseas assets were RMB11,017 thousand, accounting for 0.03% of the total assets.

(5) Material Changes or Adjustments to the Company's Business, Products or Services during the Reporting Period

Not Applicable

(6) Analysis of Investments (The following financial data are extracted from the unaudited interim financial report of the Group prepared under CAS)

1. Entrusted Wealth Managements and Entrusted Loans

(1) Entrusted Wealth Managements

The Company did not engage in entrusted wealth management during the Reporting Period.

(2) Entrusted Loans

The Company did not engage in entrusted loans during the Reporting Period.

2. Use of Raised Funds

During the Reporting Period, the Company did not raise any funds, or no balance of funds raised in previous years was brought forward to the current period.

3. Analysis of Major Subsidiaries and Invested Companies

Situation of the Company's major subsidiaries and invested companies affecting more than 10% of the net profit of the Company as at 30 June 2026:

Company	Type of corporation	Type of legal person	Principal business	Registered capital (RMB'000)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Operating profit/(loss) (RMB'000)	Net profit/(loss) in the first half of 2026 (RMB'000)
Shanghai Petrochemical Investment Development Company Limited ("Shanghai Investment Development")	Subsidiary	Limited liability company	Investment management	2,100,000	2,550,221	2,539,843	39,850	34,759	34,650
China Jinshan Associated Trading Corporation ("Jinshan Associated Trading")	Subsidiary	Limited liability company	Import and export of petrochemical products and equipments	25,000	621,186	246,369	1,506,006	7,679	3,902

Company	Type of corporation	Type of legal person	Principal business	Registered capital (RMB'000)	Total assets (RMB'000)	Net assets (RMB'000)	Operating income (RMB'000)	Operating profit/(loss) (RMB'000)	Net profit/ (loss) in the first half of 2026 (RMB'000)
Inner Mongolia New Jinshan Carbon Fiber Co., Ltd. ("Inner Mongolia Carbon Fiber")	Subsidiary	Limited liability company	Production of carbon fiber	1,200,000	1,669,379	1,191,664	2,462	(9,813)	(8,341)
Shanghai Jinshan Baling New Materials Co., Ltd. ("Baling New Materials")	Subsidiary	Limited liability company	Production of styrene thermoplastic elastomer products	800,000	3,117,759	760,176	489,397	(36,395)	(28,418)
Shanghai Golden Phillips Petrochemical Company Limited ("Shanghai Golden Phillips")	Subsidiary	Limited liability company	Production of polyethylene products	415,623	503,339	462,949	501,399	8,259	6,063
Shanghai Jinshan Trading Corporation ("JMGJ")	Subsidiary	Limited liability company	Import and export of petrochemical products and equipments	100,000	336,037	164,685	1,350,051	3,759	2,707
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian")	Subsidiary	Limited liability company	Storage and transportation services	620,000	167,819	61,931	4,225	(4,968)	(5,231)
Shanghai Chemical Industry Park Development Co., Ltd. ("Chemical Industrial Park")	Invested company	Limited liability company	Land development and industrial investment	2,372,439	12,154,563	8,647,874	840,177	260,148	205,093

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

The Group's share of interests in associates comprises a 38.26% interest in Chemical Industrial Park established in the PRC with an amount of RMB2,434 million.

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

In the first half of 2026, Chemical Industrial Park recorded operating income of RMB840 million, profit after taxation attributable to shareholders of the company amounted to RMB120 million and gain attributable to the Company amounted to RMB46 million.

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

a) In the first half of 2026, the net profit of Shanghai Investment Development increased by RMB21.22 million compared to the same period last year, which was mainly due to a year-on-year increase in investment returns and a year-on-year rise in the gross profit of the hazardous chemicals storage and transportation business.

b) In the first half of 2026, the net profit of Jinshan Associated Trading decreased by 34.94% compared to the same period last year, which was mainly due to the increase in income tax expenses resulting from the adjustment of current income tax after annual tax filing.

c) In the first half of 2026, Shanghai Golden Phillips turned loss into profit, with its net profit increasing by RMB8.92 million as compared with the same period last year, which was mainly due to the increase in gross profit of polyethylene products, resulting in a significant increase in operating results.

d) In the first half of 2026, the net profit of JMGJ increased by RMB1.49 million compared to the same period last year, which was mainly due to the increase in gross profit from export sales during the current period.

(3) *Acquisition and disposal of subsidiaries during the Reporting Period*

Company name	Method of acquisition and disposal of subsidiaries during the Reporting Period	Impact on the overall production and operation and performance
Shanghai Jinshan Baling New Materials Co., Ltd.	Business combination under common control	No significant impact

On 3 March 2026, the Company's extraordinary general meeting considered and passed the resolution regarding the Company's consolidation of Baling New Materials, agreeing to amend the joint venture agreement entered into between the Company and Sinopec Hunan Petrochemical Co., Ltd. ("Hunan Petrochemical") and the articles of association of Baling New Materials. Prior to the amendments to the joint venture agreement and the articles of association of Baling New Materials, Baling New Materials was jointly owned by the Company and Hunan Petrochemical, each holding 50%, and its financial statements were included in the consolidated financial statements of Hunan Petrochemical. On 18 March 2026, the Company entered into a new joint venture agreement with Hunan Petrochemical. Although the shareholding structure of Baling New Materials remained unchanged, the Company gained control over Baling New Materials by holding 51% of its voting rights. As a result, Baling New Materials became a subsidiary of the Company and was included in the Group's consolidated financial statements.

As both the Company and Baling New Materials were ultimately controlled by China Petroleum & Chemical Corporation before and after the consolidation, and such control was not transitory, the consolidation of Baling New Materials was considered as a business combination under common control. The consolidation date was determined to be 18 March 2026.

(4) *Structured entities controlled by the Company*

During the Reporting Period, the Company did not have any controlled structured entities.

4. **Projects Funded by Non-fundraising Capital**

Major Project	Total project investment (RMB'000)	Amount of project investment during the Reporting Period (RMB'000)	Cumulative actual investment amount (RMB'000)	Status as of 30 June 2026
The Shanghai Petrochemical Comprehensive Technological Transformation and Quality Upgrading Project	19,603,970	64,369	228,433	The overall design has been approved and the basic design of the hydrocracking unit has been approved, while other units are currently at the basic design stage
The Shanghai Petrochemical Cogeneration Unit Clean and Efficiency Improvement Project	3,287,711	352,121	2,472,121	Under construction
The Shanghai Petrochemical Large Tow Carbon Fiber Off-site Project	3,196,000	209,561	855,920	Phase I achieved feed-in and start-up on 8 May 2026 and produced qualified products. Phase II is under construction and is scheduled for completion in December 2027.

5. Financial Assets and Financial Liabilities Measured at Fair Value

Unit: RMB'000

Project	Opening amount	Profit or loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Amount of purchases during the current period	Amount of sales/ redemptions during the current period	Other changes	Closing amount	Source of funds
Financial assets measured at fair value through profit or loss								
– Other non-current financial assets	37,500	–	–	–	–	–	37,500	Own capital
Financial assets measured at fair value through other comprehensive income								
– Receivables under financing	332,015	–	–	–	–	8,642	340,657	Own capital
– Investments in other equity instruments	3,466	–	(3,466)	–	–	–	–	Own capital
Derivatives								
– Commodity swaps contracts	6,385	10,095	(42,619)	458,696	(422,286)	–	10,271	Own capital
Total	379,366	10,095	(46,085)	458,696	(422,286)	8,642	388,428	

6. Derivative investments for hedging purposes during the Reporting Period

Type of derivative investment	Initial investment amount	Opening book value	Gains or losses arising from changes in fair value for the current period	Cumulative changes in fair value included in equity	Amount purchased during the Reporting Period	Amount disposed during the Reporting Period	Closing book value	Proportion of closing book value to net assets of the Company at the end of the Reporting Period (%)
Commodity swaps contracts	–	6,385	10,095	(42,619)	458,696	(422,286)	10,271	0.04%
Total	–	6,385	10,095	(42,619)	458,696	(422,286)	10,271	0.04%

The accounting policies, specific principles of accounting for hedging operations during the Reporting Period, and a statement of whether there are significant changes compared with the previous reporting period	No significant change.
Statement of actual profit or loss during the Reporting Period	The profit and loss impact for the Reporting Period was RMB10,095 thousand.
Statement of the effect of hedging	The Group engages in petrochemical business, which exposed the Group to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage such commodity price risks. From January to June 2026, the Group did not recognize any hedge ineffectiveness in relation to the commodity swap contracts.
Source of funds for derivative investment	Own capital.
Risk analysis and control measures (including but not limited to market risks, liquidity risks, credit risks, operational risks and legal risks) in respect of derivative positions during the Reporting Period	The Company's financial derivatives transactions are all for the purpose of locking in costs or profits, responding to market changes and hedging risks, and are in line with actual operational business needs, which help the Company to avoid the impact of risks and stabilize its operating results. From the perspective of financial derivatives business, there are certain risks, and the main risks are as follows: 1. market risk of loss due to changes in the price of the underlying assets that are contrary to expectations. 2. operational risk due to human error or system failure or control failure of trading or management personnel. Risk control measures in respect of the Company's financial derivative transactions: 1. selecting trading products with simple structure, high liquidity and controllable risk, and conducting them only within the amount authorized by the Board and strictly controlling the scale of transactions. 2. formulating the standardized business operation procedures and authorization management system, arranging full-time personnel, clarifying job responsibilities, and strictly engaging in monetary financial derivatives business within the scope of authorization; improving business training, professional ethics and quality of relevant personnel, and establishing a timely reporting system for abnormal situations, thereby minimizing operational risks.
The changes of market price of derivatives invested or the fair value of products during the Reporting Period. Specific usage and settings of relevant assumptions and parameters of the analysis on the fair value of derivatives shall be disclosed	The Group's analysis for the fair value of commodity swap contracts uses the price of the underlying commodity and the discount rate for counterparty credit risk.
Date of the announcement disclosing the approval of derivatives investment by the Board	18 March 2026

7. Derivative investment for speculative purposes during the Reporting Period

Not Applicable

(7) Other Disclosure Items

1. Possible risks

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

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

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

At present, the Group consumes a significant amount of crude oil for the production of petrochemical products. More than 95% of the crude oil consumption is imported. In recent years, crude oil prices have been subject to significant fluctuations due to a variety of factors, and the Group cannot rule out the possibility of any major unexpected event which may cause a suspension in crude oil supply. The Group has attempted to mitigate the effects of increased costs from rising crude oil prices by passing them on to the customers, but the ability to do so is limited because of market conditions and the pricing mechanism of refined oil products. Since there is a time-lag between increases in crude oil prices and increases in petrochemical product prices, higher costs cannot be totally offset by raising the sales prices.

(3) *The Group's development plans involve moderate capital expenditure and financing needs, presenting certain risks and uncertainties*

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

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

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

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

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

The exchange rate of the Renminbi against the US Dollar and other foreign currencies may fluctuate and is subject to alterations due to changes on the Chinese political and economic situations. In July 2005, the Chinese government overhauled its policy of pegging the exchange rate of the Renminbi to the US dollar by permitting the Renminbi to fluctuate within a certain band against a basket of foreign currencies. Since the adoption of this new policy, the exchange rate of the Renminbi against the US dollar fluctuates daily. A small portion of our cash and cash equivalents are denominated in foreign currencies, including the US dollar. Any increase in the value of Renminbi against other currencies, including the US dollar, may decrease the Renminbi value of our cash and cash equivalents that are denominated in foreign currencies. On the other hand, most of our revenue is denominated in Renminbi, but a major part of our procurement of crude oil, certain equipment and certain debt repayments are denominated in foreign currencies. Any devaluation of Renminbi in the future will increase our costs and jeopardize profitability.

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

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

(7) *Risks associated with control by the substantial shareholder*

Sinopec Corp., the controlling shareholder of the Company, owns 5,462 million shares of the Company, which represents 51.81% of the total number of shares of the Company and gives it an absolute controlling position. Sinopec Corp. may, by using its controlling position, exercise influence over the Group's production operations, fund allocations, appointment or removal of senior staff and so forth.

2. Assessment Report on the 2026 "Improving Quality, Enhancing Efficiency and Valuing Returns" Action Plan

The "Improving Quality, Enhancing Efficiency and Valuing Returns" Action Plan of Shanghai Petrochemical for 2026 was considered and approved at the 27th meeting of the 11th session of the Company's Board on 29 April 2026. In the first half of the year, the Company actively implemented the plan, steadily advanced various tasks, and achieved results in multiple areas.

(1) *Implementing the "Five Major Strategies" and Building the "New Jinshan" to Forge Core Competitiveness*

In the first half of 2026, the Company prepared the "15th Five-Year Plan", put forward the development goal of building a "New Jinshan" and the five major strategies of innovation-driven development, structural transformation, deepening reform, green and low-carbon development, and digital and intelligent transformation. The Company's operating results achieved a turnaround from loss to profit, and phased breakthroughs were made in both key tasks and key projects, laying a solid foundation for achieving the annual targets.

In terms of innovation-driven development, the Company launched the first batch of 12 major projects for integrated technology, industrial and financial innovation under the "15th Five-Year Plan". Technological iterations were achieved for large-tow and T1000-grade small-tow carbon fiber, and a number of high-end new materials were successfully developed and applied in multiple fields. In terms of structural transformation, the Company implemented structural optimization for its refined oil business by "restricting gasoline output, stabilizing jet fuel output and reducing diesel output". The Inner Mongolia Carbon Fiber project completed its first round of RMB600 million in equity financing and strategic investor introduction, with Phase I of the project completed and put into operation, achieving external sales. Technical transformation projects such as the hydrocracking unit were initiated, and after the ethylene cracking furnace renovation was put into use, the yield of high-value-added products increased significantly. Potential was tapped and efficiencies were created through measures such as diversifying crude oil sources, expanding steam sales, and co-firing sludge. In terms of deepening reform, the Company implemented organizational flattening reform, optimized the remuneration distribution and the cadre assessment, promotion and exit mechanisms, and established smooth vertical and horizontal channels for talent development. In the green and low-carbon sector, the Company strengthened preventive HSE controls, achieving a 100% compliance rate in the disposal of wastewater, exhaust gas, and hazardous waste. The concentration of VOCs at the plant boundary decreased by 21% year-on-year to 49.3 $\mu g/m^3$. The preliminary work for the wind-solar-storage integration project was steadily advanced. In terms of digital and intelligent transformation, the Company completed Phase I construction of the five digital and intelligent domains and began planning a digital twin plant to drive deep integration with flattened management.

(2) *Enhancing Governance Mechanisms and Deepening ESG Practices to Continuously Improve the Standard of Regulated Operations*

In the first half of 2026, the Company, in accordance with the latest provisions of laws, regulations, and normative documents such as the Company Law and the Shanghai Listing Rules, continuously improved its corporate governance structure and internal control systems, standardized its operations, and steadily enhanced its governance standards. The Company fully leveraged the supervisory and review functions of its independent Directors, actively building platforms and creating conditions for them to perform their duties. At the beginning of the year, the Company arranged for its independent Directors to communicate with external auditors to jointly determine the arrangements and audit scope of the annual financial report. In April, the Company organized independent Directors to conduct an on-site visit to Inner Mongolia to research the development of the Company's carbon fiber business.

In light of the expiry of the term of the eleventh session of the Board at the end of June 2026, to ensure a smooth and orderly transition, the Company made early preparations and set a reverse schedule for key milestones: preparatory work commenced in December last year; special meetings on the Board transition were held in early January; democratic decision-making procedures were carried out in February to elect the employee Director; the Nomination Committee and the Board meetings were successively held in May to deliberate on the nomination of candidates for non-employee Directors; and the annual general meeting was held in June to consider and approve the resolution on the election of members of the new Board, successfully completing the Board renewal.

The Company compiled the social responsibility report for the 18th consecutive year and published its fourth ESG report. Drawing on international standards including the GRI Universal Standards (2021) and the Recommendations of the Task Force on Climate-related Financial Disclosures, the Company continuously optimized its disclosure framework to enhance the professionalism and readability of its reports. Its Wind ESG rating was upgraded from A to AA, maintaining a leading position in the industry.

(3) Benchmarking Against New Regulations and Refining Remuneration Governance to Strengthen Compliance in the Performance of Duties by Directors and Senior Management

In the first half of 2026, the CSRC revised the Code of Corporate Governance for Listed Companies, further reinforcing the incentive and restraint mechanisms for Directors and senior management. The Company conducted an in-depth study of the new regulatory requirements, established and improved its remuneration management system, and clearly defined core elements including the mechanism for determining the gross payroll, the remuneration structure for Directors and senior management, performance assessment, remuneration disbursement, and clawback and recovery procedures. It formulated the Remuneration Management System for Directors and Senior Management of Sinopec Shanghai Petrochemical Company Limited. This system was approved at the Company's annual general meeting held in June. In the same month, the Company arranged for legal counsels from both Shanghai and Hong Kong to conduct compliance training for the Company's Directors and senior management, which systematically covered regulatory updates and clarified compliance obligations and key points of attention. In accordance with regulatory requirements, the Company also actively arranged for newly appointed Directors and senior management to participate in training sessions organized by the Shanghai Stock Exchange, so as to effectively enhance their ability to perform their duties.

(4) Continuously Carrying Out Special Initiatives for Market Value Management to Effectively Enhance Investor Returns

The Company has always attached great importance to returns to its investors. Adhering to the principle of balancing the common interests of all shareholders and the long-term sustainable development of the Company, it has implemented a consistent and stable profit distribution policy. Share repurchase is an important component of the market value management toolbox for listed companies. The Company has always advanced it as a long-term and systematic undertaking. The Proposal Regarding the Authorization to the Board to Repurchase the Domestic Shares and/or Overseas Listed Foreign Shares of the Company was considered and approved at the Company's annual general meeting held in June 2026. The relevant matters will be carried forward in a lawful, compliant, prudent, and orderly manner in due course.

(5) Deepening Two-Way Investor Communication to Strengthen Market Recognition

In the first half of 2026, the Company continued to enhance its investor relations management and proactively expanded diversified communication channels. The Company's management team led a delegation to Hong Kong to conduct annual promotional roadshows, held results briefings and one-on-one roadshows, effectively maintaining open and smooth communication channels for the Company, and maintaining regular liaison with key investors in the Hong Kong stock market. Concurrently, leveraging the Shanghai Stock Exchange Roadshow Centre, the Company convened an online results briefing for the year 2025, which was attended by the Company's key senior management, including the Chairman, Chief Financial Officer, Secretary to the Board and Independent Directors, all of whom engaged in thorough exchanges with investors, effectively safeguarding the legitimate rights and interests of minority shareholders. In addition, the Company routinely participated in sector strategy conferences hosted by securities firms, proactively engaging with fund managers, securities analysts and shareholders to enhance the market's understanding of the Company's production, operations and development prospects, and consistently demonstrated the Company's value. In terms of routine reception, the Company delivered solid investor services, receiving over 150 visits and enquiries from domestic and overseas investors, fund managers, analysts, intermediary institutions and the media in the first half of the year, and organizing 12 online and offline investor reception events.

(1) Plan for Profit Distribution or Capital Reserves Capitalization

1. Cash Dividend Policy and its Formulation, Implementation or Adjustment

The 2025 Profit Distribution Plan was considered and approved at the 2025 Annual General Meeting held on 26 June 2026: the Company did not distribute annual dividends for 2025, and did not conduct capitalization of capital reserves. The relevant announcement was published in China Securities Journal, Shanghai Securities News and Securities Times on 27 June 2026 and was uploaded to the websites of the Hong Kong Stock Exchange and the Shanghai Stock Exchange on 26 June 2026 and 27 June 2026.

2. Plan for Profit Distribution or Capital Reserves Capitalization during the Reporting Period

Nil.

(2) Performance of Undertakings

1. Undertakings Made by De Facto Controller, Shareholders, Connected Parties and Purchasers of the Company and the Company itself during the Reporting Period or Continuing up to the Reporting Period

Background	Type of undertakings	Undertaking party	Contents of undertakings	Date of undertakings	Any deadline for performance	Duration of undertakings	Whether timely and strictly performed	In case of failure to perform in time, the specific reasons for the incomplete performance shall be stated	In case of failure to perform in time, future plans shall be described
Undertaking in relation to the share reform scheme	Other	Sinopec Corp.	Sinopec Corp. shall continue to support the development of Shanghai Petrochemical upon the completion of the share reform scheme, and shall use Shanghai Petrochemical as a platform for the development of related businesses in the future.	20 June 2013	No	No	Yes	-	-

For details, please refer to "The Explanatory Memorandum for the Share Reform Scheme of the Company" (the Revised Draft) (Full Version) published in Shanghai Securities News and China Securities Journal on 20 June 2013, as well as the relevant announcements uploaded to the Shanghai Stock Exchange website, the Hong Kong Stock Exchange website and the website of the Company.

The share reform scheme was reviewed and approved at the A shares shareholders' meeting held on 8 July 2013. After the implementation of the share reform scheme on 20 August 2013, the Company's A shares resumed trading, and non-circulating shares previously held by non-circulating shares shareholders attained the right of circulation. For details of the implementation of the share reform scheme, please refer to the "Implementation Announcement of Sinopec Shanghai Petrochemical Company Limited Share Reform Scheme" published in China Securities Journal and Shanghai Securities News on 14 August 2013 and the relevant announcement uploaded to the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 13 August 2013.

2. Appropriation of Funds by the Controlling Shareholder and Other Connected Persons for Non-operational Purposes during the Reporting Period

There was no appropriation of funds by the controlling shareholder and other connected persons for non-operational purposes during the Reporting Period.

3. Illegal Guarantees

There was no illegal guarantee during the Reporting Period.

(3) Appointment and Dismissal of Accounting Firm

During the Reporting Period, the Company had not changed its auditors.

(4) Material Lawsuits or Arbitration

During the Reporting Period, the Company had no material lawsuits or arbitration.

(5) Punishment and Reprimand of the Listed Company and its Directors, Senior Management, Controlling Shareholder and De Facto Controller

During the Reporting Period, none of the Company and its Directors, senior management, controlling shareholder, de facto controller was subject to investigations by relevant authorities, coercive measures by judicial or disciplinary inspection departments, transfer to judicial authorities or prosecution for criminal liabilities, investigation or administrative penalty, restricted access to market, and identification as unqualified by the CSRC, punishments by other administrative authorities, or public reprimand by the stock exchanges.

(6) Credit Status of the Company and its Controlling Shareholder and De Facto Controller during the Reporting Period

During the Reporting Period, the Company and its controlling shareholder and de facto controller of the Company were not involved in any events regarding failure to perform obligations under a judgement of courts, nor have they had any relatively large amount of debts which have become due and outstanding.

(7) Share Option Incentive Plan of the Company

During the Reporting Period, the Company did not grant A-share stock options under the Share Option Incentive Plan, nor did the granted persons exercise A-share stock options, and no A-share stock options were cancelled or lapsed. No H-share stock options were granted, exercised or cancelled.

(8) Material Connected Transactions

1. Connected Transactions in relation to Daily Operations

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

Due to the particularities of the industry in which the Company operates and the needs of its production and operations, the Board considered and approved on 22 October 2025 the entering into of a Mutual Product Supply and Sales Services Framework Agreement and a Comprehensive Services Framework Agreement among the Company, Sinopec Group and Sinopec Corp., which are valid for three years until 31 December 2028. The annual caps for the Mutual Product Supply and Sales Services Framework Agreement and the Comprehensive Services Framework Agreement, together with the continuing connected transactions thereunder from 2026 to 2028 were considered and approved at the second extraordinary general meeting for 2025 of the Company. The Company renewed a Financial Services Framework Agreement with Sinopec Group on 22 October 2025. Accordingly, Sinopec Finance, a subsidiary of Sinopec Group, provides financial-related services to the Company, with the service period from 1 January 2026 to 31 December 2028, and the annual caps of no more than RMB500 million. For the definitions and details of the above transactions, please refer to the Company's announcements dated 23 October 2025 and 12 December 2025 on the website of the Shanghai Stock Exchange, and the announcements and circular of the Company dated 22 October 2025, 24 November 2025 and 11 December 2025 on the website of the Hong Kong Stock Exchange.

To streamline the Company's process for temporarily adjusting crude oil allocation and pipeline transportation plans based on production and operational needs, ensure the smooth operation of facilities, enhance the flexibility of the Company's crude oil allocation, and broaden the scope for optimising crude oil resources, the Company renewed the Storage Service Agreement with Sinopec Petroleum Reserve Company Limited, a wholly-owned subsidiary of Sinopec Group (the de facto controller of the Company) and its Baishawan branch ("Baishawan Branch") on 29 December 2025. Accordingly, Baishawan Branch provides storage services to the Company, with the service period from 1 January 2026 to 31 December 2026. Under the aforesaid Storage Service Agreement, the maximum annual storage service fee is RMB114 million (including value-added tax). For definitions and details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange on 17 December 2025 and 30 December 2025, and on the website of the Hong Kong Stock Exchange on 16 December 2025 and 29 December 2025.

The Board of the Company considered and approved on 16 December 2025 the signing of the Technology R&D Framework Agreement between the Company and Sinopec Corp. (its controlling shareholder), as well as the annual transaction amount caps thereunder for the year ending 31 December 2026, pursuant to which, the Company and Sinopec Corp. shall collaborate mutually or one party shall provide the other party with technology research and development services, with the term of the agreement expiring on 31 December 2026. Under the aforesaid Technology R&D Framework Agreement, the annual cap for the year 2026 for the provision of technology research and development services by the Company to Sinopec Corp. is RMB190 million and the annual cap for provision of technology research and development services by Sinopec Corp. to the Company is RMB280 million. For definitions and details, please refer to the announcements of the Company published on the website of the Shanghai Stock Exchange on 17 December 2025, and on the website of the Hong Kong Stock Exchange on 16 December 2025.

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

Unit: RMB'000

Type of connected transaction	Connected person	Annual cap for 2026	Transaction amount during the Reporting Period	Percentage of the transaction amount of the same type of transaction
Mutual Product Supply and Sales Services Framework Agreement				
Purchases of raw materials	Sinopec Group, Sinopec Corp. and their associates	86,894,000	24,352,643	79.01%
Sales of petroleum products and petrochemical products	Sinopec Corp. and its associates	74,046,000	29,077,839	74.57%
Agency sales of petrochemical products	Sinopec Corp. and its associates	128,000	24,658	100.00%
Comprehensive Services Framework Agreement				
Construction, installation and engineering design services	Sinopec Group and its associates	6,752,000	10,789	2.70%
Petrochemical industry insurance services	Sinopec Group	130,000	63,807	100.00%
Property leasing	Sinopec Corp. and its associates	27,000	10,233	36.12%
Comprehensive services	Sinopec Group and its associates	109,000	7,860	0.03%

Type of connected transaction	Connected person	Annual cap for 2026	Transaction amount during the Reporting Period	Percentage of the transaction amount of the same type of transaction
Financial Services Framework Agreement				
Financial services	Associate of Sinopec Group (Sinopec Finance)	500,000	1,607	1.87%
Technology R&D Framework Agreement				
Technology research and development services	Technology research and development services provided by the Company to Sinopec Corp.	190,000	922	100%
	Technology research and development services provided by Sinopec Corp. to the Company	280,000	62	0.00%
Storage Services Agreement				
Storage services	Associate of Sinopec Group (Baishawan Branch)	114,000	57,000	93.20%

The above-mentioned transactions between the Company and Sinopec Group, Sinopec Corp. and their associates as disclosed in Note 19 to the financial statements prepared under IFRS Accounting Standards in the 2026 Interim Report of the Company also constituted connected transactions under Chapter 14A of the Hong Kong Listing Rules. The above-mentioned continuing connected transactions have been carried out and disclosed in accordance with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules.

2. **Connected Transactions Related to Acquisition or Disposal of Assets or Equity Interests**

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

On 28 February 2026, the Company, its wholly-owned subsidiary Inner Mongolia Carbon Fiber, and Sinopec Corp. entered into a Capital Increase Agreement, pursuant to which, Sinopec Corp. subscribed for RMB300 million of the newly increased registered capital of the Inner Mongolia Carbon Fiber at the consideration of RMB300,002,800, which represents 25% of the registered capital of Inner Mongolia Carbon Fiber following the capital increase. Sinopec Corp. is the controlling shareholder of the Company and is therefore a connected person of the Company. The aforesaid transactions constitute connected transactions of the Company. This capital increase advances the restructuring, capital introduction, and high-quality development of the Company's carbon fiber business, facilitates breakthroughs in the high-end segment of the new materials industry and establishes a win-win cooperation system centered on industrial synergy. Relevant announcements were published on the website of the Shanghai Stock Exchange on 30 December 2025, 3 March 2026 and 14 March 2026, and on the website of the Hong Kong Stock Exchange on 29 December 2025, 1 March 2026 and 13 March 2026.

The Board of the Company considered and approved the proposal regarding the Company's consolidation of Baling New Materials on 8 January 2026, which was approved by the general meeting on 3 March 2026, authorizing the amendments to the articles of association and the joint venture agreement of Baling New Materials (the "Amendments"). On 18 March 2026, the Company entered into a New Joint Venture Agreement for Baling New Materials with Hunan Petrochemical. Prior to the Amendments, Baling New Materials was jointly owned by the Company and Hunan Petrochemical, each holding 50% equity interest, and its financial statements were included in the consolidated financial statements of Hunan Petrochemical. Upon completion of the Amendments, although the equity structure of Baling New Materials remains unchanged, the Company's voting rights and corporate governance authority in Baling New Materials have been further enhanced, and Baling New Materials is included in the Company's consolidated financial statements and becomes a subsidiary of the Company. Hunan Petrochemical is an associate of Sinopec Corp., which is the controlling shareholder of the Company, and therefore the aforesaid transaction constitutes a connected transaction of the Company. The consolidation of Baling New Materials fills a critical gap in the Company's strategic layout within the high-end new materials sector, enhances the Company's high-end thermoplastic elastomer industrial chain, captures key markets in future material upgrades, and optimizes the Company's product portfolio. Relevant announcements were published on the website of the Shanghai Stock Exchange on 9 January 2026 and 4 March 2026, and the relevant announcements and circular were published on the website of the Hong Kong Stock Exchange on 8 January 2026, 6 February 2026 and 3 March 2026.

3. Material Connected Transactions of Joint External Investment

During the Reporting Period, the Company had no material connected transactions of joint external investment.

4. Credits and Liabilities with Connected Parties

Unit: RMB'000

Connected party	Connected relationship	Funds provided to connected parties			Funds provided by connected parties to the listed company		
		Opening balance	Amount of transaction	Closing balance	Opening balance	Amount of transaction	Closing balance
Sinopec Corp., its subsidiaries, joint ventures and associates & Sinopec Group and its subsidiaries	Controlling shareholder, de facto controller and their connected parties	3,992	(1,418)	2,574	492,320	(126,124)	366,196

Note 1: The closing balance of the funds provided by the Group to the connected parties was mainly the unsettled receivables arising from services rendered by the Group to Sinopec Corp., its subsidiaries and joint ventures.

Note 2: The closing balance of the funds provided by the connected parties to the Group was mainly unsettled payables arising from the provision of construction, installation and engineering design services by Sinopec Group and its Subsidiaries.

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

5. Financial Business between the Company and the Related Financial Company, the Company's Holding Financial Company and Related Parties

(1) Deposit business

Unit: RMB0'000

Related party	Relationship	Maximum daily deposit limit	Deposit interest rate range	Opening balance	Amount incurred in the current period		Closing balance
					Total deposit amount in the current period	Total withdrawn amount in the current period	
Sinopec Finance	Subsidiary of the ultimate holding company	None	0.35%-1.15%	3,925.35	5,358,825.23	5,362,652.08	98.50
Total	/	/	/	3,925.35	5,358,825.23	5,362,652.08	98.50

Note: As of 30 June 2026, the deposit amount between the Company and its subsidiaries and Sinopec Finance were all current deposits.

(2) Loan business

Unit: RMB0'000

Related party	Relationship	Loan limit	Loan interest rate range	Opening balance	Amount incurred in the current period		Closing balance
					Total loan amount in the current period	Total repayment amount of the current period	
Sinopec Finance	Subsidiary of the ultimate holding company	70,000.00	1.08%-2.11%	–	47,000.00	–	47,000.00
Total	/	/	/	–	47,000.00	–	47,000.00

(9) Material Contracts and Their Performances

1. Entrustments, Sub-contracts and Lease Arrangements

During the Reporting Period, the Company had no entrustments, sub-contracts or lease arrangements that generated 10% or more (including 10%) of the gross profit of the Company for the Reporting Period.

2. Guarantees

The Company did not provide guarantees during the Reporting Period.

3. Other Material Contracts

There were no other material contracts during the Reporting Period.

(10) Use of Proceeds

Not applicable

(11) Other Significant Matters

Not applicable

CHANGE IN SHARE CAPITAL OF ORDINARY SHARES AND SHAREHOLDERS

(1) Changes in Share Capital of Ordinary Shares during the Reporting Period

Save as disclosed below, the Group had no changes in share capital of ordinary shares during the Reporting Period.

(2) Issue of Securities

1. Issue of Securities during the Reporting Period

During the Reporting Period, the Group didn't issue any securities.

2. Changes in the Company's Total Number of Ordinary Shares, Shareholding Structure and the Structure of the Company's Assets and Liabilities

During the Reporting Period, there was no change in the Company's total number of shares, shareholding structure and the structure of the Company's assets and liabilities due to reasons such as stock dividend and allotment of shares.

3. Employees' Shares

The Company had no employee's shares as at the end of the Reporting Period.

(3) Shareholders

1. Total Number of Shareholders

Total number of shareholders of ordinary shares as at the end of the Reporting Period	112,212
Total number of preferred shareholders with voting rights restored as at the end of the Reporting Period	0

2. Shareholding of the Top Ten Shareholders and Top Ten Shareholders with Tradable Shares (or Shareholders with Unrestricted Shares) as at the end of the Reporting Period

Unit: Share

Shareholding of the top ten shareholders (excluding shares lent through securities lending and refinancing)

Name of shareholders (Full name)	Class of shares	Increase/decrease in number of shares held during the Reporting Period (shares)	Number of shares held at the end of the Reporting Period (shares)	Percentage of shareholding (%)	Number of shares held with selling restrictions (shares)	Pledged/frozen Status of shares	Pledged/frozen Number of shares	Nature of shareholders
China Petroleum & Chemical Corporation	A shares	0	5,462,155,000	51.81%	0	None	0	State-owned legal person
HKSCC Nominees Limited	H shares	1,471,150	2,976,424,630	28.23%	0	Unknown	–	Overseas legal person
CORN CAPITAL COMPANY LIMITED	H shares	0	200,020,000	1.90%	0	None	0	Overseas legal person
HKSCC Limited	A shares	-43,276,046	35,747,033	0.34%	0	None	0	Overseas legal person
Shanghai Kangli Industry and Trade Co., Ltd.	A shares	0	22,375,300	0.21%	0	None	0	Others
Abu Dhabi Investment Authority – Own Funds	A shares	–	16,918,598	0.16%	0	None	0	Others
Tan Dongbo (譚洞波)	A shares	–	15,096,351	0.14%	0	None	0	Domestic natural person
Gao Xiaohua (高曉華)	A shares	0	10,320,500	0.10%	0	None	0	Domestic natural person
UBS AG	A shares	8,039,551	10,235,902	0.10%	0	None	0	Others
Sinopec Assets Management Co., Ltd.	A shares	0	10,146,000	0.10%	0	None	0	State-owned legal person

Shareholding of the top ten shareholders with unrestricted shares (excluding shares lent through securities lending and refinancing)

Name of shareholders	Number of unrestricted tradable shares	Type and quantity of shares Type	Quantity
China Petroleum & Chemical Corporation	5,462,155,000	Ordinary shares denominated in RMB	5,462,155,000
HKSCC Nominees Limited	2,976,424,630	Overseas listed foreign shares	2,976,424,630
CORN CAPITAL COMPANY LIMITED	200,020,000	Overseas listed foreign shares	200,020,000
HKSCC Limited	35,747,033	Ordinary shares denominated in RMB	35,747,033
Shanghai Kangli Industry and Trade Co., Ltd.	22,375,300	Ordinary shares denominated in RMB	22,375,300
Abu Dhabi Investment Authority – Own Funds	16,918,598	Ordinary shares denominated in RMB	16,918,598
Tan Dongbo (譚洞波)	15,096,351	Ordinary shares denominated in RMB	15,096,351
Gao Xiaohua (高曉華)	10,320,500	Ordinary shares denominated in RMB	10,320,500
UBS AG	10,235,902	Ordinary shares denominated in RMB	10,235,902
Sinopec Assets Management Co., Ltd.	10,146,000	Ordinary shares denominated in RMB	10,146,000
The explanation of buyback account of the top ten shareholders	Not involved		
The explanation of above shareholders' entrustment voting right, entrusted voting right and abstained from voting	Not involved		
Note on connected relations or acting in concert of the above shareholders	Among the above-mentioned shareholders, the controlling shareholder of both Sinopec Corp., a state-owned legal person, and Sinopec Assets Management Co., Ltd. is Sinopec Group. HKSCC Nominees Limited is a nominee. HKSCC Limited is the nominal holder for Shanghai-Hong Kong Stock Connect Program of the Company. Apart from the above shareholders, the Company is not aware of any connected relationship among the other shareholders, or whether any other shareholder constitutes an acting-in-concert party under the Administrative Measures on Acquisition of Listed Companies.		
The explanation of preferred shareholders with voting rights restored and their shareholding	Not involved		

Shareholders holding more than 5% of the shares, the top ten shareholders and the top ten shareholders with unrestricted tradable shares engaging in lending shares through securities lending and refinancing business

Not applicable

Changes in the top ten shareholders and the top ten shareholders with unrestricted tradable shares from the previous period due to lending/returning shares through securities lending and refinancing

Not applicable

Number of shares held by top ten shareholders with restricted shares and trading restrictions

Not applicable

(4) Strategic Investors or General Legal Persons becoming Top Ten Shareholders because of the New Share Placing

Not applicable

(5) Change in Controlling Shareholder or De Facto Controller

During the Reporting Period, there was no change in the controlling shareholder or the de facto controller of the Company.

(6) Interests and Short Positions of the Substantial Shareholders of the Company in Shares and Underlying Shares of the Company

Save as the information disclosed below, as at 30 June 2026, to the knowledge of the Board, no person(s) (other than Directors or the chief executive of the Company) had any interest or short position in the shares or underlying shares or debentures of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register kept under Section 336 of the SFO or was, directly or indirectly interested in 5% or more of the nominal value of any type of share capital carrying the rights to vote in all circumstances at general meetings of the Company:

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

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

Notes:

(1) Based on the information obtained by the Directors of the Company from the Hong Kong Stock Exchange website and to the knowledge of the Directors, as of 30 June 2026, Sinopec Group directly and indirectly owned 69.95% of the issued share capital of Sinopec Corp. and directly held 100% equity interest in Sinopec Assets Management Co., Ltd. Thus, Sinopec Group was deemed to be interested in the 5,462,155,000 A shares of the Company directly held by Sinopec Corp. and the 10,146,000 A shares of the Company directly held by Sinopec Assets Management Co., Ltd.

(2) The shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.

(3) The shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.

DIRECTORS, SENIOR MANAGEMENT AND OTHERS

(1) Changes in Shareholdings

1. Changes in Shareholdings of the Current Directors and Senior Management and those Resigned during the Reporting Period

Unit: Shares

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in number of shares during the Reporting Period
Guo Xiaojun	Executive Director and Chairman	Nil	Nil	No change
Lu Zhiyong	Executive Director, Vice Chairman and President	Nil	Nil	No change
Du Jun	Executive Director, Vice President and Chief Financial Officer	Nil	Nil	No change
Huang Xiangyu	Executive Director and Vice President	140,000	140,000	No change
Qi Guozhen	Non-executive Director	Nil	Nil	No change
Qin Zhaohui	Non-executive Director (Employee Director)	Nil	Nil	No change
Zhou Ying	Independent Non-executive Director	Nil	Nil	No change
Zhou Xinggui	Independent Non-executive Director	Nil	Nil	No change

Name	Position	Number of shares held at the beginning of the Reporting Period	Number of shares held at the end of the Reporting Period	Change in number of shares during the Reporting Period
Liu Hao	Independent Non-executive Director	Nil	Nil	No change
Jiang Xia	Independent Non-executive Director	Nil	Nil	No change
Li Shantao	Vice President	Nil	Nil	No change
Zhou Guoming	Vice President	Nil	Nil	No change
Liu Gang	Joint Company Secretary (Resigned), Secretary to the Board, Assistant to the President, General Counsel and Chief Compliance Officer	Nil	Nil	No change
Xie Zhenglin	Resigned Non-executive Director	Nil	Nil	No change
Tang Song	Resigned Independent Non-executive Director	Nil	Nil	No change
Chen Haifeng	Resigned Independent Non-executive Director	Nil	Nil	No change
Yang Jun	Resigned Independent Non-executive Director	Nil	Nil	No change
Huang Jiangdong	Resigned Independent Non-executive Director	Nil	Nil	No change

(2) Share Options Held by the Directors and Senior Management during the Reporting Period

There were no share options held by the Directors and senior management during the Reporting Period.

(3) Changes in Directors and Senior Management during the Reporting Period

Name	Position held	Change	Date of change	Reason
Qi Guozhen	Non-executive Director	Elected	26 June 2026	–
Qin Zhaohui	Non-executive Director (Employee Director)	Elected by the Employee Representative Assembly	26 June 2026	–
Zhou Xinggui	Independent Non-executive Director	Elected	26 June 2026	–
Liu Hao	Independent Non-executive Director	Elected	26 June 2026	–
Jiang Xia	Independent Non-executive Director	Elected	26 June 2026	–
Xie Zhenglin	Non-executive Director	Resigned	26 June 2026	Retired upon expiry of term
Tang Song	Independent Non-executive Director	Resigned	26 June 2026	Retired upon expiry of term
Chen Haifeng	Independent Non-executive Director	Resigned	26 June 2026	Retired upon expiry of term
Yang Jun	Independent Non-executive Director	Resigned	26 June 2026	Retired upon expiry of term
Huang Jiangdong	Independent Non-executive Director	Resigned	26 June 2026	Retired upon expiry of term

(4) Interests and Short Positions of the Directors and Chief Executive in the Shares, Underlying Shares or Debentures of the Company or its Associated Corporations

Save as disclosed below, as at 30 June 2026, to the knowledge of the Board, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register of interests required to be kept by the Company under Section 352 of the SFO; or as otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions set out in Appendix C3 to the Hong Kong Listing Rules:

Name	Position	Number of shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of the total issued A shares (%)	Capacity
Huang Xiangyu	Executive Director and Vice President	140,000 A shares (L)	0.001328	0.001910	Beneficial owner

(L): Long position

(5) Changes in Directors' Information

During the Reporting Period, there was no change in the Directors' information that was required to be disclosed under Rule 13.51B(1) of the Hong Kong Listing Rules.

(6) Audit and Compliance Committee

On 18 August 2026, the audit and compliance committee of the twelfth session of the Board held its second meeting, mainly reviewed the financial report of the Group for the Reporting Period, and discussed matters relating to the risk management, internal control, compliance management and financial reporting.

(7) Purchase, Sale and Redemption of the Company's Securities

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

(8) Compliance with Corporate Governance Code

During the Reporting Period, the Company has complied with all code provisions as set out in the Corporate Governance Code contained in Appendix C1 to the Hong Kong Listing Rules.

(9) Compliance with Model Code for Securities Transactions

The Company has adopted and implemented the Model Code for Securities Transactions to regulate the securities transactions of the Directors. After making specific enquiries with all Directors, each Director confirmed that he/she has fully complied with the Model Code for Securities Transactions during the Reporting Period.

The Model Code for Securities Transactions is also applicable to the senior management of the Company who may be in possession of any inside information of the Company. The Company is not aware of any incident of non-compliance with the Model Code for Securities Transactions by the senior management of the Company.

(10) Environmental Information of Listed Companies and Their Major Subsidiaries Included in the List of Enterprises for Legal Disclosure of Environmental Information

Number of enterprises included in the list of enterprises for legal disclosure of environmental information		1
No.	Name of enterprise	Inquiry index for report on legal disclosure of environmental information
1	Sinopec Shanghai Petrochemical Company Limited	https://e2.sthj.sh.gov.cn:8081/jsp/view/hjxxgk/index.jsp

(11) Consolidate and Expand the Achievements in Poverty Alleviation and Rural Revitalization

The Company continued to advance the in-depth and substantive implementation of education assistance programs at Baingoin County Middle School in Tibet. With a focus on improving teaching quality, the Company actively collaborated with East China Normal University and the Education Bureau of Jinshan District to carry out an on-campus diagnostic assessment project. It organized the fourth batch of "Fueling with Love" study tours, donated over 600 books, and co-hosted a series of distinctive campus cultural activities with the school, including the "March 28" Red Song and blackboard poster competitions, the "April 23" Reading Day, and the "Science and Technology Week" art competition. The Company also distributed scholarships and purchased school and daily necessities for outstanding students under the "One-on-One" talent program, and selected top students to participate in talent performances at the Spring Festival gatherings of the Sinopec Group and Shanghai Petrochemical. During the Reporting Period, the Company invested a total of RMB411,614 in education assistance programs.

Review report

to the board of directors of Sinopec Shanghai Petrochemical Company Limited
(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 53 to 94, which comprises the consolidated statement of financial position of Sinopec Shanghai Petrochemical Company Limited (the "Company") as of 30 June 2026 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement 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*.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 August 2026

A. Condensed Consolidated Interim Financial Information Prepared under International Financial Reporting Standards (unaudited)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2026 RMB'000	2025 (Restated) (Note 21) RMB'000
Revenue	3	**38,963,713**	39,499,530
Taxes and surcharges		**(5,371,156)**	(6,001,225)
Net sales		**33,592,557**	33,498,305
Cost of sales		**(33,225,280)**	(34,138,843)
Gross profit/(loss)		**367,277**	(640,538)
Selling and administrative expenses		**(101,506)**	(101,536)
Other operating income		**42,101**	36,259
Other operating expenses		**(18,749)**	(12,927)
Other losses – net	4(b)	**(628)**	(23,261)
Profit/(loss) from operations	3	**288,495**	(742,003)
Finance income	4(a)	**47,194**	84,986
Finance expenses	4(a)	**(24,451)**	(10,719)
Finance income – net		**22,743**	74,267
Share of net gains of associates and joint ventures accounted for using the equity method		**74,024**	84,974
Profit/(loss) before taxation	4	**385,262**	(582,762)
Income tax	5	**(103,821)**	134,702
Profit/(loss) for the period		**281,441**	(448,060)
Attributable to:			
– Equity shareholders of the Company		**298,478**	(449,274)
– Non-controlling interests		**(17,037)**	1,214
		281,441	(448,060)
Earnings/(losses) per share			
Basic	6	**RMB0.0283**	RMB (0.0425)
Diluted	6	**RMB0.0283**	RMB (0.0425)

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2026	2025
		(Restated)
		(Note 21)
	RMB'000	RMB'000
Profit/(loss) for the period	**281,441**	(448,060)
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	**(2,600)**	–
Items that are or may be reclassified subsequently to profit or loss		
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	**(108)**	–
Cash flow hedges: net movement in hedging reserve	**36,559**	15,416
Other comprehensive income for the period	**33,851**	15,416
Total comprehensive income for the period	**315,292**	(432,644)
Attributable to:		
– Equity shareholders of the Company	**332,329**	(433,858)
– Non-controlling interests	**(17,037)**	1,214
Total comprehensive income for the period	**315,292**	(432,644)

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 (Restated) (Note 21) RMB'000
Non-current assets			
Property, plant and equipment	8	**13,818,993**	13,710,897
Right-of-use assets		**691,098**	695,078
Investment property		**282,626**	290,131
Construction in progress	8	**5,076,331**	5,212,344
Investments accounted for using the equity method		**3,125,020**	3,141,846
Financial assets measured at fair value through other comprehensive income	9	**–**	3,466
Financial assets measured at fair value through profit or loss	13	**37,500**	37,500
Deferred tax assets		**1,183,982**	1,280,004
Time deposits with banks	10	**2,361,759**	2,539,640
Amounts due from related parties	12,19(c)	**28,417**	4,719
Other non-current assets		**318,091**	392,577
		26,923,817	27,308,202
Current assets			
Derivative financial assets		**50,587**	13,493
Inventories	11	**5,992,211**	5,801,511
Trade receivables	12	**24,881**	25,973
Other receivables	12	**46,023**	209,934
Amounts due from related parties	12,19(c)	**1,538,199**	813,327
Prepayments		**99,267**	153,012
Value added tax recoverable		**532,719**	272,065
Financial assets measured at fair value through other comprehensive income	9	**340,657**	332,015
Time deposits with banks	10	**204,956**	–
Restricted cash and bank deposits	14	**3,967**	3,965
Cash and cash equivalents	14	**7,093,794**	7,551,310
		15,927,261	15,176,605
Total assets		**42,851,078**	42,484,807

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AT 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 (Restated) (Note 21) RMB'000
Current liabilities			
Derivative financial liabilities		**40,316**	7,108
Trade and other payables	15	**5,282,156**	6,572,237
Contract liabilities		**228,021**	248,429
Amounts due to related parties	15,19(c)	**7,387,344**	8,230,855
Staff salaries and welfares payable		**306,738**	176,037
Borrowings	16	**458,343**	259,016
Lease liabilities		**7,811**	6,918
Income tax payable		**1,190**	2,057
Current tax liabilities		**945,503**	757,783
		14,657,422	16,260,440
Net current assets/(liabilities)		**1,269,839**	(1,083,835)
Total assets less current liabilities		**28,193,656**	26,224,367
Non-current liabilities			
Borrowings	16	**3,426,405**	2,354,368
Lease liabilities		**8,287**	140
Deferred tax liabilities		**22,868**	24,319
Deferred income		**247,099**	231,053
		3,704,659	2,609,880
NET ASSETS		**24,488,997**	23,614,487

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

AT 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 (Restated) (Note 21) RMB'000
CAPITAL AND RESERVES			
Share capital		**10,542,618**	10,542,618
Reserves	17	**12,868,840**	12,577,868
Total equity attributable to equity shareholders of the Company		**23,411,458**	23,120,486
Non-controlling interests		**1,077,539**	494,001
TOTAL EQUITY		**24,488,997**	23,614,487

Approved and authorized for issue by the Board of Directors on 19 August 2026.

Guo Xiaojun
Director

Du Jun
Director

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company					
	Note	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2024		10,675,228	7,041,612	7,311,411	25,028,251	104,241	25,132,492
Adjustment for business combinations under common control	21	–	–	–	–	400,000	400,000
Balance at 1 January 2025 (Restated)		10,675,228	7,041,612	7,311,411	25,028,251	504,241	25,532,492
Changes in equity for the six months ended 30 June 2025:							
(Loss)/profit for the period		–	–	(449,274)	(449,274)	1,214	(448,060)
Other comprehensive income		–	15,416	–	15,416	–	15,416
Total comprehensive income for the period		–	15,416	(449,274)	(433,858)	1,214	(432,644)
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(4,574)	(4,574)
Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	(6,107)	–	(6,107)	–	(6,107)
Dividends proposed and approved	17	–	–	(210,852)	(210,852)	–	(210,852)
Purchase of own shares	17	–	(84,117)	–	(84,117)	–	(84,117)
Cancellation of shares	17	(132,610)	132,610	–	–	–	–
Appropriation of safety production fund	17	–	12,671	(12,671)	–	–	–
Balance at 30 June 2025 (Restated)		10,542,618	7,112,085	6,638,614	24,293,317	500,881	24,794,198

The notes on pages 62 to 94 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED

(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company					
		Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 30 June 2025 (Restated)		10,542,618	7,112,085	6,638,614	24,293,317	500,881	24,794,198
Changes in equity for the six months ended 31 December 2025:							
Loss for the period		–	–	(1,163,051)	(1,163,051)	(6,880)	(1,169,931)
Other comprehensive income		–	(50,367)	–	(50,367)	–	(50,367)
Total comprehensive income for the period		–	(50,367)	(1,163,051)	(1,213,418)	(6,880)	(1,220,298)
Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	40,267	–	40,267	–	40,267
Utilization of safety production fund	17	–	(167,989)	167,989	–	–	–
Share of change of capital reserve of investees		–	320	–	320	–	320
Balance at 31 December 2025 (Restated)		10,542,618	6,934,316	5,643,552	23,120,486	494,001	23,614,487
Balance at 1 January 2026 (Restated)		10,542,618	6,934,316	5,643,552	23,120,486	494,001	23,614,487
Changes in equity for the six months ended 30 June 2026:							
Profit/(loss) for the period		–	–	298,478	298,478	(17,037)	281,441
Other comprehensive income		–	33,851	–	33,851	–	33,851
Total comprehensive income for the period		–	33,851	298,478	332,329	(17,037)	315,292
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(1,634)	(1,634)
Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	(41,217)	–	(41,217)	–	(41,217)
Contributions to a subsidiary from non-controlling interests	17	–	3	–	3	600,003	600,006
Utilization of safety production fund	17	–	(2,958)	2,958	–	2,206	2,206
Share of change of capital reserve of investees		–	(143)	–	(143)	–	(143)
Balance at 30 June 2026		10,542,618	6,923,852	5,944,988	23,411,458	1,077,539	24,488,997

The notes on pages 62 to 94 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2026	2025
		(Restated)
		(Note 21)
	RMB'000	RMB'000
Operating activities		
Cash (used in)/generated from operations	**(833,736)**	779,501
Interest paid	**(23,927)**	(11,285)
Income tax paid	**(7,700)**	(3,310)
Net cash (used in)/generated from operating activities	**(865,363)**	764,906
Investing activities		
Cash received from time deposits with maturity more than three months	**–**	3,600,000
Dividends received from joint ventures and associates	**90,599**	96,485
Interest received	**–**	290,463
Net (payment for)/proceeds from disposal of property, plant and equipment	**(821)**	18,340
Net gains on foreign exchange forward contracts and commodity swaps contracts not qualifying as hedges	**–**	6,720
Payment for the purchase of property, plant and equipment and other long-term assets	**(1,544,414)**	(1,080,783)
Cash payment for investment in time deposits with maturity more than three months	**–**	(2,500,000)
Net cash received from disposal of a subsidiary	**–**	29,799
Net cash (used in)/generated from investing activities	**(1,454,636)**	461,024

The notes on pages 62 to 94 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026 – UNAUDITED
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June 2026 RMB'000	2025 (Restated) (Note 21) RMB'000
Financing activities			
Contributions from non-controlling interests		**600,006**	–
Proceeds from borrowings		**1,403,038**	628,887
Repayments of borrowings		**(131,981)**	(1,500,027)
Principal elements of lease payments		**(5,691)**	(3,949)
Dividends paid by subsidiaries to non-controlling interests		**(1,634)**	(4,574)
Payment for repurchase of shares		**–**	(91,111)
Net cash generated from/(used in) financing activities		**1,863,738**	(970,774)
Net (decrease)/increase in cash and cash equivalents		**(456,261)**	255,156
Cash and cash equivalents at 1 January		**7,551,310**	8,214,480
Effect of foreign exchange rates changes		**(1,255)**	(507)
Cash and cash equivalents at 30 June	14	**7,093,794**	8,469,129

The notes on pages 62 to 94 form part of this interim financial report.

1 General Information and basis of preparation

Sinopec Shanghai Petrochemical Company Limited ("the Company"), located in Jinshan District of Shanghai, is one of the largest refining-chemical integrated petrochemical companies in China. It is one of the subsidiaries of China Petroleum & Chemical Corporation ("Sinopec Corp."). The Company and its subsidiaries ("the Group") are principally engaged in processing the crude oil into synthetic fibres, resins and plastics, intermediate petrochemical and petroleum products.

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorized for issue on 19 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2025 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The Interim financial report is unaudited but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on Pages 52.

1 General Information and basis of preparation *(continued)*

1.1 Business Combination under common control

Pursuant to a resolution passed at the First Extraordinary General Meeting on 3 March 2026 regarding the consolidation of Baling New Materials Co., Ltd. ("Baling New Materials") by the Company, the amendments to the Articles of Association of Baling New Materials and the terms of the Joint Venture Agreement with Sinopec Hunan Petrochemical Co., Ltd. ("Hunan Petrochemical") to include Baling New Materials in the Company's consolidated financial statements (collectively referred to as "the Amendments") were approved.

Prior to the Amendments, Baling New Materials was jointly owned by the Company and Hunan Petrochemical each holding 50%, and its financial statements were included in the consolidated financial statements of Hunan Petrochemical. Following the Amendments, the Company entered into a New Joint Venture Agreement with Hunan Petrochemical on 18 March 2026. Although the shareholding structure remained unchanged, the Company gained control over Baling New Materials by holding 51% of its voting rights. As a result, Baling New Materials became a subsidiary of the Company and was included in the Group's consolidated financial statements.

Since both Baling New Materials and the Group were ultimately controlled by Sinopec Corp. before and after the Amendments and the control was not transitory, the consolidation of Baling New Materials was considered as a business combination involving entities under common control and was accounted for under the principles of merger accounting.

The consolidated statement of financial position of the Group has accordingly been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the periods presented. The net assets of Baling New Materials have been consolidated using their existing book values from the perspective of the controlling party. Comparative amounts in the consolidated statement of financial position are presented as if Baling New Materials had been consolidated at the beginning of the comparative period.

The consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income include the results of Baling New Materials from the earliest date presented. They also reflect the profit or loss attributable to the non-controlling interest, as recorded in the consolidated financial statements of the controlling party.

The effects of all transactions between Baling New Materials and the Group, whether occurring before or after the business combination, are eliminated. The opening balance at 1 January 2025 has been restated, with consequential adjustments made to comparative figures for the six months ended 30 June 2025 and for the year ended 31 December 2025. A uniform set of accounting policies is adopted when preparing the interim financial report. The details of the restated balances have been disclosed in Note 21 to the interim financial report.

2 Changes in accounting policies and accounting estimate

2.1 New and amended standards and interpretations adopted by the Group

The Group has applied the following amendment to IFRS Accounting Standards to this interim financial report for the current accounting period:

– 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, for example environmental, social or governance ("ESG")-linked 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 Group has applied the amendments retrospectively. As permitted by the transition requirements, the Group has not restated prior periods. The application of the exception does not have a material impact on the Group's consolidated financial statements for the periods presented.

2 Changes in accounting policies and accounting estimate *(continued)*

2.2 Change in accounting estimate

Adjustment of the useful lives for chemical facilities

On 29 April 2026, the Company's board of directors approved the adjustment of the useful lives for 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 an assessment of the economic useful lives of the assets, as well as a evaluation of the useful lives and actual conditions of the property, plant and equipment.

The useful lives of chemical facilities put into operation during or after the 14th Five-Year Plan period were adjusted from 12 years to 16 years. These changes are effective from 1 January 2026.

This accounting estimate change resulted in a decrease of RMB13,356 thousand in depreciation expenses for the Group for the six months ended 30 June 2026.

3 Segment information and revenue

3.1 Segment information

The Group manages its business by divisions, which are organized by business lines. In view of the fact that the Company and its subsidiaries operate mainly in the PRC, no geographical segment information is presented.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker, Board of Directors, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

3 Segment information and revenue *(continued)*

3.1 Segment information *(continued)*

The basis of segmentation and the basis of measurement of segment profits or losses, and assets and liabilities are consistent with those of the annual financial statements for the year ended 31 December 2025.

Six months ended 30 June 2026	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical product RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	33,765,990	19,623,957	2,504,816	550,413	56,445,176
Inter segment revenue	(7,331,609)	(9,221,204)	(634,763)	(293,887)	(17,481,463)
Revenue from external customers	26,434,381	10,402,753	1,870,053	256,526	38,963,713
Timing of revenue recognition					
– At a point in time	26,434,381	10,402,753	1,864,131	256,526	38,957,791
– Over time	–	–	5,922	–	5,922
	26,434,381	10,402,753	1,870,053	256,526	38,963,713
Segment result – profit/(loss) from operations	987,850	(760,143)	6,363	54,425	288,495
Impairment of plant and machinery	–	–	–	–	–
As at 30 June 2026					
Segment assets	13,461,774	12,140,597	514,384	2,070,306	28,187,061
Segment liabilities	10,302,919	3,758,280	370,831	14,624	14,446,654

3 Segment information and revenue *(continued)*

3.1 Segment information *(continued)*

Six months ended 30 June 2025	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical product RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	36,146,765	14,532,210	4,904,474	368,568	55,952,017
Inter segment revenue	(9,289,879)	(5,996,122)	(1,044,291)	(122,195)	(16,452,487)
Revenue from external customers	26,856,886	8,536,088	3,860,183	246,373	39,499,530
Timing of revenue recognition					
– At a point in time	26,856,886	8,536,088	3,846,996	246,373	39,486,343
– Over time	–	–	13,187	–	13,187
	26,856,886	8,536,088	3,860,183	246,373	39,499,530
Segment result – (loss)/profit from operations	(211,988)	(557,210)	2,903	24,292	(742,003)
Impairment of plant and machinery	–	–	–	–	–
As at 31 December 2025 (Restated)					
Segment assets	12,855,617	12,380,781	480,913	1,879,186	27,596,497
Segment liabilities	10,739,082	5,031,580	441,453	13,484	16,225,599

3 Segment information and revenue *(continued)*

3.1 Segment information *(continued)*

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Segment result – profit/(loss) from operations		
Petroleum products	**987,850**	(211,988)
Chemical products	**(760,143)**	(557,210)
Trading of petrochemical products	**6,363**	2,903
Others	**54,425**	24,292
Segment result – profit/(loss) from operations	**288,495**	(742,003)
Finance income – net	**22,743**	74,267
Share of net gains of associates and joint ventures accounted for using the equity method	**74,024**	84,974
Profit/(loss) before taxation	**385,262**	(582,762)

3.2 Revenue

The Group's revenue from external customers are substantially all within Chinese Mainland for the six months ended 30 June 2026 and 2025. As at 30 June 2026 and 31 December 2025, assets are also substantially all within Mainland China.

Revenue of approximate RMB28,468,359 thousand (six months ended 30 June 2025: RMB28,423,286 thousand) are derived from a single customer. These revenues are attributable to the petroleum products and other business.

4 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after crediting/(charging):

(a) Finance income – net

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Interest income from time deposits with maturity more than 3 months	**27,075**	19,067
Interest income from time deposits with maturity less than 3 months	**19,872**	64,560
Others	**247**	1,359
Finance income	**47,194**	84,986
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	**(38,873)**	(14,095)
Less: interest expense capitalized into construction in progress	**14,422**	3,376
Finance expenses	**(24,451)**	(10,719)
Finance income – net	**22,743**	74,267

4 Profit/(loss) before taxation *(continued)*

(b) Other losses – net

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Net losses on disposal of property, plant and equipment and other assets	**(14,868)**	(23,498)
Net gains on commodity swaps contracts not qualified for hedging accounting	**10,095**	7,288
Net foreign exchange gains/(losses)	**4,433**	(13,047)
Net losses on selling of financial assets measured at fair value through other comprehensive income ("FVOCI")	**(288)**	(890)
Net losses on foreign exchange forward contracts	**–**	(58)
Net gains on disposal of a subsidiary	**–**	6,944
	(628)	(23,261)

(c) Other items

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**939,283**	886,132
Depreciation of right-of-use assets	**19,642**	12,866
Depreciation of investment properties	**7,505**	7,505
Amortization of other non-current assets	**99,609**	102,273
Research and development costs (other than depreciation and amortization)	**70,814**	103,573
Provision of inventory write-down	**545,274**	416,854

5 Income tax

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Current tax:		
Provision for PRC current income tax for the period	**(4,248)**	(1,732)
Tax filing difference	**(2,585)**	(217)
	(6,833)	(1,949)
Deferred tax:		
Origination and reversal of temporary differences	**(96,988)**	136,651
	(103,821)	134,702

– The provision for PRC income tax is calculated at the rate of 25% (six months ended 30 June 2025: 25%) on the estimated taxable income of the six months ended 30 June 2026 determined in accordance with relevant income tax rules and regulations, except for a subsidiary operating in the western developing region of the PRC which is qualified to be entitled to a preferential tax rate of 15% from 2025 to 2030. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

6 Earnings/(losses) per share

(a) Basic earnings/(losses) per share

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Profit/(loss) attributable to equity shareholders of the Company	**298,478**	(449,274)
Weighted average number of ordinary shares in issue (thousands of shares)	**10,542,618**	10,567,609
Basic earnings/(losses) per share (RMB per share)	**RMB0.0283**	RMB (0.0425)

Weighted average number of ordinary shares

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Issued share capital at 1 January	**10,542,618**	10,675,228
Treasury shares at 1 January	**–**	(55,370)
Issued ordinary shares at 1 January	**10,542,618**	10,619,858
Effect of shares repurchased	**–**	(52,249)
Weighted average number of ordinary shares at 30 June	**10,542,618**	10,567,609

(b) Diluted earnings/(losses) per share

There were no dilutive potential ordinary shares for the six months ended 30 June 2026 and 2025, therefore diluted earnings/(losses) per share is the same as basic earnings/(losses) per share.

7 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the interim period

The Board of Directors did not propose any dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period: Nil (six months ended 30 June 2025: RMB0.02 per ordinary share)	**–**	210,853

Pursuant to a resolution passed at the Annual General Meeting held on 11 June 2025, a total dividend of RMB210,853 thousand was declared for the year ended 31 December 2024 and subsequently paid in July 2025.

8 Property, plant and equipment and construction in progress

(a) Acquisitions and disposals of owned assets

During the six months ended 30 June 2026, acquisitions of property, plant and equipment and additions of construction in progress of the Group amounted to RMB212,473 thousand (six months ended 30 June 2025: RMB119,686 thousand) and RMB712,642 thousand (six months ended 30 June 2025 restated: RMB309,285 thousand), respectively. Items of property, plant and machinery with a net book value of RMB13,748 thousand were disposed of during the six months ended 30 June 2026 (six months ended 30 June 2025: RMB31,864 thousand), resulting in a loss on disposal of RMB14,518 thousand (six months ended 30 June 2025: RMB23,470 thousand).

9 Financial assets measured at fair value through other comprehensive income

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Trade and bills receivable (i)	**340,657**	332,015
Equity investments	**–**	3,466
	340,657	335,481

(i) As at 30 June 2026 and 31 December 2025, certain trade receivables and bills receivable were classified as financial assets measured at FVOCI, as the Group's business model is achieved by both collecting contractual cash flows and selling of these assets.

(ii) As at 30 June 2026, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers for settling trade payables of the same amount on a full recourse basis. The Group has derecognized these bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date less than twelve months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit rating and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 30 June 2026, the Group's maximum exposure to loss and undiscounted cash outflow, which is same as the amounts payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB265,976 thousand (31 December 2025: RMB159,041 thousand) and nil (31 December 2025: nil) respectively.

10 Time deposits with banks

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000
Time deposits with maturity less than one year	**204,956**	–
Time deposits with maturity more than one year	**2,361,759**	2,539,640
	2,566,715	2,539,640

10 Time deposits with banks *(continued)*

As at 30 June 2026, interest rates of time deposits with maturity more than three months and less than one year was 2.00%. As at 31 December 2025, there were no time deposits with maturity more than three months and less than one year, which were presented as current assets.

As at 30 June 2026, interest rates of time deposits with maturity more than one year ranged from 2.15% to 2.35%. As at 31 December 2025, interest rates of time deposits with maturity more than one year ranged from 2.00% to 2.35%, which were presented as non-current assets in the consolidated statement of financial position.

11 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	As at 30 June 2026 RMB'000	As at 31 December 2025 (Restated) RMB'000
Raw materials	**3,644,387**	3,414,161
Work in progress	**1,201,608**	1,191,613
Finished goods	**942,053**	1,017,918
Spare parts and consumables	**204,163**	177,819
	5,992,211	5,801,511

(b) The analysis of the amount of inventories recognized as expenses and included in profit or loss is as follows:

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Carrying amount of inventories sold	**31,750,178**	32,713,883
Provision of inventory write-down	**545,274**	416,854
Cost of inventories directly recognized as research and development expenses	**15,663**	20,874
	32,311,115	33,151,611

12 Trade and other receivables

	As at 30 June 2026 RMB'000	As at 31 December 2025 (Restated) RMB'000
Trade receivables	**27,007**	28,160
Less: loss allowance	**(2,126)**	(2,187)
	24,881	25,973
Amounts due from related parties excluded prepayments (*)	**1,540,502**	769,511
Less: loss allowance (*)	**(6,973)**	(6,829)
	1,558,410	788,655
Other receivables	**47,953**	211,870
Less: loss allowance	**(1,930)**	(1,936)
	46,023	209,934
Financial assets measured at amortized cost	**1,604,433**	998,589
Amounts due from related parties – prepayments (*)	**4,670**	50,645
	1,609,103	1,049,234
Amounts due from related parties (summary of *)	**1,538,199**	813,327
Non-current		
Amounts due from related parties – prepayments	**28,417**	4,719

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

12 Trade and other receivables *(continued)*

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

	As at 30 June 2026 RMB'000	As at 31 December 2025 (Restated) RMB'000
Within one year	**1,558,410**	788,655

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

	Six months ended 30 June	
	2026 RMB'000	2025 RMB'000
Balance at 1 January	**10,952**	6,848
Impairment losses recognized during the period	**149**	356
Recoveries or reversals during the period	**(72)**	–
Balance at 30 June	**11,029**	7,204

As at 30 June 2026 and 31 December 2025, no trade receivable was pledged as collateral.

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

13 Financial assets measured at fair value through profit or loss

	As at 30 June 2026 and 31 December 2025
	RMB'000
Redeemable preference share investments	**37,500**

As at 30 June 2026, financial assets measured at fair value through profit or loss represent redeemable preference share investments, which are presented as non-current assets since the management does not have the intention to dispose the investments within one year.

14 Cash and cash equivalents

	As at 30 June 2026	As at 31 December 2025 (Restated)
	RMB'000	RMB'000
Cash at bank and on hand	**7,097,761**	7,555,275
Less: Restricted cash and bank deposits (i)	**(3,967)**	(3,965)
Cash and cash equivalents (ii)	**7,093,794**	7,551,310

i As at 30 June 2026, cash and cash equivalents did not include housing maintenance funds of RMB3,967 thousand (31 December 2025: RMB3,965 thousand), which were owned by the property owners but were deposited in the bank accounts in the name of the Group. Such deposits can be used by the Group for the purpose of public maintenance expenditures to be incurred at the sole discretion and approval of the relevant government authorities.

ii. As at 30 June 2026, cash and cash equivalents situated in Chinese Mainland amounted to RMB7,093,794 thousand (31 December 2025: RMB7,551,310 thousand). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

15 Trade and other payables

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000 (Restated)
Trade payables	**2,857,801**	2,022,548
Bills payable	**1,573,053**	3,211,391
Amounts due to related parties exclude advances received (*)	**7,384,818**	8,221,692
	11,815,672	13,455,631
Dividends payable	**31,513**	31,513
Construction payable	**687,835**	1,110,989
Accrued expenses	**67,096**	117,222
Other liabilities	**64,858**	78,574
	851,302	1,338,298
Financial liabilities measured at amortized cost	**12,666,974**	14,793,929
Amounts due to related parties – advances received (*)	**2,526**	9,163
	12,669,500	14,803,092
Less: total amounts due to related parties (sum of *)	**7,387,344**	8,230,855
Trade and other payables – amounts due to third parties	**5,282,156**	6,572,237

As at 30 June 2026 and 31 December 2025, all trade and other payables of the Group were non-interest bearing, and their fair values, approximated their carrying amounts due to their short maturities.

15 Trade and other payables *(continued)*

As at 30 June 2026 and 31 December 2025, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) and bills payable based on invoice date were as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 RMB'000 (Restated)
Within one year	**11,793,318**	13,441,339
Over one year but within two years	**19,209**	12,012
Over two years	**3,145**	2,280
	11,815,672	13,455,631

16 Borrowings

	As at 30 June 2026 RMB'000	As at 31 December 2025 (Restated) RMB'000
Credit loans due within one year		
– Short-term bank loan	**140,000**	70,000
– Long-term bank loan due within one year	**318,343**	189,016
Borrowings – current	**458,343**	259,016
Credit loans due over one year		
– Long-term borrowing	**3,426,405**	2,354,368
Borrowings – non-current	**3,426,405**	2,354,368
Total borrowings	**3,884,748**	2,613,384

16 Borrowings *(continued)*

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

	As at 30 June 2026 **RMB'000**	As at 31 December 2025 (Restated) RMB'000
Within 1 year or on demand	**458,343**	259,016
After 1 year but within 5 years	**3,347,965**	2,187,090
After 5 years	**78,440**	167,278
.	**3,884,748**	2,613,384

As at 30 June 2026, the interest rate of the Group's short-term borrowings was 2.11%. (31 December 2025: 2.11%).

As at 30 June 2026, the interest rate of the Group's long-term borrowings ranged from 1.08% to 2.75% (31 December 2025: 1.55% to 2.75%).

As at 30 June 2026 and 31 December 2025, the borrowings were unsecured.

17 Reserves

	Legal surplus (note(a)) RMB'000	Capital surplus (note(b)) RMB'000	Surplus reserve (note(c)) RMB'000	Other reserve (note(d)) RMB'000	Hedging reserve RMB'000	Share premium (note(e)) RMB'000	Safety production fund (note(f)) RMB'000	Treasury shares RMB'000	Retained earnings (note(g)) RMB'000	Total RMB'000
Balance at 1 January 2025	6,571,279	25,979	101,355	2,774	38	105,739	290,607	(56,159)	7,311,411	14,353,023
Total comprehensive income for the period attributable to shareholders of the Company	–	–	–	–	15,416	–	–	–	(449,274)	(433,858)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	–	(6,107)	–	–	–	–	(6,107)
Dividends declared and approved in respect of previous year	–	–	–	–	–	–	–	–	(210,852)	(210,852)
Purchase of own shares	–	–	–	–	–	–	–	(84,117)	–	(84,117)
Cancellation of shares	–	–	–	–	–	(7,666)	–	140,276	–	132,610
Appropriation of safety production fund	–	–	–	–	–	–	12,671	–	(12,671)	–
Balance at 30 June 2025 and 1 July 2025	6,571,279	25,979	101,355	2,774	9,347	98,073	303,278	–	6,638,614	13,750,699
Total comprehensive income for the period attributable to shareholders of the Company	–	–	–	(5,544)	(44,823)	–	–	–	(1,163,051)	(1,213,418)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	–	40,267	–	–	–	–	40,267
Utilisation of safety production fund	–	–	–	–	–	–	(167,989)	–	167,989	–
Share of change of capital reserve of investees	–	320	–	–	–	–	–	–	–	320
Balance at 31 December 2025	6,571,279	26,299	101,355	(2,770)	4,791	98,073	135,289	–	5,643,552	12,577,868

17 Reserves *(continued)*

	Legal surplus (note(a)) RMB'000	Capital surplus (note(b)) RMB'000	Surplus reserve (note(c)) RMB'000	Other reserve (note(d)) RMB'000	Hedging reserve RMB'000	Share premium (note(e)) RMB'000	Safety production fund (note(f)) RMB'000	Retained earnings (note(g)) RMB'000	Total RMB'000
Balance at 1 January 2026	**6,571,279**	**26,299**	**101,355**	**(2,770)**	**4,791**	**98,073**	**135,289**	**5,643,552**	**12,577,868**
Total comprehensive income for the period attributable to shareholders of the Company	–	–	–	(2,708)	36,559	–	–	298,478	332,329
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	–	(41,217)	–	–	–	(41,217)
Utilisation of safety production fund	–	–	–	–	–	–	(2,958)	2,958	–
Contributions to a subsidiary from non-controlling interests	–	3	–	–	–	–	–	–	3
Share of change of capital reserve of investees	–	(143)	–	–	–	–	–	–	(143)
Balance at 30 June 2026	**6,571,279**	**26,159**	**101,355**	**(5,478)**	**133**	**98,073**	**132,331**	**5,944,988**	**12,868,840**

Notes:

(a) Under PRC rules and regulations, the Company and its PRC subsidiaries are required to set aside 10% of the net income determined in accordance with the PRC accounting rules and regulations to a legal surplus reserve. The transfer to this reserve must be made before distribution of any dividend to shareholders.

The legal surplus reserve is non-distributable other than in liquidation and can be used to make good of previous years' losses, if any, and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders, provided that the balance after such issuance is not less than 25% of the registered capital.

(b) The capital surplus comprises the following:

i. gifts or grants received from China Petrochemical Corporation, the ultimate parent company and which are required to be included in this reserve fund by PRC regulations;

ii. the differences between the cost of purchase of equity interests from non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired;

In March 2026, the non-controlling shareholders of Inner Mongolia Xinjinshan Carbon Fiber Company Limited ("IMXCF") made capital contribution of RMB600,006 thousand to IMXCF. IMXCF is a subsidiary of the Group and the Group recognized the increase of capital reserve of RMB3 thousand and the increase of non-controlling interests of RMB600,003 thousand.

iii. share of change of capital reserve of the investees.

17 Reserves *(continued)*

Notes: *(continued)*

(c) The transfer to this reserve from the retained profits is subject to the approval by shareholders at general meetings. Its usage is similar to that of the legal surplus reserve.

(d) Other reserve comprises share of post-acquisition movements in other comprehensive income from associates and joint ventures using the equity methods of accounting with a corresponding adjustment to the carrying amount of the investment and the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(e) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

According to Section 213 of the PRC Company Law, the Company's share premium arisen from the issuance of stocks at a price above the par value of the stocks.

(f) According to the relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the turnover of certain refining and chemicals products. This reserve represents unutilized safety production fund.

(g) According to the Company's Articles of Association, the reserve available for distribution is the lower of the amount determined under China Accounting Standards for Business Enterprises and the amount determined under IFRS Accounting Standards.

18 Fair value measurement of financial instruments

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2026 and 31 December 2025 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

– The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted marked price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

– The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

– If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

18 Fair value measurement of financial instruments *(continued)*

		As at 30 June 2026			
		Recurring fair value measurements			
	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets					
Financial assets measured at fair value through profit or loss					
– Redeemable preference share investments	13	–	–	37,500	37,500
– Commodity swaps contracts		–	10,707	–	10,707
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	9	–	340,657	–	340,657
– Commodity swaps contracts		–	39,880	–	39,880
		–	391,244	37,500	428,744
Financial liabilities					
Financial liabilities measured at fair value through profit or loss					
– Commodity swaps contracts		–	612	–	612
Financial liabilities at fair value through other comprehensive income					
– Commodity swaps contracts		–	39,704	–	39,704
		–	40,316	–	40,316

18 Fair value measurement of financial instruments *(continued)*

		As at 31 December 2025			
		Recurring fair value measurements			
	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements					
Financial assets					
Financial assets measured at fair value through profit or loss					
– Redeemable preference share investments	13	–	–	37,500	37,500
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	9	–	332,015	–	332,015
– Equity investments	9	–	–	3,466	3,466
– Commodity swaps contracts		–	13,493	–	13,493
.		–	345,508	40,966	386,474
Financial liabilities					
Financial liabilities at fair value through other comprehensive income					
– Commodity swaps contracts		–	7,108	–	7,108
.		–	7,108	–	7,108

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of commodity swaps contract is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of trade and bills receivable is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

Valuation techniques and inputs used in Level 3 fair value measurements

For redeemable preference share investments, the fair value is determined by reference to the most recent transaction price and the effect of liquidation preferences, which based on a comprehensive consideration of investee entities' net asset, asset liquidity and cash ability.

For equity investment, the fair value is determined by the operating conditions and financial information of the investee entities, which based on a comprehensive consideration of investee entities' net asset, asset liquidity and cash ability.

18 Fair value measurement of financial instruments *(continued)*

Valuation techniques and inputs used in Level 3 fair value measurements *(continued)*

During the six-month period ended 30 June 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The following table presents the changes in level 3 items for the period ended 30 June 2026:

Financial assets at fair value through other comprehensive income	**Equity investments RMB'000**
As at 1 January 2025	3,872
Changes in fair value recognized in other comprehensive income during the year	(406)
As at 31 December 2025	3,466
Changes in fair value recognized in other comprehensive income during the period	(3,466)
As at 30 June 2026	–

Financial assets measured at fair value through profit or loss	**Redeemable preference share investments RMB'000**
As at 1 January 2025	36,500
Changes in fair value recognized in profit or loss during the year	1,000
As at 31 December 2025	37,500
Changes in fair value recognized in profit or loss during the period	–
As at 30 June 2026	37,500

Financial assets and financial liabilities not measured at fair value mainly represent trade receivables, other receivables, amounts due from related parties excluded prepayments, trade payables, amounts due to related parties, other payables (except for the staff salaries and welfare payables and taxes payables) and borrowings. The carrying amounts of these financial assets and liabilities not measured at fair value are a reasonable approximation of their fair value.

19 Related-party transactions

The following is a list of the Group's major related parties:

Names of related parties	Relationship with the Company
China Petroleum and Chemical Corporation Limited	Ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited	Subsidiary of the ultimate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
Sinopec Marketing Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Sales Company Limited	Subsidiary of the immediate parent company
Lianhua (Ningbo) International Logistics Company Limited	Subsidiary of the immediate parent company
Sinopec Refinery Sales Company Limited	Subsidiary of the immediate parent company
Sinopec International Business Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	Subsidiary of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Company Limited	Joint venture of the immediate parent company
Shanghai Petrochemical Linde Gas Company Limited	Joint venture of the immediate parent company
China Sinopec Pipeline Storage and Transportation Company Limited	Associate of the ultimate parent company
Shanghai Secco Petrochemical Company Limited	Associate of the immediate parent company

The following is a summary of significant balances and transactions between the Group and its related parties except for the dividends payable as disclosed in Note 7 and Note 15.

Most of the transactions undertaken by the Group during the six months ended 30 June 2026 have been affected on such terms as determined by Sinopec Corp. and relevant PRC authorities.

Sinopec Corp. negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in domestic petroleum products market, which is subject to extensive regulation by the PRC government.

19 Related-party transactions *(continued)*

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Company with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group provides Sinopec Corp. with petroleum products, petrochemical products and property leasing services.

The pricing policy for these services and products provided under the agreement is as follows:

- if there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;
- if there are no State tariffs, but there are applicable State's guidance prices, the pricing shall follow the State's guidance prices; or
- if there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

(a) Transactions between the Group and Sinopec Corp, its subsidiaries and joint ventures during the six months ended 30 June 2026 and the six months ended 30 June 2025 were as follows:

	Six months ended 30 June	
	2026	2025 (Restated)
	RMB'000	RMB'000
Sales of petroleum products	**23,896,504**	24,569,737
Sales other than petroleum products	**4,640,429**	4,313,692
Purchases of crude oil	**15,935,733**	20,741,175
Purchases other than crude oil	**4,109,442**	2,901,943
Sales commissions	**24,658**	21,294
Rental income	**9,666**	887
Contributions to a subsidiary from non-controlling interests	**300,003**	–

19 Related-party transactions *(continued)*

(b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group during the six months ended 30 June 2026 and the six months ended 30 June 2025 were as follows:

	Six months ended 30 June	
	2026	2025
		(Restated)
	RMB'000	RMB'000
Sales of goods and service fee income		
– Sinopec Group and its subsidiaries	**5,924**	47,827
– Associates and joint ventures of the Group	**535,904**	699,922
	541,828	747,749
Purchases		
– Sinopec Group and its subsidiaries	**4,175,816**	1,158,072
– Associates and joint ventures of the Group	**196,614**	180,688
	4,372,430	1,338,760
Insurance premium expenses		
– Sinopec Group and its subsidiaries	**63,807**	60,749
Addition to right-of-use assets		
– Sinopec Group and its subsidiaries	**2,388**	1,194
Interest expense of lease liabilities		
– Sinopec Group and its subsidiaries	**158**	28
Rental paid		
– Sinopec Group and its subsidiaries	**5,116**	1,714

19 Related-party transactions *(continued)*

(b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group during the six months ended 30 June 2026 and the six months ended 30 June 2025 were as follows: *(continued)*

	Six months ended 30 June	
	2026	2025 (Restated)
	RMB'000	RMB'000
Interest expense		
– Sinopec Finance	**1,471**	71
Interest income		
– Sinopec Finance	**136**	8
Construction and installation cost		
– Sinopec Group and its subsidiaries	**10,789**	15,990
Rental income		
– Associates and joint ventures of the Group	**5,929**	10,199
– Sinopec Group and its subsidiaries	**663**	247
	6,592	10,446
Bills discounted		
– Sinopec Finance	**32,563**	15,521
Issue of acceptance bills		
– Sinopec Finance	**1,855,016**	2,401,553

The directors of the Company are of the opinion that the transactions with Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group as disclosed in Notes 19(a) and 19(b) were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

19 Related-party transactions *(continued)*

(c) The relevant amounts due from/to Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group, arising from purchases, sales and other transactions as disclosed in Notes 19(a) and 19(b), are summarized as follows:

	As at 30 June 2026 RMB'000	As at 31 December 2025 (Restated) RMB'000
Amounts due from related parties		
– Sinopec Corp., its subsidiaries and joint ventures	**1,520,651**	805,984
– Sinopec Group and its subsidiaries	**31,645**	7,820
– Associates and joint ventures of the Group	**14,319**	4,242
	1,566,616	818,046
Amounts due to related parties		
– Sinopec Corp., its subsidiaries and joint ventures	**6,030,142**	7,672,369
– Sinopec Group and its subsidiaries	**1,233,758**	389,278
– Associates and joint ventures of the Group	**123,444**	169,208
	7,387,344	8,230,855
Lease liabilities		
– Sinopec Group and its subsidiaries	**2,570**	6,620
Borrowings		
– Sinopec Finance	**470,000**	70,000

19 Related-party transactions *(continued)*

(d) Key management personnel compensation, post-employment benefit plans and share options

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
Short-term employee benefits	**6,083**	8,407
Post-employment benefits	**173**	230
	6,256	8,637

(e) Commitments with related parties

(i) Construction and installation cost

	As at 30 June 2026	As at 31 December 2025 (Restated)
	RMB'000	RMB'000
Sinopec Group and its subsidiaries	**2,833,267**	2,525,333

Except for the above, the Group had no other material commitments with related parties as at 30 June 2026 and 31 December 2025, which are contracted, but not included in the interim financial report.

20 Commitments

Capital commitments outstanding at 30 June 2026 and 31 December 2025 not provided for in the interim financial report were as follows:

	As at 30 June 2026	As at 31 December 2025 (Restated)
	RMB'000	RMB'000
Property, plant and equipment contracted for	**3,878,522**	3,654,484

21 Business Combination under common control

As mentioned in Note 1.1 to the interim financial report, the consolidation of Baling New Materials has been accounted for under the principles of merger accounting. The financial position as at 31 December 2025 and the results of operation for the six months ended 30 June 2025 previously reported by the Group have been restated, as set out below:

	The Group, as previously reported RMB'000	Acquired Assets and liabilities of Baling New Materials (Unaudited) RMB'000	Elimination and Adjustment (Unaudited) RMB'000	The Group, as restated (Unaudited) RMB'000
Summarized consolidated income statement for the six months ended 30 June 2025:				
Revenue	39,499,530	–	–	39,499,530
Loss attributable to equity shareholders of the Company	(449,274)	–	–	(449,274)
Profit attributable to non-controlling interests	1,214	–	–	1,214
Basic losses per share (RMB)	(0.0425)	–	–	(0.0425)
Diluted losses per share (RMB)	(0.0425)	–	–	(0.0425)
Summarized consolidated statement of financial position as at 31 December 2025:				
Current assets	14,852,340	366,725	(42,460)	15,176,605
Non-current assets	24,957,646	2,742,647	(392,091)	27,308,202
Total assets	39,809,986	3,109,372	(434,551)	42,484,807
Current liabilities	15,520,310	782,590	(42,460)	16,260,440
Non-current liabilities	1,067,280	1,542,600	–	2,609,880
Total liabilities	16,587,590	2,325,190	(42,460)	18,870,320
Total equity attributable to shareholders of the Company	23,120,486	784,182	(784,182)	23,120,486
Non-controlling interests	101,910	–	392,091	494,001
Net assets	23,222,396	784,182	(392,091)	23,614,487
Summarized consolidated statement of cashflows for the six months ended 30 June 2025:				
Net cash generated from operating activities	767,658	(2,752)	–	764,906
Net cash generated from investing activities	734,406	(273,382)	–	461,024
Net cash used in financing activities	(1,280,747)	309,973	–	(970,774)
Net increase in cash and cash equivalents	221,317	33,839	–	255,156

REVIEW REPORT

畢馬威華振專字第2604188號

The Shareholders of Sinopec Shanghai Petrochemical Company Limited:

We have reviewed the accompanying financial statements of Sinopec Shanghai Petrochemical Company Limited ("Sinopec Shanghai"), which comprise the consolidated and company balance sheets as of 30 June 2026, the consolidated and company income statements, the consolidated and company cash flow statements, 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. The Management of Sinopec Shanghai is responsible for the preparation of these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China. Our responsibility is to issue a review report based on our review.

We conducted the review business in accordance with Chinese Certified Public Accountants Review Standards No. 2101-Review of financial statements. Those standards require that we plan and perform the review to obtain limited assurance as to whether the financial statements are free from material misstatement. A review is limited primarily to inquiries of Sinopec Shanghai 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 are not prepared in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and cannot present fairly, in all material respects, the consolidated and the company's financial position of Sinopec Shanghai as at 30 June 2026, and their financial performance and cash flows for the period from 1 January 2026 to 30 June 2026.

KPMG Huazhen LLP

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

Huang Zhejun

Beijing, China

Xie Qiuping
19 August 2026

B. Interim Financial Statements Prepared under China Accounting Standards for Business Enterprises (unaudited)

CONSOLIDATED AND COMPANY BALANCE SHEETS

AS AT 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

Assets	Note	**30 June 2026 (unaudited) Consolidated**	31 December 2025 (restated) Consolidated	**30 June 2026 (unaudited) Company**	31 December 2025 Company
Current assets					
Cash at bank and on hand	V.1	**7,302,717**	7,555,275	**7,239,126**	7,405,209
Derivative financial assets	V.2	**50,587**	13,493	**50,587**	13,493
Accounts receivable	V.3, XIV.1	**1,555,836**	784,663	**1,552,236**	775,947
Receivables under financing	V.4, XIV.2	**340,657**	332,015	**137,979**	190,354
Prepayments	V.5	**64,333**	164,053	**54,753**	158,716
Other receivables	V.6, XIV.3	**46,887**	213,226	**42,003**	227,897
Inventories	V.7	**5,992,211**	5,801,511	**5,805,255**	5,608,961
Other current assets	V.8	**574,033**	312,369	**232,143**	40,563
Total current assets		**15,927,261**	15,176,605	**15,114,082**	14,421,140
Non-current assets					
Long-term equity investments	V.9, XIV.4	**3,180,020**	3,201,846	**5,473,381**	5,478,922
Investments in other equity instruments		**–**	3,466	**–**	–
Other non-current financial assets	V.10	**37,500**	37,500	**–**	–
Investment properties	V.11	**282,626**	290,131	**306,978**	315,067
Fixed assets	V.12, XIV.5	**13,829,815**	13,722,723	**11,626,534**	11,926,894
Construction in progress	V.13	**5,076,331**	5,212,344	**3,784,530**	3,667,835
Right-of-use assets	V.14	**15,705**	7,008	**9,256**	6,517
Intangible assets	V.15	**675,490**	688,193	**218,124**	224,258
Long-term deferred expenses	V.16	**317,994**	392,455	**317,994**	392,455
Deferred tax assets	V.17	**1,183,982**	1,280,004	**1,169,099**	1,274,106
Other non-current assets	V.18	**2,390,176**	2,544,359	**2,361,759**	2,539,640
Total non-current assets		**26,989,639**	27,380,029	**25,267,655**	25,825,694
Total assets		**42,916,900**	42,556,634	**40,381,737**	40,246,834
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans	V.20	**140,000**	70,000	**–**	–
Derivative financial liabilities	V.2	**40,316**	7,108	**40,316**	7,108
Bills payable	V.21	**7,878,069**	9,298,391	**7,878,069**	9,298,391
Accounts payable	V.22	**3,638,503**	3,782,142	**3,234,169**	3,349,022
Contract liabilities	V.23	**230,547**	257,592	**176,392**	181,124
Employee benefits payable	V.24	**306,738**	176,037	**288,835**	170,703
Taxes payable	V.25	**918,477**	727,539	**912,715**	716,313
Other payables	V.26	**1,150,402**	1,713,396	**3,225,735**	2,836,139
Non-current liabilities due within one year	V.27	**326,154**	195,934	**7,676**	7,215
Other current liabilities	V.28	**28,216**	32,301	**22,929**	23,544
Total current liabilities		**14,657,422**	16,260,440	**15,786,836**	16,589,559

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS *(continued)*

AS AT 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

Liabilities and shareholders' equity	Note	30 June 2026 (unaudited) Consolidated	31 December 2025 (restated) Consolidated	30 June 2026 (unaudited) Company	31 December 2025 Company
Non-current liabilities					
Long-term loans	V.29	**3,426,405**	2,354,368	**1,324,806**	711,768
Lease liabilities	V.30	**8,287**	140	**2,966**	–
Deferred income	V.31	**302,099**	291,053	**302,099**	291,053
Deferred tax liabilities	V.17	**22,868**	24,319	**–**	–
Total non-current liabilities		**3,759,659**	2,669,880	**1,629,871**	1,002,821
Total liabilities		**18,417,081**	18,930,320	**17,416,707**	17,592,380
Shareholders' equity					
Share capital	I, V.32	**10,542,618**	10,542,618	**10,542,618**	10,542,618
Capital reserve	V.33	**613,974**	614,114	**592,494**	592,315
Other comprehensive income	V.34	**(5,345)**	2,021	**(1,595)**	3,171
Specific reserve	V.35	**132,331**	135,289	**129,101**	135,163
Surplus reserve	V.36	**6,672,634**	6,672,634	**6,672,634**	6,672,634
Retained earnings	V.37	**5,466,068**	5,165,637	**5,029,778**	4,708,553
Total equity attributable to shareholders of the Company		**23,422,280**	23,132,313	**22,965,030**	22,654,454
Non-controlling interests	V.38	**1,077,539**	494,001	**–**	–
Total shareholders' equity		**24,499,819**	23,626,314	**22,965,030**	22,654,454
Total liabilities and shareholders' equity		**42,916,900**	42,556,634	**40,381,737**	40,246,834

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED AND COMPANY INCOME STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Six months ended 30 June		Six months ended 30 June	
		2026 (unaudited) Consolidated	2025 (unaudited) (restated) Consolidated	**2026 (unaudited) Company**	2025 (unaudited) Company
I. Operating income	V.39, XIV.6	**38,991,994**	39,523,226	**36,781,962**	35,533,477
Less: Operating costs	V.39, XIV.6	**31,922,425**	32,894,649	**29,798,147**	28,980,172
Taxes and surcharges	V.40	**5,371,156**	6,001,225	**5,364,869**	5,993,853
Selling and distribution expenses	V.41	**98,125**	95,572	**67,202**	71,505
General and administrative expenses	V.42	**683,005**	714,573	**625,858**	667,161
Research and development expenses	V.43	**84,173**	130,190	**84,173**	130,190
Financial expenses (“-” for income)	V.44	**(23,872)**	(55,612)	**(30,644)**	(60,844)
Including: Interest expense		**24,451**	10,719	**8,088**	10,704
Interest income		**47,194**	84,986	**40,872**	75,972
Add: Other income	V.45	**12,128**	7,909	**12,011**	7,608
Investment income (“-” for losses)	V.46, XIV.7	**68,736**	92,748	**78,044**	74,914
Including: income from investment in associates and joint ventures		**69,024**	79,974	**44,890**	59,312
Gains from changes in fair value (“-” for losses)	V.47	**10,095**	510	**10,095**	510
Credit losses (“-” for losses)	V.48	**(77)**	(356)	**(83)**	(235)
Impairment losses (“-” for losses)	V.49	**(545,274)**	(416,854)	**(529,336)**	(416,302)
Gains from asset disposals (“-” for losses)	V.50	**–**	(28)	**–**	–
II. Operating profit (“-” for loss)		**402,590**	(573,442)	**443,088**	(582,065)
Add: Non-operating income	V.51	**6,810**	13,005	**6,737**	11,169
Less: Non-operating expenses	V.52	**22,185**	35,179	**22,112**	35,117
III. Profit before income tax (“-” for loss)		**387,215**	(595,616)	**427,713**	(606,013)
Less: Income tax expenses/(benefits)	V.53	**103,821**	(134,702)	**106,488**	(135,295)
IV. Net profit (“-” for net loss)		**283,394**	(460,914)	**321,225**	(470,718)
(1) Net profit classified by continuity of operations:					
1. Net profit from continuing operations (“-” for net loss)		**283,394**	(460,914)	**321,225**	(470,718)
2. Net profit from discontinued operations (“-” for net loss)		**–**	–	**–**	–
(2) Net profit classified by ownership:					
1. Shareholders of the Company (“-” for net loss)	V.37	**300,431**	(462,128)	**–**	–
2. Non-controlling interests (“-” for net loss)		**(17,037)**	1,214	**–**	–

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED AND COMPANY INCOME STATEMENTS *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Six months ended 30 June		Six months ended 30 June	
		2026 (unaudited) Consolidated	2025 (unaudited) (restated) Consolidated	**2026 (unaudited) Company**	2025 (unaudited) Company
V. Other comprehensive income, net of tax		**33,851**	15,416	**36,451**	15,416
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		**33,851**	15,416	**36,451**	15,416
Items that will not be reclassified to profit or loss		**(2,600)**	–	**–**	–
1. Changes in fair value of the investment of other equity instruments		**(2,600)**	–	**–**	–
Items that may be reclassified to profit or loss		**36,451**	15,416	**36,451**	15,416
1. Other comprehensive income recognized under equity method		**(108)**	–	**(108)**	–
2. Cash flow hedge reserve	V.34	**36,559**	15,416	**36,559**	15,416
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		**–**	–	**–**	–
VI. Total comprehensive income		**317,245**	(445,498)	**357,676**	(455,302)
(1) Attributable to shareholders of the Company		**334,282**	(446,712)	**–**	–
(2) Attributable to non-controlling interests		**(17,037)**	1,214	**–**	–
VII. Earnings/(losses) per share					
(1) Basic earnings/(losses) per share (RMB Yuan)	V.54	**0.028**	(0.044)	**–**	–
(2) Diluted earnings/(losses) per share (RMB Yuan)	V.54	**0.028**	(0.044)	**–**	–

If a business merger under the same control occurs in the current period, the net loss realized by the merged party before the merger is RMB2,522 thousand, and the net profit realized by the merged party in the previous period is RMB0.

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Six months ended 30 June		Six months ended 30 June	
		2026 (unaudited) Consolidated	2025 (unaudited) (restated) Consolidated	**2026 (unaudited) Company**	2025 (unaudited) Company
I. Cash flows (used in)/generated from operating activities					
Proceeds from sale of goods and rendering of services		**42,603,110**	42,240,426	**39,993,087**	38,211,029
Refund of taxes		**19,163**	41,749	**6,292**	2,909
Proceeds from other operating activities	V.56	**141,932**	142,931	**650,575**	180,385
Sub-total of cash inflows		**42,764,205**	42,425,106	**40,649,954**	38,394,323
Payment for goods and services		**(35,844,330)**	(32,347,281)	**(33,158,568)**	(28,361,123)
Payment to and for employees		**(1,253,126)**	(1,324,733)	**(1,180,011)**	(1,259,218)
Payment of various taxes		**(6,355,936)**	(7,771,336)	**(6,297,913)**	(7,748,017)
Payment for other operating activities	V.56	**(152,249)**	(205,565)	**(126,590)**	(166,514)
Sub-total of cash outflows		**(43,605,641)**	(41,648,915)	**(40,763,082)**	(37,534,872)
Net cash flows (used in)/generated from operating activities	V.57, XIV.8	**(841,436)**	776,191	**(113,128)**	859,451
II. Cash flows (used in)/generated from investing activities					
Cash received from returns on investments	V.56	**90,599**	96,485	**83,869**	59,929
Net proceeds from disposal of subsidiaries and other business units	V.57	**–**	29,799	**–**	–
Net cash received from disposal of fixed assets and other long-term assets		**–**	18,340	**–**	17,307
Proceeds from other investing activities	V.56	**–**	3,897,241	**–**	3,897,241
Sub-total of cash inflows		**90,599**	4,041,865	**83,869**	3,974,477
Payment for acquisition of fixed assets, intangible assets and other long-term assets		**(1,530,123)**	(1,064,409)	**(928,487)**	(781,907)
Net cash paid for disposal of fixed assets and other long-term assets		**(821)**	–	**(821)**	–
Cash paid to acquire investments		**–**	–	**–**	(40,000)
Payment for other investing activities	V.56	**–**	(2,500,058)	**–**	(2,500,000)
Sub-total of cash outflows		**(1,530,944)**	(3,564,467)	**(929,308)**	(3,321,907)
Net cash flows (used in)/generated from investing activities		**(1,440,345)**	477,398	**(845,439)**	652,570

The notes on pages 106 to 260 form part of these financial statements.

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Six months ended 30 June		Six months ended 30 June	
		2026 (unaudited) Consolidated	2025 (unaudited) (restated) Consolidated	2026 (unaudited) Company	2025 (unaudited) Company
III. Cash flows generated from/(used in) financing activities					
Proceeds from investors		600,006	–	–	–
Proceeds from borrowings		1,403,038	628,887	613,038	318,887
Sub-total of cash inflows		2,003,044	628,887	613,038	318,887
Repayments of borrowings		(131,981)	(1,500,027)	–	(1,500,000)
Payment for dividends, profit distributions or interest		(32,236)	(24,007)	(12,488)	(6,436)
Including: Dividends and profit paid by subsidiaries to non-controlling interests		(1,634)	(4,574)	–	–
Payment for other financing activities	V.56	(13,307)	(103,286)	(13,023)	(102,706)
Sub-total of cash outflows		(177,524)	(1,627,320)	(25,511)	(1,609,142)
Net cash flows generated from/(used in) financing activities		1,825,520	(998,433)	587,527	(1,290,255)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(1,255)	(507)	–	–
V. Net increase in cash and cash equivalents ("-" for decrease)		(457,516)	254,649	(371,040)	221,766
Add: Cash and cash equivalents at the beginning of the period	V.57, XIV.8	7,551,310	8,214,480	7,401,248	8,042,489
VI. Cash and cash equivalents at the end of the period	V.57, XIV.8	7,093,794	8,469,129	7,030,208	8,264,255

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Attributable to equity shareholders of the Company								
	Note	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total
I. Balance at 1 January 2026		10,542,618	614,114	2,021	135,289	6,672,634	5,165,637	23,132,313	101,910	23,234,223
Add: business combination under the same control	VI.1	–	–	–	–	–	–	–	392,091	392,091
Adjusted balance at the beginning of this period		10,542,618	614,114	2,021	135,289	6,672,634	5,165,637	23,132,313	494,001	23,626,314
II. Changes in equity from 1 January 2026 to 30 June 2026 (unaudited) ("-" for decreases)										
(1) Total comprehensive income										
1. Net profit ("-" for net loss)		–	–	–	–	–	300,431	300,431	(17,037)	283,394
2. Other comprehensive income	V.34	–	–	33,851	–	–	–	33,851	–	33,851
(2) Capital invested and reduced by shareholders										
1. Contributions to a subsidiary from non-controlling interests	V.38	–	3	–	–	–	–	3	600,003	600,006
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	V.34	–	–	(41,217)	–	–	–	(41,217)	–	(41,217)
(4) Appropriation of profits										
1. Distributions to shareholders		–	–	–	–	–	–	–	(1,634)	(1,634)
(5) Specific reserve										
1. Accrued	V.35	–	–	–	82,411	–	–	82,411	2,206	84,617
2. Utilized	V.35	–	–	–	(85,369)	–	–	(85,369)	–	(85,369)
(6) Other changes in equity of investee accounted for by equity method		–	(143)	–	–	–	–	(143)	–	(143)
III. Balance at 30 June 2026 (unaudited)		10,542,618	613,974	(5,345)	132,331	6,672,634	5,466,068	23,422,280	1,077,539	24,499,819

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Attributable to equity shareholders of the Company									
	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total
I. Balance at 1 January 2025		10,675,228	621,460	56,159	2,812	290,607	6,672,634	6,833,672	25,040,254	104,241	25,144,495
Add: business combination under the same control		–	–	–	–	–	–	–	–	400,000	400,000
Adjusted balance at the beginning of this period		10,675,228	621,460	56,159	2,812	290,607	6,672,634	6,833,672	25,040,254	504,241	25,544,495
II. Changes in equity from 1 January 2025 to 30 June 2025 (unaudited) ("-" for decreases)											
(1) Total comprehensive income											
1. Net profit ("-" for net loss)		–	–	–	–	–	–	(462,128)	(462,128)	1,214	(460,914)
2. Other comprehensive income	V.34	–	–	–	15,416	–	–	–	15,416	–	15,416
(2) Capital invested and reduced by shareholders											
1. Treasury stock repurchase		–	–	84,117	–	–	–	–	(84,117)	–	(84,117)
2. Cancellation of treasury stock repurchase	V.32	(132,610)	(7,666)	(140,276)	–	–	–	–	–	–	–
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	V.34	–	–	–	(6,107)	–	–	–	(6,107)	–	(6,107)
(4) Appropriation of profits											
1. Distributions to shareholders		–	–	–	–	–	–	(210,852)	(210,852)	(4,574)	(215,426)
(5) Specific reserve											
1. Accrued	V.35	–	–	–	–	86,673	–	–	86,673	–	86,673
2. Utilized	V.35	–	–	–	–	(74,002)	–	–	(74,002)	–	(74,002)
III. Balance at 30 June 2025 (unaudited) (restated)		10,542,618	613,794	–	12,121	303,278	6,672,634	6,160,692	24,305,137	500,881	24,806,018

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 1 January 2026	**10,542,618**	**592,315**	**3,171**	**135,163**	**6,672,634**	**4,708,553**	**22,654,454**
II. Changes in from 1 January 2026 to 30 June 2026 (unaudited) ("-" for decreases)							
(1) Total comprehensive income							
1. Net profit ("-" for net loss)	–	–	–	–	–	321,225	321,225
2. Other comprehensive income	–	–	36,451	–	–	–	36,451
(2) Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	(41,217)	–	–	–	(41,217)
(3) Specific reserve							
1. Accrued	–	–	–	71,581	–	–	71,581
2. Utilized	–	–	–	(77,643)	–	–	(77,643)
(4) Other changes in equity of investee accounted for by equity method	–	179	–	–	–	–	179
III. Balance at 30 June 2026 (unaudited)	**10,542,618**	**592,494**	**(1,595)**	**129,101**	**6,672,634**	**5,029,778**	**22,965,030**

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY *(continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2025

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at the beginning of 1 January 2025	10,675,228	599,661	56,159	3,658	290,602	6,672,634	6,412,715	24,598,339
II. Changes in from 1 January 2025 to 30 June 2025 (unaudited) ("-" for decreases)								
(1) Total comprehensive income								
1. Net profit ("-" for net loss)	–	–	–	–	–	–	(470,718)	(470,718)
2. Other comprehensive income	–	–	–	15,416	–	–	–	15,416
(2) Shareholders' contributions and decreases in capital								
1. Treasury stock repurchase	–	–	84,117	–	–	–	–	(84,117)
2. Cancellation of treasury stock repurchase	(132,610)	(7,666)	(140,276)	–	–	–	–	–
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	(6,107)	–	–	–	(6,107)
(4) Appropriation of profits								
1. Distributions to shareholders	–	–	–	–	–	–	(210,852)	(210,852)
(5) Specific reserve								
1. Accrued	–	–	–	–	82,621	–	–	82,621
2. Utilized	–	–	–	–	(70,298)	–	–	(70,298)
III. Balance at 30 June 2025 (unaudited)	10,542,618	591,995	–	12,967	302,925	6,672,634	5,731,145	23,854,284

These financial statements were approved by the Board of Directors of the Company on 19 August 2026.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**	(Company stamp)
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 106 to 260 form part of these financial statements.

I. General information

Sinopec Shanghai Petrochemical Company Limited ("the Company"), formerly Shanghai Petrochemical Company Limited, was established in the People's Republic of China ("the PRC") on 29 June 1993 with registered capital of RMB4,000,000,000, invested by its holding company-China National Petrochemical Corporation ("Sinopec Group"); these shares were converted from assets of former Shanghai Petrochemical Complex.

H shares were listed on the Hong Kong Stock Exchange on 26 July 1993 and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

Sinopec Group completed its reorganisation on 25 February 2000. After the reorganisation, China Petroleum & Chemical Corporation ("Sinopec Corp.") was established. As part of the reorganisation, Sinopec Group transferred its 4,000,000,000 of the Company's state-owned legal shares, which represented 55.56 percent of the issued share capital of the Company, to Sinopec Corp. Sinopec Corp. became the largest shareholder of the Company. The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000.

Additional A shares of RMB14,176,600 and RMB9,636,900 were registered on 27 September 2017 and 12 January 2018.

On 12 August 2022, the Company announced the voluntary delisting of its American Depositary Receipts (ADRs) from the New York Stock Exchange. On 26 August 2022, the Company filed Form 25 with the U.S. Securities and Exchange Commission (SEC) to effect the delisting and deregistration of its American Depositary Receipts. The delisting of the Company's American Depositary Receipts on the New York Stock Exchange became effective on 6 September 2022. On 15 March 2024, the Company filed Form 15-F with the U.S. Securities and Exchange Commission to deregister its American Depositary Receipts and terminate its reporting obligations. This form became effective 90 days after filing.

On 22 June 2022, the 2021 General Meeting of shareholders, the 2022 Second General Meeting of A-share Shareholders, and the 2022 Second General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, at 17 February 2023 the Company cancelled 24,528,000 H-shares that had been repurchased, accounting for 0.23% of the total issued shares of the Company.

On 28 June 2023, the 2022 General Meeting of shareholders, the 2023 First General Meeting of A-share Shareholders, and the 2023 First General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, on 17 June 2024 the Company cancelled all 124,058,000 H-shares that had been repurchased, accounting for 1.15% of the total issued shares of the Company.

I. General information *(continued)*

On June 6, 2024, the Annual General Meeting of Shareholders of the Company in 2023, the First General Meeting of A-share Shareholders in 2024 and the First General Meeting of H-shares Shareholders in 2024 reviewed and approved the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board to Repurchase Domestic Shares and/or Overseas Listed Foreign Shares of the Company. Pursuant to this general authorization, on March 3, 2025, the Company cancelled a total of 96,346,000 H-shares repurchased as of that date, representing 0.90% of the total issued shares of the Company; on June 12, 2025, the Company cancelled a total of 36,264,000 H-shares repurchased as of that date, accounting for 0.34% of the total issued shares of the Company.

As of 30 June 2026, total share capital of the Company was RMB10,542,617,500, with RMB1 Yuan per share. Detailed changes to share capital refers to Note V.32.

The Company and its subsidiaries ("the Group") is a highly integrated entity which processes crude oil into synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products.

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

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Summary of significant accounting policies and accounting estimates

Accounting policies for the provision for the recognition and measurement of bad debt provisions for receivables, the measurement of inventory issuance and the depreciation of fixed assets of the Group are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes on accounting policies.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business. These financial statements present truly and completely the consolidated financial position and financial position of the Company as of 30 June 2026, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year from 1 January 2026 to 30 June 2026.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

III. Summary of significant accounting policies and accounting estimates *(continued)*

3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realization of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the primary economic environment in which they operate.

5. Method for determining materiality standards and basis for selection

Item	Materiality standards
Significant construction in progress	Amount at the end of the period or change during the period of construction projects in progress ≥ RMB130 million
Significant joint ventures or associates	Carrying amount of long-term equity investment or the impact of the current period's income statement ≥ RMB130 million
Significant non-wholly-owned subsidiaries	Amount at the end of the period or change during the period of minority shareholder equity ≥ RMB130 million

6. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

III. Summary of significant accounting policies and accounting estimates *(continued)*

6. Accounting treatments for business combinations involving entities under common control and not under common control *(continued)*

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill after taking into account deferred tax impact. If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

III. Summary of significant accounting policies and accounting estimates *(continued)*

7. Judgmental criteria for control and consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements. Unrealized profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealized profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired 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 based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

III. Summary of significant accounting policies and accounting estimates *(continued)*

7. Judgmental criteria for control and consolidated financial statements *(continued)*

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess write down surplus reserve and retained earnings in turn.

8. Cash and cash equivalents

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

9. Foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition of qualifying assets (see Note III.16). Non monetary foreign currency items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The resulting exchange difference is the difference of equity instrument investment measured at fair value with changes included in other comprehensive income and included in other comprehensive income; Other differences are included in current profits and losses. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Effect of foreign exchange rate changes on cash is presented separately in the cash flow statement.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments

Financial instruments include cash at bank and on hand, account receivables, accounts receivable financing, other equity instrument investments, other non-current financial assets, account payables, borrowings, and share capital, etc.

(1) Recognition and initial measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.22.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(2) Classification and subsequent measurement of financial assets *(continued)*

(a) Classification of financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income, and listed them as other equity instrument investments. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer. The relevant dividend income of such financial assets is included in the current profit and loss.

Except for financial assets measured at fair value measurement with changes recognized in other comprehensive income mentioned above, all financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(2) Classification and subsequent measurement of financial assets *(continued)*

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship. Those maturing more than one year from the balance sheet date and expected to be held for more than one year shall be listed as other non-current financial assets, while the rest shall be listed as trading financial assets.

– Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize impairment gains or losses. Such financial assets mainly include cash at bank and on hand, accounts receivable, other receivables and investments in debt securities, etc.

– Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Such financial assets mainly include receivables under financing, other debt investments, etc.

– Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL, or financial liabilities measured at amortized cost.

– *Financial liabilities at FVTPL*

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

– *Financial liabilities measured at amortized cost*

These financial liabilities are subsequently measured at amortized cost using the effective interest method.

The financial liabilities of the Group are mainly financial liabilities measured by amortized cost, including bills payable and accounts payable, other payables, borrowings, etc. Such financial liabilities are initially measured according to their fair value after deducting transaction costs and are subsequently measured by the effective interest rate method. Where the term is less than one year (including one year), it shall be listed as current liabilities; If the term is more than one year, but the term is due within one year (including one year) from the balance sheet date, it shall be listed as non-current liabilities that are due within one year; The rest are shown as non-current liabilities.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

– the Group currently has a legally enforceable right to set off the recognized amounts;

– the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

– the Group's contractual rights to the cash flows from the financial asset expire;

– the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;

– the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

– the carrying amount of the financial asset transferred measured at the date of derecognition;

– the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished. The difference between the carrying amount of the part to be recognized and the consideration paid shall be recorded into the profit and loss of the current period.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

– financial assets measured at amortized cost;

– debt investments measured at FVOCI.

Measurement of ECLs

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 maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and receivables under financing formed from daily operations such as sales of goods and rendering of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and receivables under financing, the Group measures loss allowance at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments:

– If the financial instrument is determined to have low credit risk at the balance sheet date;

– If the credit risk on a financial instrument has not increased significantly since initial recognition.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Provision for bad debts for trade receivables

(a) Categories of items for which bad debt provisioning is made based on a combination of credit risk characteristics and the basis.

Bills receivable	Based on the differences in credit risk characteristics of the acceptors, the Group classifies bills receivable into two portfolios, bankers' acceptances and commercial acceptances.
Trade receivable	Based on the Group's historical experience, there is no significant difference in the incidence of losses incurred by different segments of customer groups, therefore, the Group treats the entire trade receivable as a portfolio and does not further differentiate between different groups of customers in calculating the bad debt provision for accounts receivable.
Receivables under financing	The Group's receivables under financing is bank acceptance bills receivable and accounts receivable related to forfaiting business without recourse with dual holding purpose. As the accepting banks of the bills of exchange are banks with high credit ratings and the assigning banks of the trade receivable are non-recourse, the Group divides the receivables under financing into bills receivables and accounts receivables.
Other receivable	The Group's other receivables mainly include receivables from consumption tax refunds and export tax refunds, receivables from related parties. Based on the nature of the receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three portfolios, specifically: tax refund receivable portfolio, related party current receivable portfolio and others.

(b) Individual provisioning judgment criteria according to individual provision for bad debts

The Group generally measures its provision for losses on bills receivable, trade receivable, receivables under financing and other receivables on the basis of a 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 there is a significant change in the credit risk characteristics of that counterparty, provision for for bad debts is made on an individual basis for receivables from that counterparty. For example, when a counterparty is in severe financial difficulty and the expected rate of credit loss on receivables from that counterparty is significantly higher than the expected rate of credit loss for the aging range in which the counterparty is organized, a separate provision for bad debts is made.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(7) Equity instrument

The issuance of equity instruments is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognized in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

11. Inventories

(1) 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.

In addition to the purchase cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads based on normal capacity.

(2) Measurement method of cost

Cost of inventories recognized is calculated using the weighted average method.

(3) Inventory count system

The Group's inventories system is the perpetual inventory system.

III. Summary of significant accounting policies and accounting estimates *(continued)*

11. Inventories *(continued)*

(4) Amortization methods of low value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortization charge is included in the cost of the related assets or recognized in profit or loss for the current period.

(5) Criteria for determining and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value. For the difference between the cost calculated by a single inventories item and its net realizable value, the provision for inventories depreciation shall be withdrawn and included in the current profits and losses.

The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

12. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

– The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserve and retained earnings in turn.

– For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

III. Summary of significant accounting policies and accounting estimates *(continued)*

12. Long-term equity investments *(continued)*

(1) Investment cost of long-term equity investments *(continued)*

(b) Long-term equity investments acquired other than through a business combination

– A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid 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.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. The portion of cash dividends or profits declared to be distributed to the invested entity by the Company shall be recognized as investment income of the current period.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12(3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.12(3)).

A long-term investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement unless the investment meets the conditions for holding for sale.

– After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

III. Summary of significant accounting policies and accounting estimates *(continued)*

12. Long-term equity investments *(continued)*

(2) Subsequent measurement of long-term equity investment *(continued)*

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

– Unrealized 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. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognised in full in the financial statements.

– The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits has fully covered the share of losses not recognized.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

– Whether no single participant party is in a position to control the investee's related activities unilaterally;

– Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

III. Summary of significant accounting policies and accounting estimates *(continued)*

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortized using the straight-line method over its estimated useful life.

The estimated useful life, residual value rate, and depreciation rate of various investment properties are:

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plant and buildings	30-40 years	3%	2.4%-3.2%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer. When a conversion occurs, the book value before the conversion is used as the recorded value after the conversion.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

14. Fixed assets

(1) Recognition of fixed assets

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 is measured in accordance with the policy set out in Note III.15. The fixed assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

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

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

14. Fixed assets *(continued)*

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Buildings	12-40 years	0%-5%	2.4%-8.3%
Plant and machinery	5-20 years	0%-5%	4.8%-20.0%
Vehicles and other equipment	4-20 years	0%-5%	4.8%-25.0%

The Group shall review the service life, estimated net residual value and depreciation method of fixed assets at least at the end of each year.

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalized borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use, and depreciation begins from the following month. No depreciation is provided against construction in progress.

The criteria and point in time for carrying forward each type of construction in progress to fixed assets are as follows:

Class	Criteria	Time
Machinery and others	(1) A single set of devices can be put into operation alone, and independent of other devices or processes to produce qualified products, the relevant departments to issue a test report; (2) The joint device can be successful joint commissioning, normal production of qualified products, the relevant departments to issue a commissioning report; (3) Ancillary facilities are completed at the point when the combined plant is completed as a whole and reaches its intended useable state.	Ready for the intended use
Plant and buildings	The relevant departments have completed on-site acceptance and are in a position to use the site.	Ready for the intended use

III. Summary of significant accounting policies and accounting estimates *(continued)*

15. Construction in progress *(continued)*

The Group sells the products or by-products produced before the fixed assets are ready for their intended use. In accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards, the relevant income and cost are accounted for separately and recognized in profit or loss.

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

– Where funds are borrowed specifically for the acquisition, and construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

– To the extent that the Group borrows funds generally and uses them for the acquisition, and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

III. Summary of significant accounting policies and accounting estimates *(continued)*

17. Intangible assets

(1) Useful life and amortization methods

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The intangible assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

The respective useful life and its determination basis and amortization methods for intangible assets are as follows:

Item	Estimated useful life (years)	Determination basis	Amortization methods
Land-use right	20-50 years	Duration stated on the land certificate	straight-line method
Other intangible assets	2-28 years	Actual useful life of past intangible assets of similar nature and function	straight-line method

Useful lives and amortization methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

(2) Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Other development expenditure is recognized as an expense in the period in which it is incurred.

For the external sales of products or by-products produced in the research and development process, the relevant income and cost are accounted for separately and recognized in profit or loss in accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards.

III. Summary of significant accounting policies and accounting estimates *(continued)*

18. Long-term deferred expenses

Long-term prepaid expenses mainly include the catalyst expenditures, leasehold improvements and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

Long-term deferred expenses are amortized using a straight-line method within the benefit period. The respective amortization periods for such expenses are as follows:

Item	Amortization period
Catalysts	1.5-10 years
Leasehold improvements	15-27 years

19. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term equity investments
- long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.20) less costs to sell and its present value of expected future cash flows.

III. Summary of significant accounting policies and accounting estimates *(continued)*

19. Impairment of assets other than inventories and financial assets *(continued)*

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

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

20. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

21. Provisions

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

III. Summary of significant accounting policies and accounting estimates *(continued)*

21. Provisions *(continued)*

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

– Where the contingency involves a single item, the best estimate is the most likely outcome.

– Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate. The estimated liabilities expected to be paid within one year from the balance sheet date are listed as current liabilities.

22. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognizes for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition *(continued)*

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the customer can control the asset created or enhanced during the Group's performance; or

– the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

– the Group has a present right to payment for the goods or services;

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

– the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

– the customer has accepted the goods or services, etc.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition *(continued)*

The Group determines whether it is a principal or an agent, depending 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 recognizes revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognizes 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 the established amount or proportion.

Circumstances in which the Group is able to control a commodity before transferring it to a customer include:

– The Group obtains control of goods or other assets from third parties and then transfers them to customers;

– The Group is able to lead third parties to provide services to clients on the Group's behalf;

– After the Group obtains control of a commodity from a third party, it transfers the commodity to the customer by providing major services that integrate the commodity with other commodities into a certain combination of outputs.

In making specific judgments about whether the Group has control over a commodity before transferring it to a customer, the Group considers all relevant facts and circumstances together, including:

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

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

– The Group has the right to independently determine the prices of the commodities traded, etc.

Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition *(continued)*

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(1) Sale of goods

The significant risks and rewards of ownership of goods have been transferred to the buyer, as well as the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The Group recognizes revenue when goods are sent to designated place or customer take delivery of the goods from Group's designated warehouse, and confirmed receipt by customers according to the terms of contract. Revenue from sale excludes VAT and has been deducted from estimated sales discounts.

The Group provides discounts based on the sales amount, and recognizes revenue based on the contract value exclude expected discounts.

(2) Rendering of overseas shipping services

Revenue from the rendering of overseas shipping services is recognized using the percentage of completion method, with the stage of completion being determined based on proportion of shipping time incurred to date to the estimated total shipping time.

23. Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g., sales commission). The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

– the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labor, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

– the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;

– the costs are expected to be recovered.

III. Summary of significant accounting policies and accounting estimates *(continued)*

23. Contract costs *(continued)*

Assets recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfil a contract (the "assets related to contract costs") are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognized in profit or loss for the current period. The Group chooses to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

– remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;

– the costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

24. Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Employee benefits which are non-monetary benefits are measured at fair value.

(2) Post-employment benefits-defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

III. Summary of significant accounting policies and accounting estimates *(continued)*

24. Employee benefits *(continued)*

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

– When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

– When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25. Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset or recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income offset against related expense in the periods in which the expenses or losses are recognized. Or included in other income or non-operating income offset against the related expenses directly. The Group uses the same reporting method for similar government subsidies.

Government subsidies related to daily activities are included in operating profit, while government subsidies unrelated to daily activities are included in non-operating income and expenditure.

III. Summary of significant accounting policies and accounting estimates *(continued)*

26. Specific reserve

The Group recognizes 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, and accrues in the specific reserve.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

27. Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized 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 only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize 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 the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

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

III. Summary of significant accounting policies and accounting estimates *(continued)*

27. Income tax *(continued)*

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 utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

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

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
  - the same taxable entity; or
  - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize 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.

28. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and account for the lease and non-lease components as a single lease component.

III. Summary of significant accounting policies and accounting estimates *(continued)*

28. Leases *(continued)*

(1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

– there is a change in the amounts expected to be payable under a residual value guarantee;

– there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

– there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which the value of brand-new individual asset is low. The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

III. Summary of significant accounting policies and accounting estimates *(continued)*

28. Leases *(continued)*

(2) As a lessor

The leases of the Group is an operating leases.

Lease receipts from operating leases is recognized as income using the straight-line method over the lease term. Variable lease payments not included in lease receipts are recognized as income as they are earned.

29. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period(s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in cash flows and that are designated as being hedged and can be reliably measured. 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 financial instrument whose changes in cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

– There is an economic relationship between the hedged item and the hedging instrument;

– The effect of credit risk does not dominate the value changes that result from the economic relationship;

– 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 the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

III. Summary of significant accounting policies and accounting estimates *(continued)*

29. Hedge accounting *(continued)*

The Group discontinues applying hedge accounting in any of the following circumstances:

– The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;

– The hedging instrument expires or is sold, terminated or exercised;

– 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;

– The hedging relationship no longer meets other criteria for applying hedge accounting.

(1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of the cash flow hedge reserve is adjusted to the lower of the following (in absolute amounts):

– the cumulative gain or loss on the hedging instrument from inception of the hedge;

– the cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized 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 non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is 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.

III. Summary of significant accounting policies and accounting estimates *(continued)*

29. Hedge accounting *(continued)*

(1) Cash flow hedges *(continued)*

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

– If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve and be accounted for in accordance with the above policy;

– If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

30. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

31. 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 or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as 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.

III. Summary of significant accounting policies and accounting estimates *(continued)*

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking the materiality principle into account. An operating segment is a component of the Group that satisfies all of the following conditions:

– the component is able to earn revenues and incur expenses from its ordinary activities;

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

– for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. The Group determines the reporting segments based on the operating segments and the principle of materiality.

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

33. Significant accounting estimates and judgements

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

III. Summary of significant accounting policies and accounting estimates *(continued)*

33. Significant accounting estimates and judgements *(continued)*

(1) Significant accounting estimates

(a) Accounting estimate of Inventory provision

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for diminution in the value of inventories. Net realizable 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 cost of sales. 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.

(b) Impairment of assets other than inventories and financial assets

As described in Note III.19, at the end of each reporting period, the Group estimates the recoverable amount of an asset or a cash-generating unit ("CGU") (a portion of which related to certain production facilities), at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses. If circumstances indicate that the carrying amount of the asset or CGU may not be recoverable, the asset or CGU may be considered "impaired", and an impairment loss may be recognized.

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

(c) Estimated useful life and residual value of fixed assets

The Group assessed the reasonableness of estimated useful life of fixed assets in line with the historical experience on the basis of similar function or characteristic for the assets. If there are significant changes in estimated useful lives and residual value from previous years, the depreciation expenses for future periods are adjusted.

The Group reviews and adjusts the useful lives and estimated residual value of the assets regularly at the end of each year end.

III. Summary of significant accounting policies and accounting estimates *(continued)*

33. Significant accounting estimates and judgements *(continued)*

(1) Significant accounting estimates *(continued)*

(d) Recognition of deferred tax assets

For the deductible losses that can be carried forward to the next year, the Group recognizes the corresponding deferred tax assets to the extent of the taxable income that is likely to be obtained in the future to offset the deductible losses. The taxable income obtained in the future period includes the taxable income that can be realized by the Group through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to use estimates and judgments when determining the time and amount of taxable income in the future. If there is a difference between the actual situation and the estimate, the book value of deferred tax assets may be adjusted.

(2) Significant accounting judgements

(a) Classification of financial assets

The significant judgments involved in determining the classification of financial assets by the Group include the analysis of business model and cash flows characteristics of contracts. The Group determines the business model of managing financial assets at the level of financial asset portfolio, taking into account such factors as the way of evaluating and reporting the performance of financial assets to key managers, the risk and management methods that affect the performance of financial assets, and the ways in which relevant business managers are paid, etc.

When the Group evaluates whether the contract cash flow of financial assets is consistent with the basic lending arrangement, there are the following main judgments: whether the time distribution or amount of principal may change within the duration due to prepayment or other reasons; Does interest include only the time value of money, credit risk, other basic lending risks, and consideration of costs and profits. For example, does the prepayment amount reflect only the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation paid for the early termination of the contract.

III. Summary of significant accounting policies and accounting estimates *(continued)*

34. Changes in significant accounting policies and accounting estimates

(1) Content and reasons for changes in accounting policies

The Group implemented the relevant provisions and guidelines of the Enterprise Accounting Standards issued by the Ministry of Finance in recent years in 2026, mainly including:

– Provisions on the Derecognition of Financial liability Settled by Electronic Payment System in Interpretation No. 19 of Accounting Standards for Business Enterprises (Cai Kuai [2025] No. 32) (hereinafter referred to as "Interpretation No. 19");

– Interpretation of the provisions of No. 19 on the evaluation of cash flows characteristics of financial asset contracts and related 'disclosures';

– Interpreting the provisions of No. 19 regarding disclose of equity instruments designated as measured at fair value measurement through OCI;

– Provisions on "Evaluation of cash flows Characteristics of Financial Asset Contracts" in Interpretation No. 20 of Accounting Standards for Business Enterprises (Cai Kuai [2026] No. 7) (hereinafter referred to as "Interpretation No. 20");

(a) Interpretation of Regulation No. 19 on Derecognition of Financial liability Settled under Electronic Payment Systems

According to Interpretation No. 19, for enterprises using electronic payment systems to settle a financial liability (or a part thereof) in cash, the enterprise may choose to terminate the recognition of the financial 'liability' on the date when the conditions are met or on the settlement date only if the enterprise has initiated a payment instruction and all three conditions of the provision are met simultaneously. When a company makes the aforementioned accounting policies choice, it shall apply it to all settlements made through the same electronic payment system.

The Group has chosen to terminate recognition on the date of satisfaction of cash settlement (or a portion thereof) using an eligible electronic payment system, when the Group initiates a payment instruction through an eligible electronic payment system and does not have the actual ability to withdraw, stop or cancel the payment instruction and access funds used for settlement, and the settlement risk of the payment system is negligible. The Group has applied it to all settlements conducted through the same electronic payment system.

The adoption of the above regulations has not had a significant impact on the financial condition and operating results of the Group.

III. Summary of significant accounting policies and accounting estimates *(continued)*

34. Changes in significant accounting policies and accounting estimates *(continued)*

(1) Content and reasons for changes in accounting policies *(continued)*

(b) Interpretation No. 19 "Provisions on the Evaluation of cash flows Characteristics of Financial Asset Contracts and Related disclose"

Interpretation 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 the above regulations has not had a significant impact on the financial condition and operating results of the Group.

(c) Disclosure of Equity Instruments Designated as fair value measurement with Changes in OCI

According to Interpretation No. 19, when disclose the fair value of such investments, the Group changed from "by each investment" to "at least by category" disclosure, and disclose the current fair value change amount of such investments derecognized during the reporting period, the current fair value change amount of such investments held at the end of the reporting period, and the transfer out of cumulative gains or losses recognized in equity related to such investments derecognized during the reporting period.

The adoption of the above regulations has not had a significant impact on the financial condition and operating results of the Group.

(d) Interpretation No. 20 "Evaluation of cash flows Characteristics of Financial Asset Contracts"

Interpretation No. 20 clarifies the difference between financial assets with non recourse characteristics and contract linked instruments, and provides guidance on evaluating whether related assets have contractual cash flows for "payment of principal and interest".

The adoption of the above regulations has not had a significant impact on the financial condition and operating results of the Group.

(2) Content and reasons for changes in accounting estimates

Taking into account factors such as technical business and economic service life assessment of asset, and referring to the situation of the same industry, in order to more objectively and fairly reflect the service life of fixed assets and the actual use of assets, the Board of Directors of the Company approved on 29 April 2026 to change the depreciation life of chemical equipment added after the 14th Five Year Plan from 12 years to 16 years, effective from 1 January 2026. The change in accounting estimates resulted in a decrease of RMB13,356 thousand in the depreciation amount of the Group for the six months ended 30 June 2026.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IV. Taxation

1. The main types of taxes and their tax rates applicable to the Group are listed below:

Tax type	Tax basis	Tax rate
Corporate income tax	Based on taxable profits	25%
Value-added tax	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	5%、6%、9% and 13%
Consumption tax	Based on taxable sales	Gasoline: RMB2,109.76 per ton; Diesel oil: RMB1,411.20 per ton; Naphtha: RMB2,105.20 per ton; Fuel oil: RMB1,218.00 per ton
Urban maintenance and construction tax	Based on VAT	5% and 7%
Education surcharges	Based on VAT	3%
Local education surcharges	Based on VAT	2%
Property tax	Levy or rent based on 70% of the original value of the property	1.2% of the residual tax value of the house property or 12% of the house rent

Except for subsidiary enjoying preferential tax rates as stated in Note IV.2 below,The applicable income tax rate of the Company and its subsidiaries this year is 25% (2025: 25%).

2. Tax incentives

The subsidiary of the Group that enjoys tax incentives is Inner Mongolia Xinjinshan Carbon Fiber Co., Ltd. The applicable income taxes rate for this year is 15%.

On 23 April 2020, the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission jointly issued the announcement on Continuing the Income Tax Policy for Enterprises in the Western Development (Announcement No. 23 of 2020 of the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission). From 1 January 2021 to 31 December 2030, the Catalogue of Encouraged Industries in the Western Region and the Catalogue of Encouraged Industries in the Western Region Enterprises in encouraged industries will continue to pay corporate income tax at a reduced rate of 15%.

On 27 November 2024, the National Development and Reform Commission issued Order No. 28 of the Catalogue of Encouraged Industries in the Western Region (2025), effective from 1 January 2025, includes the encouraged industries applicable to subsidiaries of the group in the catalog. Subsidiary of the Company located in the western region that meet the encouraged projects of the Western Development are subject to a preferential tax rate of 15%, which is valid until 2030.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements

1. Cash at bank and on hand

Item	30 June 2026 (unaudited)	31 December 2025 (restated)
Deposits with banks	**7,297,765**	7,512,056
Other monetary funds	**3,967**	3,965
Cash deposited in the finance company	**985**	39,254
Total	**7,302,717**	7,555,275

Cash and cash equivalents shown in the cash flow statement:

Item	30 June 2026 (unaudited)	31 December 2025 (restated)
Cash at bank and on hand	**7,302,717**	7,555,275
Less: Time deposits (a)	**204,956**	–
Other monetary funds	**3,967**	3,965
Ending balance of cash and cash equivalents	**7,093,794**	7,551,310

(a) As of 30 June 2026, time deposits of two years will mature in one year, with annual interest rate of 2.00%.

As of 31 December 2025, the Group had no time for more than three months.

2. Derivative financial assets and derivative financial liabilities

Category	30 June 2026 (unaudited)	31 December 2025
Derivative financial assets		
– Commodity swaps contracts	**50,587**	13,493
Derivative financial liabilities		
– Commodity swaps contracts	**40,316**	7,108

As of 30 June 2026 and 31 December 2025, the Group's derivative financial assets and derivative financial liabilities are mainly commodity swap contracts.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Category	30 June 2026 (unaudited)	31 December 2025 (restated)
Amounts due from related parties (Note IX.6)	**1,530,985**	758,722
Amounts due from third parties	**27,007**	28,160
Sub-total	**1,557,992**	786,882
Less: Provision for bad and doubtful debts	**(2,156)**	(2,219)
Total	**1,555,836**	784,663

(2) The aging analysis of accounts receivable is as follows:

Aging	30 June 2026 (unaudited)	31 December 2025 (restated)
Within 1 year (inclusive)	**1,555,878**	784,768
Over 1 year but within 2 years (inclusive)	**–**	–
Over 2 years but within 3 years (inclusive)	**–**	–
Over 3 years	**2,114**	2,114
Total	**1,557,992**	786,882

The aging is counted starting from the date when accounts receivables are recognized.

(3) Accounts receivable by provisioning method

	30 June 2026 (unaudited)					31 December 2025 (restated)				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
Category	Amount	Percentage (%)	Amount	Provision ratio (%)	Carrying amount	Amount	Percentage (%)	Amount	Provision ratio (%)	Carrying amount
Individual assessment	22	0.00	22	100.00	–	22	0.00	22	100.00	–
Collective assessment	1,557,970	100.00	2,134	0.14	1,555,836	786,860	100.00	2,197	0.28	784,663
Total	1,557,992	100.00	2,156	0.14	1,555,836	786,882	100.00	2,219	0.28	784,663

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable *(continued)*

(3) Accounts receivable by provisioning method *(continued)*

(i) The recognition standard and instruction of provision for bad debts on combination for the year ended at 30 June 2026:

According to the historical experience of the Group, there is no significant difference in the occurrence of losses among different customer segments, so different customer groups are not further differentiated in the calculation of bad debt reserve.

(ii) Assessment of ECLs on accounts receivable:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of provisions for bad and doubtful debts:

	Six months ended 30 June	
Provisions for bad and doubtful debts	**2026 (unaudited)**	2025 (unaudited)
Opening balance	**2,219**	2,117
Additions during the period	**3**	124
Recoveries or reversals during the period	**(66)**	–
Ending balance	**2,156**	2,241

(5) As of 30 June 2026, five largest accounts receivable by debtor at the end of the period:

	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Group	1,551,434	(18)	99.58%

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable *(continued)*

(6) Derecognition of accounts receivable due to transfer of financial assets

(i) For the six months ended 30 June 2026, the Group has no accounts receivable derecognized due to transfer of financial assets (For the six months ended 30 June 2025: Nil).

(ii) For the six months ended 30 June 2026, the Group has not recovered accounts receivable that have been fully provisioned for bad debts in previous (For the six months ended 30 June 2025: Nil).

(iii) For the six months ended 30 June 2026, the Group has not written off significant accounts receivable (For the six months ended 30 June 2025: Nil).

(iv) At 30 June 2026, the Group has no pledged accounts receivable (31 December 2025: Nil).

4. Receivables under financing

Item	Note	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Bills receivable	(1)	**171,697**	213,954
Accounts receivable	(2)	**168,960**	118,061
Total		**340,657**	332,015

(1) Bills receivable

(i) Due to the requirement of cash management, the Group discounted and endorsed part of the bank acceptance notes that met the condition of derecognition. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, as of June 2026, the Group classified RMB171,697 thousand bills receivable to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable and accounts receivable (31 December 2025: RMB213,954 thousand).

(ii) The Group has no individually impaired bank acceptance notes, with all provision was accrued by their expected credit loss. As of 30 June 2026 and 31 December 2025, the Group considers no significant credit risk of the bank acceptance notes and the Group has limited exposure to losses arising from banks' breach of contract.

(iii) As of 30 June 2026, the Group had no pledged bank acceptance notes (31 December 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

4. Receivables under financing *(continued)*

(1) Bills receivable *(continued)*

(iv) As of 30 June 2026, unmatured bills receivable that have been endorsed or discounted by the Group is as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	265,976	–

As of of 30 June 2026, the Group endorsed and discounted the undue bills receivable of RMB265,976 thousand (31 December 2025: RMB159,041 thousand). The Group derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Group's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Group's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB265,976 thousand (31 December 2025: RMB159,041 thousand). The term of the outstanding bills receivable is within one year.

(2) Accounts receivable

(i) The Group's subsidiaries China Jinshan Associated Trading Corporation Limited ("JMGJ") and Shanghai Jinshan Trading Corporation Limited ("Jinmao International") derecognized part of the accounts receivable for the non-recourse forfaiting business based on the requirement of daily cash management. The business model of accounts receivable management is for the purpose of collecting cash flow of contracts and sales. Therefore, as of 30 June 2026, the Group classified RMB168,960 thousand third party accounts receivable of subsidiaries to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable and accounts receivable (31 December 2025: RMB118,061 thousand).

(ii) The analysis of accounts receivable derecognized due to the transfer of financial assets is as follows:

At 30 June 2026, the Group's subsidiaries JMGJ and Jinmao International had no accounts receivable that haven't reached the expiration date of credit period due to the non-recourse forfaiting. (31 December 2025: RMB110,524 thousand).

(iii) For accounts receivable without individual provision for impairment, the bad debt provision shall be measured according to the expected credit loss of the whole duration. On 30 June 2026 and 31 December 2025, the Group believed that the accounts receivable related to Forfaiting business without recourse held by it did not have significant credit risk, so it did not accrue bad debt reserves for accounts receivable reported as receivables under financing.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

5. Prepayments

(1) Prepayments by category:

Item	30 June 2026 (unaudited)	31 December 2025 (restated)
Amounts advance to related parties (Note IX.6)	4,670	50,645
Amounts advance to third parties	59,663	113,408
Total	64,333	164,053

(2) The aging analysis of prepayments is as follows:

Aging	30 June 2026 (unaudited) Amount	30 June 2026 (unaudited) Percentage	31 December 2025 (restated) Amount	31 December 2025 (restated) Percentage
Within 1 year	64,333	100.00%	164,053	100.00%

The aging is counted starting from the date when prepayments are recognized.

(3) As of 30 June 2026, the total amount of the top five prepayments to suppliers are summarised as follows:

	Amount	Percentage of total advances
Total amount of the top five prepayments	55,083	85.62%

6. Other receivables

	Note	30 June 2026 (unaudited)	31 December 2025 (restated)
Amounts due from related parties	IX.6	9,517	10,789
Amounts due from third parties		46,243	211,170
Sub-total		55,760	221,959
Less: Provision for bad and doubtful debts		(8,873)	(8,733)
Total		46,887	213,226

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(1) The aging analysis is as follows:

Aging	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Within 1 year (inclusive)	**33,883**	213,958
Over 1 year but within 2 years (inclusive)	**14,775**	2,091
Over 2 years but within 3 years (inclusive)	**2,377**	1,180
Over 3 years	**4,725**	4,730
Total	**55,760**	221,959

The aging is counted starting from the date when other receivables are recognized.

(2) Others by provisioning method:

	30 June 2026 (unaudited)					31 December 2025 (restated)				
	Book value		**Provision for bad and doubtful debts**			Book value		Provision for bad and doubtful debts		
Category	**Amount**	**Percentage (%)**	**Amount**	**Provision Proportion (%)**	**Carrying amount**	Amount	Percentage (%)	Amount	Provision Proportion (%)	Carrying amount
Individual assessment	**8,873**	**15.91**	**(8,873)**	**100.00**	**–**	8,727	3.93	(8,727)	100.00	–
Collective assessment	**46,887**	**84.09**	**–**	**–**	**46,887**	213,232	96.07	(6)	0.00	213,226
Total	**55,760**	**100.00**	**(8,873)**	**15.91**	**46,887**	221,959	100.00	(8,733)	3.93	213,226

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(3) Provision for and movements of provisions for bad debts

	Stage 1		Stage 3		
	12-month ECL (collective)		Lifetime ECL – Credit impaired		Total
Bad debt provision	**Book value**	**Provision for bad and doubtful debts**	**Book value**	**Provision for bad and doubtful debts**	**provision for bad and doubtful debts**
Balance at 31 December 2025 (restated)	213,232	(6)	8,727	(8,727)	(8,733)
Additions during the period	–	–	–	(146)	(146)
Recoveries or reversals during the period	–	6	–	–	6
Balance at 30 June 2026 (unaudited)	46,887	–	8,873	(8,873)	(8,873)

As of 30 June 2026 and 31 December 2025, the Group has no other receivables under Stage 2.

(i) For the six months ended 30 June 2026, the Group has no other receivables that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period. (For six months ended 30 June 2025: Nil)

(ii) For the six months ended 30 June 2026, the Group has not written off significant other receivables (For six months ended 30 June 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(4) Others categorised by nature

Nature of other receivables	30 June 2026 (unaudited)	31 December 2025 (restated)
Refund of consumption tax receivable	**20,763**	188,158
Amounts due from related parties	**9,517**	10,789
Export tax rebate	**5,293**	687
Prepayment for share repurchase	**13,173**	13,698
Advance payment for compensation	**1,180**	1,180
Others	**5,834**	7,447
Sub-total	**55,760**	221,959
Less: Provision for bad debts	**(8,873)**	(8,733)
Total	**46,887**	213,226

(5) Five largest other receivables-by debtors as of 30 June 2026:

Name	Nature of the receivable	Balance at the end of the period	Aging	Percentage of ending balance of other receivables	Provision for bad debts
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	20,763	Within 1 year	37.24%	–
China International Capital Corporation Hong Kong Securities Limited	Prepayment of share repurchase	13,173	1-2 years (including 2 years)	23.62%	–
State Administration of Taxation Shanghai Jinshan District Taxation Bureau	Export rebates	5,293	Within 1 year	9.49%	–
Shanghai Jinsen Petroleum Resin Co., Ltd.	Transactions	4,148	Within 1 year, 1-2 years (including 2 years) and 2-3 years (including 3 years)	7.44%	(4,148)
Materials and Equipment Department of China Petroleum and Chemical Corporation	Transactions	2,795	Over 3 years	5.01%	(2,795)
Total		46,172		82.80%	(6,943)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

7. Inventories

(1) Inventories by categories are as follows:

	30 June 2026 (unaudited)			31 December 2025 (restated)		
Inventories by categories	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	3,742,795	(98,408)	3,644,387	3,432,034	(17,873)	3,414,161
Work in progress	1,409,730	(208,122)	1,201,608	1,348,599	(156,986)	1,191,613
Finished goods	1,187,710	(245,657)	942,053	1,238,671	(220,753)	1,017,918
Spare parts and consumables	266,248	(62,085)	204,163	245,587	(67,768)	177,819
Total	6,606,483	(614,272)	5,992,211	6,264,891	(463,380)	5,801,511

The balance of inventories of the Group does not include the capitalized interest at 30 June 2026 (31 December 2025: Nil).

The Group has no inventory for guarantee as of 30 June 2026 (31 December 2025: Nil).

(2) Provision for impairment of inventories is analysed as follows:

Inventories by categories	31 December 2025	Increases during the period	Decreases during the period	30 June 2026 (unaudited)
Raw materials	17,873	91,495	(10,960)	98,408
Work in progress	156,986	208,122	(156,986)	208,122
Finished goods	220,753	245,657	(220,753)	245,657
Spare parts and consumables	67,768	–	(5,683)	62,085
Total	463,380	545,274	(394,382)	614,272

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

7. Inventories *(continued)*

(3) Provision for impairment of inventories is analysed as follows:

Inventories by categories	Basis for determining net realizable value	Main reasons for reversal/write-off in current period
Raw materials	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Sold
Work in progress	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Sold
Finished goods	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Sold
Spare parts and consumables	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Used for repair and sold

8. Other current assets

Item	**30 June 2026 (unaudited)**	31 December 2025 (restated)
VAT deductible	**532,719**	272,065
Corporate income tax prepaid	**1,710**	700
Assets of carbon emission rights	**39,604**	39,604
Total	**574,033**	312,369

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

9. Long-term equity investments

Item	Note	30 June 2026 (unaudited)	31 December 2025 (restated)
Joint ventures	(1)	**183,945**	189,310
Associates	(2)	**3,024,467**	3,040,928
Sub-total		**3,208,412**	3,230,238
Less: Provision for impairment			
– Joint ventures		**–**	–
– Associates		**(28,392)**	(28,392)
Total		**3,180,020**	3,201,846

(1) Joint ventures

Investee	31 December 2025 (restated)	Current period movement: Additional/ (negative) investment	Current period movement: Investment incomes recognized under equity method	Current period movement: Cash dividends declared	Current period movement: Impairment provision	30 June 2026 (unaudited)	Ending balance of impairment provision 30 June 2026 (unaudited)
Joint venture of subsidiaries							
Linde-SPC Gases Company Limited ("Linde")	179,654	–	12,317	(17,710)	–	**174,261**	**–**
Other	9,656	–	28	–	–	**9,684**	**–**
Total	189,310	–	12,345	(17,710)	–	**183,945**	**–**

Interests in joint ventures, refer to Note VII.2.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

9. Long-term equity investments *(continued)*

(2) Associates

Investee	31 December 2025 (restated)	Current period movement: Additional/ (negative) investment	Investment incomes recognized under equity method	Cash dividends declared	Other comprehensive	Change in other equity	Others	30 June 2026 (unaudited)	Ending balance of impairment provision 30 June 2026 (unaudited)
Associates of the Company									
Shanghai SECCO Petrochemical Co., Ltd. ("Shanghai Secco") (Note 1)	–	–	–	–	–	–	–	–	–
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	2,438,503	–	46,151	(50,503)	(108)	(143)	–	2,433,900	–
Associates of subsidiaries									
Shanghai Shidian Energy Company Limited ("Shidian Energy")	432,363	–	4,500	(8,000)	–	–	–	428,863	–
Others	141,670	–	6,028	(14,386)	–	–	–	133,312	(28,392)
Total	3,012,536	–	56,679	(72,889)	(108)	(143)	–	2,996,075	(28,392)

Interests in associates, refer to Note VII.2.

Note 1: Due to the occurrence of excess losses, the book value of long-term equity investments in Shanghai SECCO Petrochemical Co., Ltd. has been reduced to zero and investment losses are no longer recognized.

10. Other non-current financial properties

Item	30 June 2026 (unaudited)	31 December 2025
Financial assets measured at fair value through profit or loss	37,500	37,500
Including: Redeemable preference share investments	37,500	37,500

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

11. Investment properties

	Plants and buildings
Cost	
31 December 2025	618,875
Additions during the period	–
Decrease during the period	–
30 June 2026 (unaudited)	618,875
Accumulated depreciation	
31 December 2025	328,744
Additions during the period	7,505
Decrease during the period	–
30 June 2026 (unaudited)	336,249
Carrying amount	
30 June 2026 (unaudited)	282,626
31 December 2025	290,131

For the six months ended 30 June 2026, the depreciation amount of the investment properties is RMB7,505 thousand (For the six months ended 30 June 2025: depreciation amount is RMB7,505 thousand). No provision for impairment has been made (For the six months ended 30 June 2025: Nil).

As of 30 June 2026 and 31 December 2025, the Group had no investment properties pending certificates of ownership.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets

(1) Fixed assets situation

	Plants and buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2025 (restated)	4,914,040	47,909,182	2,410,623	55,233,845
Reclassification in current period	24,460	(24,563)	103	–
Increase in current period				
– Purchase	–	206,805	5,668	212,473
– Transfer from CIP (Note V.13)	72,623	739,861	36,171	848,655
Decrease in current period				
– Disposal	(105)	(103,340)	(46,505)	(149,950)
30 June 2026 (unaudited)	5,011,018	48,727,945	2,406,060	56,145,023
Accumulated depreciation				
31 December 2025 (restated)	2,979,602	35,472,258	1,810,872	40,262,732
Reclassification in current period	4,108	(3,547)	(561)	–
Increase in current period				
– Charge for current period	55,782	821,507	62,999	940,288
Decrease in current period				
– Disposal	(102)	(90,960)	(44,607)	(135,669)
30 June 2026 (unaudited)	3,039,390	36,199,258	1,828,703	41,067,351
Provision for impairment				
31 December 2025 (restated)	49,865	1,193,144	5,381	1,248,390
Reclassification in current period	–	25	(25)	–
Decrease in current period				
– Disposal	–	(533)	–	(533)
30 June 2026 (unaudited)	49,865	1,192,636	5,356	1,247,857
Carrying amount				
30 June 2026 (unaudited)	1,921,763	11,336,051	572,001	13,829,815
31 December 2025 (restated)	1,884,573	11,243,780	594,370	13,722,723

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets *(continued)*

(2) For the six months ended 30 June 2026, the Group did not prepare for impairment of fixed assets (For the six months ended 30 June 2025:Nil). At 30 June 2026, the Group's fixed assets impairment provision is RMB1,247,857 thousand (31 December 2025: RMB1,248,390 thousand).

(3) For 30 June 2026 and 31 December 2025, no fixed assets were secured.

(4) As of 30 June 2026, the original book value of the temporarily idle fixed assets of the Group was RMB2,240,865 thousand, the accumulated depreciation was RMB1,837,387 thousand, and the impairment provision was RMB299,586 thousand, The book value is RMB103,892 thousand (As of 31 December 2025, the original book value of idle fixed assets of the Group was RMB2,483,052 thousand, the accumulated depreciation was RMB2,028,936 thousand, the impairment provision was RMB299,586 thousand, and the book value was RMB154,530 thousand).

(5) As of 30 June 2026, the carrying value of the Group's fixed assets leased out under operating leases amounted to RMB48,311 thousand (31 December 2025: RMB50,241 thousand).

(6) As of 30 June 2026 and 31 December 2025, the Group had no fixed assets with outstanding title certificates.

13. Construction in progress

(1) Construction in progress

	30 June 2026 (unaudited)			31 December 2025 (restated)		
	Original cost	**Provision for impairment**	**Carrying amount**	Original cost	Provision for impairment	Carrying amount
Construction in progress	**5,076,331**	**–**	**5,076,331**	5,212,344	–	5,212,344

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

13. Construction in progress *(continued)*

(2) The movement of the Group's major construction in progress is listed as follows

Project	Budget	31 December 2025 (restated)	Increase during the period	Transfer to fixed Assets (Note V.12)	**30 June 2026 (unaudited)**	Percentage of actual cost to budget	Project progress	Accumulative capitalized interest	Including: Capitalized interest in current period	Interest rate for capitalization in current period	Sources of funding
Shanghai Petrochemical Thermal Power Unit Cleaning and Efficiency Improvement Project	3,287,711	2,120,000	352,121	–	**2,472,121**	75.19%	75.19%	24,742	12,611	2.56%	own funds and borrowings
250000 tons/year styrene thermoplastic elastomer (Jinshan) project	2,861,560	897,103	–	(155,828)	**741,275**	96.77%	96.77%	52,320	–	–	own funds and borrowings
Shanghai Petrochemical Large Bundle Carbon Fiber Off site Construction Project	3,196,000	646,359	209,561	(306,823)	**549,097**	26.78%	26.78%	1,944	1,732	1.35%	own funds and borrowings
Shanghai Petrochemical's comprehensive technological transformation and quality improver and upgrading project	19,603,970	164,064	64,369	–	**228,433**	1.17%	1.17%	79	79	2.19%	own funds and borrowings
Other sporadic projects		1,384,818	86,591	(386,004)	**1,085,405**	–	–	–	–	–	own funds
Sub-total		5,212,344	712,642	(848,655)	**5,076,331**	–	–	79,085	14,422	2.31%	
Less: Provision for impairment		–	–	–	**–**	–	–	–	–	–	
Total		5,212,344	712,642	(848,655)	**5,076,331**	–	–	79,085	14,422	2.31%	

For the six months ended 30 June 2026, the Group's borrowing costs were capitalized at RMB14,422 thousand (For the six months ended 30 June 2025: RMB3,376 thousand).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

14. Right-of-use assets

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2025	23,247	1,450	1,064	25,761
Increase in current period	9,658	6,045	206	15,909
Decrease in current period	(10,670)	(1,145)	(487)	(12,302)
30 June 2026 (unaudited)	22,235	6,350	783	29,368
Accumulated depreciation				
31 December 2025	16,865	1,222	666	18,753
Increase in current period	6,557	341	314	7,212
Decrease in current period	(10,670)	(1,145)	(487)	(12,302)
30 June 2026 (unaudited)	12,752	418	493	13,663
Carrying amount				
30 June 2026 (unaudited)	9,483	5,932	290	15,705
31 December 2025	6,382	228	398	7,008

For the Group's specific arrangements relating to leasing activities, refer to Note V.59.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

15. Intangible assets

Intangible assets situation

	Land use rights	Other intangible assets	Total
Cost			
31 December 2025 (restated)	1,157,482	100,140	1,257,622
Increase in current period	–	–	–
Disposal in current period	–	–	–
30 June 2026 (unaudited)	1,157,482	100,140	1,257,622
Accumulated amortization			
31 December 2025 (restated)	469,411	100,018	569,429
Charge for current period	12,678	25	12,703
Disposal in current period	–	–	–
30 June 2026 (unaudited)	482,089	100,043	582,132
Carrying amount			
30 June 2026 (unaudited)	675,393	97	675,490
31 December 2025 (restated)	688,071	122	688,193

As of 30 June 2026 and 31 December 2025, the Group had no land use rights without property right certificate.

As of 30 June 2026 and 31 December 2025, the Group has no intangible assets formed through internal research and development.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

16. Long-term deferred expenses

	31 December 2025	Increase during the period	Amortization during the period	Other decreases	**30 June 2026 (unaudited)**
Catalysts	392,453	25,123	(99,582)	–	**317,994**
Lease holding improvements	2	–	(2)	–	**–**
Less: Provision for impairment	–	–	–	–	**–**
Total	392,455	25,123	(99,584)	–	**317,994**

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

	30 June 2026 (unaudited)		31 December 2025 (restated)	
Item	**Deductible temporary differences and deductible losses**	**Deferred tax assets**	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for bad debts	**10,408**	**2,602**	10,323	2,581
Provision for inventory	**614,272**	**152,207**	463,380	115,845
Provision for impairment of fixed assets	**1,218,001**	**304,500**	1,218,534	304,634
Deductible loss	**4,933,842**	**1,233,325**	5,523,472	1,380,868
Lease liabilities	**16,098**	**3,499**	7,058	1,765
Government grand	**247,099**	**61,775**	231,053	57,763
Derivative financial liabilities	**40,316**	**10,079**	7,108	1,777
Other deferred tax assets	**5,841**	**1,460**	4,058	1,014
Total	**7,085,877**	**1,769,447**	7,464,986	1,866,247

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(2) Deferred tax liabilities before offsetting

Item	30 June 2026 (unaudited)		31 December 2025 (restated)	
	Taxable temporary differences	**Deferred tax liabilities**	Taxable temporary differences	Deferred tax liabilities
Capitalization of borrowing costs	**(2,302)**	**(576)**	(2,558)	(640)
Unrealized profit or loss internally	**(5,322)**	**(798)**	–	–
Difference in fixed assets depreciation and intangible assets amortization	**(2,353,368)**	**(588,343)**	(2,408,416)	(602,104)
Difference in changes in fair value of non-current financial assets	**(11,000)**	**(2,750)**	(11,000)	(2,750)
Derivative financial assets	**(50,587)**	**(12,647)**	(13,493)	(3,373)
Right-of-use assets	**(14,912)**	**(3,219)**	(6,779)	(1,695)
Total	**(2,437,491)**	**(608,333)**	(2,442,246)	(610,562)

(3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows:

Item	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Deductible temporary differences	**30,477**	30,485
Deductible losses	**1,671,625**	1,660,274
Total	**1,702,102**	1,690,759

In accordance with the accounting policy set out in Note III.27, it is not probable that sufficient future taxable profit will be available to realize the deductible temporary differences and deductible losses in the foreseeable future for some of the Group's subsidiaries, therefore the Group has not yet recognized deferred income tax assets in respect of the following subsidiaries' accumulated deductible temporary differences and deductible losses. These deductible losses expire between 2026 and 2031 in accordance with current tax laws.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows: *(continued)*

The breakdown of deductible losses by the Company and subsidiaries is as follows:

Name of subsidiaries	30 June 2026 (unaudited)	31 December 2025 (restated)
The Company	**1,400,000**	1,400,000
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	**127,676**	130,288
Zhejiang Jinlian Petrochemical Storage and Transportation Co., LTD. ("Jinlian")	**143,949**	129,986
Total	**1,671,625**	1,660,274

(4) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

Year	30 June 2026 (unaudited)	31 December 2025 (restated)
2026	**44,017**	53,239
2027	**1,472,538**	1,472,538
2028	**60,974**	60,974
2029	**30,026**	30,026
2030	**58,368**	43,497
2031	**5,702**	–
Total	**1,671,625**	1,660,274

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(5) The net balance of deferred tax assets and liabilities after offsetting is as follows:

	30 June 2026 (unaudited)		31 December 2025 (restated)	
Item	**Offsetting amount of deferred tax assets and deferred tax liabilities**	**Deferred tax assets/ (liabilities) – net**	Offsetting amount of deferred tax assets and deferred tax liabilities	Deferred tax assets/ (liabilities) – net
Deferred tax assets	**(585,465)**	**1,183,982**	(586,243)	1,280,004
Deferred tax liabilities	**585,465**	**(22,868)**	586,243	(24,319)

18. Other non-current assets

Item	**30 June 2026 (unaudited)**	31 December 2025
Time deposit	**2,361,759**	2,539,640
Prepayment for Engineering Services	**28,417**	4,719
Total	**2,390,176**	2,544,359

As of 30 June 2026, time deposit were the Group's' large certificate of deposit with a term of three years, with interest rates ranging from 2.15% to 2.35% (31 December 2025: 2.00%-2.35%).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

19. Provision for assets impairment

	31 December 2025	Increase in current period	Decrease in current period: Reverse	Decrease in current period: Sold	Decrease in current period: Written-off	Reclassification	**30 June 2026 (unaudited)**
Provision for accounts receivable (Note V.3)	2,219	3	(66)	–	–	–	**2,156**
Provision for other receivable (Note V.6)	8,733	146	(6)	–	–	–	**8,873**
Sub-total	10,952	149	(72)	–	–	–	**11,029**
Provision for inventory (Note V.7)	463,380	545,274	–	(394,382)	–	–	**614,272**
Provision for fixed assets (Note V.12)	1,248,390	–	–	–	(533)	–	**1,247,857**
Impairment loss of investments accounted for using equity method (Note V.9)	28,392	–	–	–	–	–	**28,392**
Sub-total	1,740,162	545,274	–	(394,382)	(533)	–	**1,890,521**
Total	1,751,114	545,423	(72)	(394,382)	(533)	–	**1,901,550**

20. Short-term loans

Item	**Currency**	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Credit loans			
– bank loans	RMB	**140,000**	70,000

As of 30 June 2026, the interest rate range for short-term borrowings was 2.11% (31 December 2025: 2.11%).

As of 30 June 2026 and 31 December 2025, the Group had no outstanding short-term loans.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

21. Bills payable

Item	30 June 2026 (unaudited)	31 December 2025
Bank acceptance notes	**6,023,053**	7,868,391
Finance companies acceptance notes	**1,855,016**	1,430,000
Total	**7,878,069**	9,298,391

The bills above are all due within one year.

22. Accounts payable

Item	30 June 2026 (unaudited)	31 December 2025 (restated)
Amounts due to related parties (Note IX.6)	**713,606**	1,642,372
Amounts due to third parties	**2,924,897**	2,139,770
Total	**3,638,503**	3,782,142

As of 30 June 2026 and 31 December 2025, there was no individually significant accounts payable aged over one year.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

23. Contract liabilities

Item	30 June 2026 (unaudited)	31 December 2025
Advance from related parties (Note IX.6)	**2,526**	9,163
Advance from third parties	**228,021**	248,429
Total	**230,547**	257,592

As of 30 June 2026 and 31 December 2025, there was no individually significant contract liabilities aged over one year.

Contract liabilities mainly relate to advance receipts received by the Group from customers' contracts for the sale of goods, etc. The advance receipts are collected at the time of contract signing and amount to 100% of the contract consideration. Revenue relating to this contract will be recognized when the Group has fulfilled its performance obligations.

Changes in the contract liabilities of the Group for the period are as follows:

	Six months ended at 30 June 2026 (unaudited)	Six months ended at 30 June 2025 (unaudited)
Balance at the beginning of the period	**257,592**	248,900
Balance at the beginning of the period transferred to revenue with performance obligations	**(257,592)**	(248,900)
Net increase due to cash received during the period	**230,547**	240,357
Balance at the end of the period	**230,547**	240,357

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

24. Employee benefits payable

(1) Employee benefits payable:

	Notes	**30 June 2026 (unaudited)**	31 December 2025
Short-term employee benefits	(2)	**284,316**	152,495
Post-employment benefits			
– defined contribution plans	(3)	**22,422**	23,542
Termination benefits	(4)	**–**	–
Total		**306,738**	176,037

(2) Short-term employee benefits

	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
Salaries, bonuses, allowances	134,000	779,233	(646,111)	**267,122**
Staff welfare	3,569	98,060	(98,060)	**3,569**
Social insurances	14,346	96,324	(97,148)	**13,522**
Including: Medical insurance	12,581	76,715	(77,446)	**11,850**
Work injury insurance	1,765	10,611	(10,704)	**1,672**
Supplementary medical insurance	–	8,963	(8,963)	**–**
Other insurance	–	35	(35)	**–**
Housing funds	–	101,343	(101,343)	**–**
Labour union fee, staff and workers' education fee	580	19,008	(19,485)	**103**
Non-monetary benefits	–	38,831	(38,831)	**–**
Labor cost	–	13,909	(13,909)	**–**
Others	–	922	(922)	**–**
Total	152,495	1,147,630	(1,015,809)	**284,316**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

24. Employee benefits payable *(continued)*

(3) Defined contribution plans

	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
Basic pensions	22,827	136,373	(137,457)	**21,743**
Unemployment insurance	715	4,264	(4,300)	**679**
Supplemental basic pensions	–	58,358	(58,358)	**–**
Total	23,542	198,995	(200,115)	**22,422**

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by the Shanghai Municipal Government for its staff.

In addition, pursuant to the document "Order of the Ministry of Labour and Social Security No.20" dated 6 January 2004 issued by the Ministry of Labour of the PRC, the Group has set up a supplementary defined contribution retirement plan for the benefit of employees. Employees who have served the Group for more than one year may participate in this plan. The Group and participating employees make defined contributions to their pension saving accounts according to the plan.

The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. For the six months ended 30 June 2026, the Group's contribution to the above two plans amounted to RMB136,373 thousand and RMB58,358 thousand respectively (for the six months ended 30 June 2025: RMB138,034 thousand and RMB61,421 thousand respectively).

(4) Termination benefits

	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
Termination benefits	–	9,937	(9,937)	**–**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

25. Taxes payable

Item	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Consumption tax payable	**769,454**	415,744
Urban maintenance and construction tax payable	**70,749**	50,748
Educational surcharge payable	**50,543**	36,256
Land-use tax payable	**5,564**	12,282
Value-added tax payable	**409**	162,836
Individual income tax payable	**1,626**	30,815
Corporate income tax payable	**1,190**	2,057
Others	**18,942**	16,801
Total	**918,477**	727,539

26. Other payables

	30 June 2026 (unaudited)	31 December 2025 (restated)
Dividends payable on ordinary shares	**31,513**	31,513
Amounts due to related parties (Note IX.6)	**366,196**	492,320
Amounts due to third parties	**752,693**	1,189,563
Total	**1,150,402**	1,713,396

(1) As of 30 June 2026, the Group has no other payables that are individually significant aged over 1 year. (31 December 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

26. Other payables *(continued)*

(2) Other payables by categories are analysed as follows:

Item	**30 June 2026 (unaudited)**	31 December 2025 (restated)
Equipment project payables	**1,054,152**	1,579,934
Dividends payable on ordinary shares	**31,513**	31,513
Withholding social insurance	**18,186**	14,865
Unrealized gains on closed positions	**–**	10,425
Deposits	**10,655**	17,946
Project quality guarantee deposit	**3,693**	4,121
Others	**32,203**	54,592
Total	**1,150,402**	1,713,396

27. Non-current liabilities due within one year

	30 June 2026 (unaudited)	31 December 2025 (restated)
Long-term borrowings due within one year (Note V.29)	**318,343**	189,016
Lease liabilities due within one year (Note V.30)	**7,811**	6,918
Total	**326,154**	195,934

28. Other current liabilities

Item	**30 June 2026 (unaudited)**	31 December 2025
Output VAT to be transferred	**28,216**	32,301

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

29. Long-term loans

	30 June 2026 (unaudited)	31 December 2025 (restated)
Credit loans	**3,744,748**	2,543,384
Less: Long-term borrowings due within one year (Note V. 27)	**(318,343)**	(189,016)
Total	**3,426,405**	2,354,368

At 30 June 2026, the interest rate for long-term loans was 1.08% to 2.75% (31 December 2025: 1.55% to 2.75%).

30. Lease liabilities

	30 June 2026 (unaudited)	31 December 2025
Lease liabilities	**16,098**	7,058
Less: Non-current liabilities due within one year (Note V.27)	**(7,811)**	(6,918)
Total	**8,287**	140

For the Group's specific arrangements relating to leasing activities, refer to Note V.59.

31. Deferred income

Item	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**	Cause
Government grants	291,053	16,046	(5,000)	**302,099**	Related to assets/ income

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

31. Deferred income *(continued)*

Liability Items	31 December 2025	Increase in current period	Deduct from Property plant and Equipment	Include in other income	Deduct from general and administrative expenses	Deduct from financial expenses	Include in non-operating income	Deduct from non-operating expense	30 June 2026 (unaudited)	Related to assets/ income
Government grants related to asset	279,224	12,396	–	–	–	–	(5,000)	–	**286,620**	related to assets
Government subsidy related to income	11,829	3,650	–	–	–	–	–	–	**15,479**	related to income
Total	291,053	16,046	–	–	–	–	(5,000)	–	**302,099**	

32. Share capital

	31 December 2025	Increase or decrease in current period					30 June 2026 (unaudited)
		Issue new share	Stock dividend	Transfer from capital surplus to paid-in capital	Cancel treasury shares	Sub-total	
Non-restricted Shares							
Ordinary A shares listed in PRC	7,328,814	–	–	–	–	–	**7,328,814**
Foreign investment H shared listed overseas	3,213,804	–	–	–	–	–	**3,213,804**
Total Shares	10,542,618	–	–	–	–	–	**10,542,618**

The Company was founded in Shanghai, PRC on 29 June 1993 with registered capital of RMB4,000,000,000 invested by its holding company-China National Petrochemical Corporation; these shares were converted from assets of former Shanghai Petrochemical Complex.

Approved by Zheng Wei Fa No. [1993]30 issued by the State Council Securities Committee, the Company launched its Initial Public Offering ("IPO") in July 1993 and September 1993 in Hong Kong, New York and Shanghai to issue 2.23 billion shares, including 1.68 billion H shares and 550 million A shares. The 550 million A shares included 400 million individual shares (including 150 million shares issued to SPC employees) and 150 million legal person shares. H shares were listed on the Hong Kong Stock Exchange on 26 July 1993 and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

After the IPO, the total quantity of shares issued by the Company was 6.23 billion, including 4 billion state owned shares, 150 million legal person shares, 400 million individual shares, and 1.68 billion H shares.

According to the plan stated in the prospectus issued in July 1993, and approved by the China Securities Regulatory Commission, the Company issued 320 million ordinary A shares with a par value of RMB1 each at an issuing price of RMB2.4 each during the period from 5 April to 10 June 1994. These shares were listed on the Shanghai Stock Exchange on 4 July 1994. By then, the total quantity of shares issued was expanded from 6.23 billion to 6.55 billion.

On 22 August 1996, the Company issued 500 million H shares to overseas investors; on 6 January 1997, another 150 million H shares were issued to overseas investors. By then, the total quantity of shares issued was expanded to 7.2 billion, including 2.33 billion H shares.

In 1998, China National Petrochemical Corporation was restructured to Sinopec Group.

Sinopec Corp. was founded on 28 February 2000 based on the approved assets restructuring of Sinopec Group. As part of the restructuring, the shares of the Company held by the Sinopec Group were injected in Sinopec Corp.; after the restructuring, the ownership of 4 billion state-owned shares of the Company held by the Sinopec Group were transferred to Sinopec Corp., and the shares were changed to state owned legal person shares in nature.

All the A and H shares rank pari passu in all respects.

Pursuant to the 'Approval on matters relating to the Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited' issued by the State-owned Assets Supervision and Administration Commission of the State Council (State Owned Property [2013] No.443), a General Meeting of A share shareholders was held on 8 July 2013 and passed the resolution of 'Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited (Amendment)' ("the share segregation reform resolution") which was published by the Company on Shanghai Stock Exchange ("SSE") website on 20 June 2013. According to the Share Segregation Reform Resolution, the controlling shareholder of the Company, Sinopec Corp., offered shareholders of circulating A shares 5 shares for every 10 circulating A shares they held on 16 August 2013, aggregating 360,000,000 A shares, for the purpose of obtaining the listing rights of its noncirculating shares in the A Shares market. From 20 August 2013 ("the circulation date"), all the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange("SSE"). As part of the restricted conditions, Sinopec Corp. committed that all the 3,640,000,000 A shares held were not allowed to be traded on SSE or transferred within 12 months from the circulation date ("the restriction period"). After the restriction period, Sinopec Corp. can only sell no more than 5 and 10 percent of its total shares within 12 and 24 months, respectively. The former 150,000,000 non-circulating A shares held by social legal persons were also prohibited to be traded on SSE or transferred within 12 months from the circulation date. Meanwhile, Sinopec Corp. also committed in the Share Segregation Reform Resolution that a scheme of converting surplus to share capital (no less than 4 shares for every 10 shares) will be proposed on the board of directors and shareholders meetings within 6 months after the circulation date.

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

On 22 October 2013, Sinopec Corp. passed the Share Reform Commitment Scheme added up to 3,600,000,000 shares, after deliberation of temporary shareholders' meeting, A share class shareholders' meeting and H share class shareholders' meeting.

Since the Company share reform, which was executed after 20 August 2013, the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange ("SSE"). As part of the restricted conditions, all the 5,460,000,000 A shares held by Sinopec Corp. and 225,000,000 A shares held by social legal persons had been realized circulation as of 31 December 2016.

On 23 August 2017, the first Share Option Incentive Scheme of A shares was passed according to board resolution. On 27 September 2017, the Company increased newly registered capital of RMB14,177 thousand, which was paid in cash amount to RMB54,580 thousand by 199 grantees. The difference between actual capital contribution and registered capital amount to RMB40,403 thousand was included in share premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB21,916 thousand, which is transferred to the capital reserve -- equity premium.. As to 31 December 2017, total equity capital was 10,814,176,600 shares.

On 8 January 2018, according to the resolution of the board of directors of the Company, the second exercise period exercise plan of the Company's common a-share stock option incentive plan was adopted. On 12 January 2018, the new registered capital of the Company is RMB9,637 thousand, which is fully paid in cash of RMB37,102 thousand by 185 equity incentive objects who meet the conditions for exercise. The difference between the actual capital contribution and the subscribed registered capital is RMB27,465 thousand, which is included in the Company's capital reserve -- equity premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB17,062 thousand, which is transferred to the capital reserve -- equity premium.

According to the board resolution of the Company on 28 December 2018, the third exercise period of the stock option incentive plan for A shares of the common stock of the Company will not be exercised because the non-market exercise conditions are not met. As of 31 December 2023 and 31 December 2022, the total share capital of the Company was 10,823,813,500 shares.

On 22 June 2022, the Company's annual general meeting for the year 2021, the second class A shareholders' meeting for the year 2022 and the second class H shareholders' meeting for the year 2022 considered and passed the "Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company''. Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 27 October 2022 onwards by way of centralized bidding. As of December 31, 2022, the Company repurchased a total of 24,528,000 ordinary H shares on the Stock Exchange of Hong Kong for a total consideration paid of RMB25,689 thousand. On February 17, 2023, the Company cancelled all the repurchased H shares totaling 24,528,000 shares, representing 0.23% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,799,285,500 shares, of which 7,328,813,500 shares were A shares and 3,470,472,000 shares were H shares.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

On 28 June 2023, the Company's annual general meeting for the year 2022, the first class A shareholders' meeting for the year 2023 and the first class H shareholders' meeting for the year 2023 considered and passed the ''Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company''. Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 3 November 2023 onwards by way of centralized bidding. On 17 June 2024, the Company cancelled all the repurchased H shares totalling 124,058,000 shares, representing 1.15% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,675,227,500 shares, of which 7,328,813,500 shares were A shares and 3,346,414,000 shares were H shares.

On 6 June 2024,, the Company's annual general meeting for the year 2023, the first class A shareholders' meeting for the year 2024 and the first class H shareholders' meeting for the year 2024 considered and passed the ''Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company''. The Company will repurchase the Company's shares through centralized bidding from 9 September 2024 and 24 April 2025, respectively. On 3 March 2025 and 12 June 2025, the Company cancelled a total of 132,610,000 H Shares shares that had been repurchased, accounting for 1.24% of the total issued shares of the Company. After cancellation, the total number of issued shares of the Company has been reduced to 10,542,617,500 shares, including 7,328,813,500 A shares and 3,213,804,000 H Shares shares.

As of 30 June 2026, the total share capital of the Company was 10,542,617,500 shares.

33. Capital reserve

Item	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
Government grants	412,370	–	–	**412,370**
Refund of harbour construction charge	32,485	–	–	**32,485**
Share premium	98,073	–	–	**98,073**
Other equity changes of investee accounted for by equity method	320	–	(143)	**177**
Contributions to a subsidiary from non-controlling interests	–	3	–	**3**
Others	70,866	–	–	**70,866**
Total	614,114	3	(143)	**613,974**

As of 30 June 2026 and 31 December 2025, there were no outstanding share options.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

34. Other comprehensive income

	Other comprehensive income in Balance Sheet				Other comprehensive income in six months ended 30 June 2026 Income Statement				
	31 December 2025	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	30 June 2026 (unaudited)	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax benefit/ (expense)	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests
Items that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	(1,150)	(2,600)	–	(3,750)	(3,466)	-	866	(2,600)	-
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	4,791	36,559	(41,217)	133	(42,619)	91,365	(12,187)	36,559	-
Other comprehensive income recognized under equity method	(1,620)	(108)	–	(1,728)	(108)	-	-	(108)	-
Total	2,021	33,851	(41,217)	(5,345)	(46,193)	91,365	(11,321)	33,851	-

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

34. Other comprehensive income *(continued)*

During the six months ended 30 June 2026, the Group initially recognized RMB41,217 thousand of cash flow hedging reserves transferred out of inventory and reclassified to RMB91,365 thousand of operating income.

	Other comprehensive income in Balance Sheet				Other comprehensive income in in six months ended 30 June 2025 Income Statement				
	31 December 2024	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	30 June 2025 (unaudited)	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests
Items that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	(846)	-	-	(846)	-	-	-	-	-
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	38	15,416	(6,107)	9,347	21,018	(463)	(5,139)	15,416	-
Other comprehensive income recognized under equity method	3,620	-	-	3,620	-	-	-	-	-
Total	2,812	15,416	(6,107)	12,121	21,018	(463)	(5,139)	15,416	-

During six months ended 30 June 2025, the Group initially recognized RMB6,107 thousand of cash flow hedging reserves transferred out of inventory and reclassified to RMB463 thousand of operating income.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

35. Specific reserve

Item	31 December 2025	Accrued in current period	Utilized in current period	**30 June 2026 (unaudited)**
Safety fund	135,289	82,411	(85,369)	**132,331**

Item	31 December 2024	Accrued in current period	Utilized in current period	30 June 2025 (unaudited)
Safety fund	290,607	86,673	(74,002)	303,278

Specific reserve represents unutilized safety fund accrued in accordance with state regulations (Note III.26).

36. Surplus reserve

Item	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
Statutory surplus reserve	6,571,279	–	–	**6,571,279**
Discretionary surplus reserve	101,355	–	–	**101,355**
Total	6,672,634	–	–	**6,672,634**

Item	31 December 2024	Increase in current period	Decrease in current period	30 June 2025 (unaudited)
Statutory surplus reserve	6,571,279	–	–	6,571,279
Discretionary surplus reserve	101,355	–	–	101,355
Total	6,672,634	–	–	6,672,634

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

36. Surplus reserve *(continued)*

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No statutory surplus reserve was appropriated in current period (six months ended 30 June 2025: Nil).

The Company appropriates for the discretionary surplus reserve should be proposed by the board of directors and approved by the shareholders' meeting. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No discretionary surplus reserve was appropriated in current period (six months ended 30 June 2025: Nil).

37. Retained earnings

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Retained earnings at the end of the previous year before adjustment	**5,165,637**	6,833,672
Total retained earnings at the beginning of the adjustment period (increase+, decrease -)	**–**	–
Retained earnings at the beginning of period after adjustment	**5,165,637**	6,833,672
Add: Net profit/(loss) attributable to shareholders of the Company	**300,431**	(462,128)
Less: Appropriation to statutory reserve (Note V. 36)	**–**	–
Dividends payable to ordinary shares [(1)]	**–**	(210,852)
Retained earnings at the end of the period	**5,466,068**	6,160,692

(1) Pursuant to the resolution of the General Meeting of shareholders at 26 June 2026, the Company did not distribute cash dividends for the year 2025.

Pursuant to the resolution of the General Meeting of shareholders at 11 June 2025, a dividend in respect of the year ended 31 December 2024 of RMB0.02 per share (including tax), amounting to a total dividend of RMB210,852 thousand was declared, which was paid in July 2025.

No interim dividend has been proposed by the Board for the 6 months ended 30 June 2026 (6 months ended 30 June 2025: Nil).

(2) Retained earnings at the end of the period

As of 30 June 2026, the consolidated retained earnings attributable to the Group included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB292,436 thousand (31 December 2025: RMB292,436 thousand).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

38. Non-controlling interests

Attributable to the non-controlling interests of the Group:

Name of subsidiaries	30 June 2026 (unaudited)	31 December 2025 (restated)
China Jinshan Associated Trading Corporation ("Jinmao")	101,619	101,910
Inner Mongolia Xinjinshan Carbon Fiber Co., Ltd. ("Inner Mongolia Carbon Fiber") (1)	595,832	–
Shanghai Jinshan Baling New Materials Co., Ltd. ("Baling New Materials")	380,088	392,091
Total	1,077,539	494,001

(1) In March 2026, Inner Mongolia Carbon Fiber, a subsidiary of the Company, received a capital increase of RMB600,006 thousand from minority shareholders, resulting in an increase of RMB3 thousand in capital reserve and RMB600,003 thousand in NCI of the Group.

39. Operating income and operating costs

Item	Note	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Income from principal activities	(1)	38,764,049	39,313,885
Income from other operating activities		227,945	209,341
Total		38,991,994	39,523,226

Item	Note	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2026 (unaudited)
Cost of principal activities	(1)	31,772,395	32,757,145
Cost of other operating activities		150,030	137,504
Total		31,922,425	32,894,649

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

39. Operating income and operating costs *(continued)*

(1) Income and cost from principal activities

The principal business of the Group mainly belongs to the petrochemical industry.

Analysis by product is as following:

	Six months ended 30 June			
	2026 (unaudited)		2025 (unaudited)	
	Income from principal activities	**Cost of principal activities**	Income from principal activities	Cost of principal activities
Petroleum products	**26,434,381**	**19,875,930**	26,856,886	21,007,197
Chemical products	**10,402,753**	**9,999,460**	8,536,088	7,872,977
Trading of petrochemical products	**1,870,053**	**1,839,230**	3,860,183	3,820,628
Others	**56,862**	**57,775**	60,728	56,343
Total	**38,764,049**	**31,772,395**	39,313,885	32,757,145

(2) For the six months ended 30 June 2026, analysis of revenue and cost of sales is as following:

	Six months ended 30 June 2026 (unaudited)				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	26,434,381	10,402,753	1,870,053	56,862	38,764,049
Including: Recognized at a point in time	26,434,381	10,402,753	1,864,131	56,862	38,758,127
Recognized over time	–	–	5,922	–	5,922
Income from other operating activities	–	–	–	227,945	227,945
Total	26,434,381	10,402,753	1,870,053	284,807	38,991,994

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

39. Operating income and operating costs *(continued)*

(2) For the six months ended 30 June 2026, analysis of revenue and cost of sales is as following: *(continued)*

	Six months ended 30 June 2026 (unaudited)				
Classification	**Petroleum products**	**Chemical products**	**Trading of petrochemical products**	**Others**	**Total**
Cost from principal activities	**19,875,930**	**9,999,460**	**1,839,230**	**57,775**	**31,772,395**
Including: Recognized at a point in time	**19,875,930**	**9,999,460**	**1,833,308**	**57,775**	**31,766,473**
Recognized over time	**–**	**–**	**5,922**	**–**	**5,922**
Cost from other operating activities	**–**	**–**	**–**	**150,030**	**150,030**
Total	**19,875,930**	**9,999,460**	**1,839,230**	**207,805**	**31,922,425**

For six months ended 30 June 2025, analysis of revenue and cost of sales is as following:

	Six months ended 30 June 2025 (unaudited)				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	26,856,886	8,536,088	3,860,183	60,728	39,313,885
Including: Recognized at a point in time	26,856,886	8,536,088	3,846,996	60,728	39,300,698
Recognized over time	–	–	13,187	–	13,187
Income from other operating activities	–	–	–	209,341	209,341
Total	26,856,886	8,536,088	3,860,183	270,069	39,523,226

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

39. Operating income and operating costs *(continued)*

(2) For the six months ended 30 June 2026, analysis of revenue and cost of sales is as following: *(continued)*

	Six months ended 30 June 2025 (unaudited)				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Cost from principal activities	21,007,197	7,872,977	3,820,628	56,343	32,757,145
Including: Recognized at a point in time	21,007,197	7,872,977	3,807,441	56,343	32,743,958
Recognized over time	–	–	13,187	–	13,187
Cost from other operating activities	–	–	–	137,504	137,504
Total	21,007,197	7,872,977	3,820,628	193,847	32,894,649

For six months ended 30 June 2026, the Group has no revenues and costs from trial sales (For six months ended 30 June 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

40. Taxes and surcharges

Item	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)	Tax base and rate
Consumption tax	**4,627,750**	5,192,972	According to relevant PRC tax regulations, since 1 January 2009, the Group required to pay consumption tax based on the Group's sales of gasoline, diesel, naphtha and fuel oil rate according to the applicable tax rate (Note IV)
Urban maintenance and construction tax	**404,764**	443,525	5% or 7% of actual payments of consumption tax and VAT during the period
Education surcharges	**291,875**	320,842	3% of actual payments of consumption tax and VAT during the period
Stamp tax	**10,914**	10,719	Applicable tax amount of taxable units
Property tax	**20,055**	17,778	1.2% of the property tax residual value or 12% of rental expense
Land use tax	**9,708**	9,268	Applicable tax amount of taxable units
Others	**6,090**	6,121	
Total	**5,371,156**	6,001,225	

41. Selling expenses

Item	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Transportation fee	**14,473**	17,150
Sales commission	**24,658**	21,294
Staff costs	**32,463**	27,492
Storage and logistics expenses	**15,945**	15,238
Others	**10,586**	14,398
Total	**98,125**	95,572

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

42. General and administrative expenses

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Staff costs	**383,267**	396,284
Repair and maintenance expense	**91,137**	99,904
Depreciation and amortization	**75,064**	79,476
Security and fire fighting expenses	**18,468**	21,375
Information system operation maintenance	**18,251**	16,502
Depreciation of right-of-use assets	**6,865**	3,797
Others	**89,953**	97,235
Total	**683,005**	714,573

43. Research and development expenses

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Employee benefits	**24,689**	34,029
Depreciation and amortization	**13,359**	26,617
R & D material cost	**15,663**	20,874
Technical cooperation fee	**11,955**	19,135
Others	**18,507**	29,535
Total	**84,173**	130,190

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

44. Financial expenses ("-" for income)

Item	Six months ended 30 June **2026** **(unaudited)**	 2026 (unaudited)
Interest expenses from loans and payables	**38,523**	13,960
Less: Capitalized borrowing costs	**(14,422)**	(3,376)
Add: Interest expenses from lease liabilities	**350**	135
Interest income from deposits and receivables	**(47,194)**	(84,986)
Net exchange (gains)/losses	**(4,433)**	13,047
Others	**3,304**	5,608
Total	**(23,872)**	(55,612)

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 2.31% in the current period (for 6 months ended 30 June 2025: 2.27%).

45. Other income

By Nature	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Government grants		
– Tax refunds	**6,292**	2,909
– Refund of harbour construction charge	**1,344**	2,387
– Scientific research expenditures subsidy	**142**	478
– Other income related government grants	**3,154**	1,087
Refund of individual income tax handling fee	**1,196**	1,048
Total	**12,128**	7,909

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

46. Investment income ("-" for losses)

Item	Six months ended 30 June 2026 (unaudited)	 2025 (unaudited)
Gains from investment in associates and joint ventures	**69,024**	79,974
Net income from disposal of derivative financial instruments	**–**	6,720
Net income from disposal of a subsidiary	**–**	6,944
Discount loss of receivables	**(288)**	(890)
Total	**68,736**	92,748

There was no significant restriction on the repatriation of investment income by the Group.

47. Gains from changes in fair value ("-" for losses)

Item	Six months ended 30 June 2026 (unaudited)	 2025 (unaudited)
Financial assets at fair value through profit or loss		
Commodity Swaps	**10,095**	510

48. Credit losses

Item	Six months ended 30 June 2026 (unaudited)	 2025 (unaudited)
Accounts receivable credit reversal/(loss) (Note V. 3)	**63**	(124)
Other receivable credit loss (Note V. 6)	**(140)**	(232)
Total	**(77)**	(356)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

49. Impairment losses

Item	Six months ended 30 June **2026** **(unaudited)**	2025 (unaudited)
Impairment loss on inventories (Note V. 7)	**(545,274)**	(416,854)

50. Gains from asset disposals ("-" for losses)

Item	Six months ended 30 June **2026** **(unaudited)**	2025 (unaudited)	Amount recognised in extraordinary gain and loss for six months ended 30 June 2026 (unaudited)
Losses from disposal of intangible assets	**–**	(28)	–

51. Non-operating income

Item	Note	Six months ended 30 June **2026** **(unaudited)**	2025 (unaudited)	Amount recognised in extraordinary gain and loss for six months ended 30 June 2026 (unaudited)
Compensation payments, income from fines		**1,630**	1,399	1,630
Government grants	(1)	**5,000**	5,000	5,000
Fixed asset obsolescence gains		**118**	3,351	118
Others		**62**	3,255	62
Total		**6,810**	13,005	6,810

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

51. Non-operating income *(continued)*

(1) Government grants mainly include:

Item	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Amortization of deferred income (Note V.31)	**5,000**	5,000

52. Non-operating expenses

Item	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)	Amount recognised in extraordinary gain and loss for six months ended 30 June 2026 (unaudited)
Losses from scrapping of fixed assets	**14,636**	26,821	14,636
Allowances	**5,626**	4,814	5,626
Others	**1,923**	3,544	1,923
Total	**22,185**	35,179	22,185

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

53. Income tax expenses/(benefits)

Item	Six months ended 30 June **2026** **(unaudited)**	2025 (unaudited)
Current tax expense for the period based on tax law and regulations	**4,248**	1,732
Changes in deferred tax assets/liabilities	**96,988**	(136,651)
Tax filing differences	**2,585**	217
Total	**103,821**	(134,702)

Reconciliation between income tax expenses/(benefits) and accounting profit/(loss):

Item	Six months ended 30 June **2026** **(unaudited)**	2025 (unaudited)
Profit/(loss) before income tax	**387,215**	(595,616)
Expected income tax expense at applicable tax rates	**96,804**	(148,904)
Effect of different tax rates applied by certain subsidiaries	**(981)**	–
Tax effect of investment income accounted for using the equity method	**(16,814)**	(19,552)
Other non-taxable profit	**(8,674)**	(9,475)
Costs, expenses and losses not deductible	**31,780**	33,207
Tax filing differences	**2,585**	217
Utilisation of deductible losses not recognized in previous years	**(2,305)**	–
Deductible losses for which no deferred tax asset is recognised in the current period	**1,426**	3,467
Reversal of deductible losses recognized as deferred tax assets in previous years	**–**	6,338
Income tax expenses/(benefits)	**103,821**	(134,702)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

54. Calculation of basic earnings/(losses) per share and diluted earnings/(losses) per share

(1) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the consolidated net profit/(loss) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company	**300,431**	(462,128)
Weighted average number of the Company's ordinary shares outstanding (thousand share)	**10,542,618**	10,567,609
Basic earnings/(losses) per share (RMB per share)	**0.028**	(0.044)

The weighted average number of ordinary shares is calculated as follows:

Item	Six months ended 30 June **2026** **(unaudited)** **(thousand shares)**	 2025 (unaudited) (thousand shares)
Amount of ordinary shares outstanding at 31 December 2024 (Note)	**10,542,618**	10,619,858
Weighted average number of ordinary shares during the period	**–**	52,249
Amount of ordinary shares outstanding at 31 December 2025	**10,542,618**	10,567,609

Note: The Company repurchased 55,370 thousand shares in fiscal year 2024, which were cancelled in fiscal year 2025, and have deducted them from the number of common shares outstanding in six months ended 30 June 2025.

(2) Diluted earnings/(losses) per share

For the six months ended 30 June 2026, the Company has no diluted ordinary shares outstanding, the diluted earnings/(losses) per share equals the basic earnings/(losses) per share.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

55. Supplementary information on income statement

Expenses on income statement are analysed by their nature:

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Operating income	**38,991,994**	39,523,226
Less: Changes in inventories of finished goods and work in progress	**65,870**	75,346
Consumed raw materials and low value consumables, etc.	**27,567,595**	26,736,029
Cost of purchasing products	**1,839,230**	3,856,207
Employee benefits	**1,354,638**	1,354,574
Depreciation and amortization expenses	**1,059,940**	1,004,899
Depreciation expense of right-of-use assets	**7,104**	4,060
Taxes and surcharges	**5,371,156**	6,001,225
Repair and maintenance expenses	**632,551**	451,708
Other expenses	**260,800**	352,161
Finance expenses ("-" for income)	**(23,872)**	(55,612)
Add: Gains from changes in fair value	**10,095**	510
Gains from asset disposals ("-" for losses)	**–**	(28)
Other income	**12,128**	7,909
Investment income	**68,736**	92,748
Impairment losses ("-" for losses)	**(545,274)**	(416,854)
Credit losses	**(77)**	(356)
Operating profit/(loss)	**402,590**	(573,442)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

56. Notes to cash flow statement

(1) Cash relating to operating activities

(i) Proceeds from other operating activities

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited) (restated)
Subsidy income	**32,498**	18,511
Interest income on demand deposits	**20,119**	64,560
Others	**89,315**	59,860
Total	**141,932**	142,931

(ii) Payments for other operating activities

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited)
Agency fee	**(24,658)**	(21,294)
Research and development expenses	**(30,462)**	(48,670)
Information system operation maintenance	**(18,251)**	(16,502)
Commodity storage and logistics fee	**(15,945)**	(10,185)
Security and fire fighting expenses	**(18,468)**	(21,375)
Others	**(44,465)**	(87,539)
Total	**(152,249)**	(205,565)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

56. Notes to cash flow statement *(continued)*

(2) Cash relating to investment activities

(i) Significant cash received related to investing activities

a. Cash received from investment income

Items	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Dividends received from joint ventures	**17,710**	5,998
Dividends received from associates	**72,889**	90,487
Total	**90,599**	96,485

(ii) Proceeds from other investing activities

Item	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Time deposits due within one-year receipts	**–**	3,883,513
Interest income from time deposits	**–**	6,950
Investment income from derivative financial instruments	**–**	6,778
Total	**–**	3,897,241

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

56. Notes to cash flow statement *(continued)*

(2) Cash relating to investment activities *(continued)*

(iii) Payments for other investing activities

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited)
Investment losses on derivative financial instruments	–	(58)
Time deposits for more than three months	–	(2,500,000)
Total	–	(2,500,058)

(3) Payments for other financing activities

(i) Other cash disbursements related to financing activities

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited)
Lease liabilities payment	**(5,691)**	(3,949)
Payment of discount interest on buyer's interest-bearing notes	**(7,616)**	(8,226)
Hong Kong ordinary shares repurchase	–	(91,111)
Total	**(13,307)**	(103,286)

For six months ended 30 June 2026, cash payment of the Group related to lease activities is RMB10,718 thousand (For six months ended 30 June 2025: RMB10,597), except for the above amount included in financing activities, the rest are included in operating activities.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

56. Notes to cash flow statement *(continued)*

(3) Payments for other financing activities *(continued)*

(ii) Liabilities arising from financing activities

	Short-term loan	Long-term borrowings	Lease liabilities	Total
Balance at 31 December 2025 (restated)	70,000	2,543,384	7,058	2,620,442
Increase for the period – change in cash				
Borrowings	70,000	1,333,038	–	1,403,038
Increase for the period – non-cash changes				
Increase in lease liability as a result of entering into new leases	–	–	14,381	14,381
Accrued interest	1,191	29,718	350	31,259
Decrease in current period – change in cash				
Repayment of loans	–	(131,981)	–	(131,981)
Repayment of principal and interest on lease liabilities	–	–	(5,691)	(5,691)
Payment of interest	(1,191)	(29,411)	–	(30,602)
Balance at 30 June 2026 (unaudited)	**140,000**	**3,744,748**	**16,098**	**3,900,846**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Supplementary information on cash flow statement

(1) Supplement to cash flow statement

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

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited) (restated)
Net profit/(loss)	**283,394**	(460,914)
Add: Provisions for impairment of assets	**545,274**	416,854
Provision/(recovery) of credit losses	**77**	356
Depreciation of investment properties	**7,505**	7,505
Depreciation of fixed assets	**940,288**	886,315
Depreciation of right-of-use assets	**7,104**	4,060
Amortization of intangible assets	**12,563**	10,267
Amortization of long-term deferred expenses	**99,584**	100,812
Losses on disposal of fixed assets	**14,518**	23,498
Gains from changes in fair value	**(10,095)**	(510)
Finance expenses ("-" for income)	**(844)**	(6,885)
Investment income	**(69,024)**	(93,638)
Decrease in deferred tax assets ("-" for increase)	**97,573**	(111,627)
Decrease in deferred tax liabilities ("-" for increase)	**(585)**	(25,024)
Increase in deferred income	**11,046**	6,577
Increase in inventories	**(735,974)**	(839,719)
Increase in operating receivables	**(801,147)**	(1,367,837)
Decrease in operating payables ("-" for increase)	**(1,241,941)**	2,213,430
Increase in specific reserve ("-" for decrease)	**(2,958)**	12,671
Other	**2,206**	–
Net cash flows (used in)/generated from operating activities	**(841,436)**	776,191

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Supplementary information on cash flow statement *(continued)*

(1) Supplement to cash flow statement *(continued)*

b. Net changes in cash and cash equivalents

Item	Six months ended 30 June 2026 (unaudited)	2025 (unaudited) (restated)
Cash and cash equivalents at the end of the period	**7,093,794**	8,469,129
Less: Cash and cash equivalents at the beginning of the period	**7,551,310**	8,214,480
Net (decrease)/increase in cash and cash equivalents	**(457,516)**	254,649

(2) Details of cash and cash equivalents

Items	30 June 2026 (unaudited)	31 December 2025 (restated)
Cash	**7,093,794**	7,551,310
Including: Bank deposits available on demand	**7,093,794**	7,551,310
Cash and cash equivalents at the end of the period	**7,093,794**	7,551,310

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Supplementary information on cash flow statement *(continued)*

(3) Net proceeds from disposal of subsidiaries and other business units

Items	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Cash or cash equivalents received from disposal of subsidiary in the current period	**–**	36,050
Among them: Shanghai Jinchang Engineering Plastics Co., Ltd	**–**	36,050
Less: Cash and cash equivalents held by the Company on loss of control	**–**	6,251
Among them: Shanghai Jinchang Engineering Plastics Co., Ltd	**–**	6,251
Net cash received from disposal of subsidiary	**–**	29,799

(4) Monetary funds not classified as cash and cash equivalents

Items	**30 June 2026** **(unaudited)**	31 December 2025
Time deposit	**204,956**	–
Other monetary funds	**3,967**	3,965
Total	**208,923**	3,965

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

58. Foreign monetary items

	30 June 2026 (unaudited)		
	Foreign currency	**Exchange rate**	**RMB currency**
Cash at bank and on hand—USD	**5,918**	**6.8109**	**40,307**
Other receivable—HKD	**15,166**	**0.8686**	**13,173**
Receivables under financing—USD	**20,460**	**6.8109**	**139,351**
Accounts payable—USD	**(30,969)**	**6.8109**	**(210,927)**
Other payables—USD	**(106)**	**6.8109**	**(722)**
Gross balance sheet exposure—USD	**(4,697)**		**(31,991)**
Gross balance sheet exposure—HKD	**15,166**		**13,173**

	31 December 2025		
	Foreign currency	Exchange rate	RMB currency
Cash at bank and on hand—USD	12,279	7.0288	86,307
Other receivable—HKD	15,166	0.9032	13,698
Receivables under financing—USD	14,888	7.0288	104,645
Accounts payable—USD	(28,905)	7.0288	(203,167)
Other payables—USD	(106)	7.0288	(745)
Gross balance sheet exposure—USD	(1,844)		(12,960)
Gross balance sheet exposure—HKD	15,166		13,698

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

59. Leases

(1) As a lessor

(a) Operating lease

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Lease income	**28,327**	23,696

The Group leases out some land, buildings and machinery. The lease period ranges from 1 to 20 years. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(2) As a lessee

Item	Six months ended 30 June **2026** **(unaudited)**	 2025 (unaudited)
Short-term lease expenses applied the practical expedient	**5,027**	6,648
Total cash outflow for leases	**10,718**	10,597

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

60. Government grants

(1) Details of government grants

Category	**Amount (unaudited)**	**Presentation item**
Other asset-related government grants	286,620	Deferred income
Other income-related government grants	15,479	Deferred income
Other asset-related government grants	5,000	Deferred income – non-operating income
Other income-related government grants	10,932	Other income

(2) Government grants recognized in profit or loss for the period

	Six months ended 30 June	
Type	**2026 (unaudited)**	2025 (unaudited)
Other asset-related government grants	**5,000**	5,000
Other government grants related to earnings	**10,932**	6,861

(3) For the six months ended 30 June 2026, there is no repayment of government grants. (For the six months ended 30 June 2025: Nil)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Change of consolidation scope

1. Business combination under the same control

(1) Business combination under the same control occurred in the current period

Merged party	Proportion of equity acquired in business combination	Basis for business combinations under the same control	Merge date	Basis for determining the merger date	From the beginning of the period to the merger date			2025	
					Revenue	Net loss	Net cash inflow	Revenue	Net loss
Shanghai Shanghai Jinshan Baling New Materials Co., Ltd	50.00%	Both before and after the merger are controlled by Sinopec and this control is not temporary	18 March 2026	The company obtained control over the merged party on 18 March 2026	154,396	(2,522)	19,296	49,751	(15,818)

Shanghai Jinshan Baling New Materials Co., Ltd. (referred to as "Baling New Materials") was established in September 2021, located in Jinshan District, Shanghai. Its main business is the production and sales of styrene thermoplastic elastomer products.

Other instructions:

On 3 March 2026, the extraordinary shareholders' meeting of the Company approved the proposal for the consolidation of Baling New Materials, and agreed to revise the joint venture agreement signed between our company and Hunan Petrochemical Co., Ltd. (referred to as "Hunan Petrochemical") and the Articles of Association of Baling New Materials Company. Prior to this revision, Baling New Materials held 50% equity respectively by the Company and Hunan Petrochemical, and its financial statements were included in the consolidated financial statements of Hunan Petrochemical. The Company has signed a new joint venture agreement with Hunan Petrochemical on 18 March 2026. Although the equity structure of Baling New Materials remains unchanged, the Company holds 51% of voting rights of Baling New Materials, which can achieve control over Baling New Materials. Baling New Materials is included in the consolidated financial statements of the Group and becomes a 'subsidiary' of the Company.

Due to the fact that both the Company and Baling New Materials are ultimately controlled by China Petroleum and Chemical Corporation Limited before and after the merger, and this control is not temporary, this merger belongs to business combination under the same control, and the merger date is determined as 18 March 2026.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Change of consolidation scope *(continued)*

1. Business combination under the same control *(continued)*

(2) Book value of asset and liability of the merged party on the merger date

	Merge date	31 December 2025
Assets:		
Cash at bank and on hand	**59,010**	39,714
Accounts receivable	**56,406**	26,789
Prepayments	**5,689**	3,206
Other receivables	**–**	1
Inventory	**85,253**	56,638
Other current assets	**240,163**	238,268
Fixed assets	**1,466,927**	1,485,161
Construction in progress	**897,103**	897,103
Intangible assets	**353,828**	355,117
Deferred tax assets	**5,892**	5,267
Liabilities:		
Short-term loans	**110,415**	70,000
Accounts payable	**141,853**	114,516
Contract liabilities	**605**	–
Taxes payable	**1**	172
Other payables	**188,716**	407,534
Non-current liabilities due within one year	**193,776**	188,260
Long-term loans	**1,752,599**	1,542,600
Net assets	**782,306**	784,182
Less: NCI	**–**	–
Net assets obtained	**782,306**	784,182

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities

1. Interests in subsidiaries

(1) Main components of the Group's subsidiaries as at 30 June 2026:

Name of enterprise	Main business area	Place of registration	Principal activities	Registered capital (thousands)	Percentage of equity%		Way of acquisition
					Directly	Indirectly	
Toufa	Shanghai	Shanghai	Investment	RMB2,100,000	100.00%	–	Establish
Jinmao	Shanghai	Shanghai	Trading	RMB25,000	67.33%	–	Establish
Inner Mongolia Carbon Fiber	Inner Mongolia erdos	Inner Mongolia erdos	Manufacturing	RMB1,200,000	50.00%	–	Establish
Baling New Materials	Shanghai	Shanghai	Manufacturing	RMB800,000	50.00%	–	Business combinations involving entities under common control
Shanghai Jinfei Petrochemical Co., Ltd. ("Jinfei Company")	Shanghai	Shanghai	Manufacturing	RMB415,623	–	100.00%	Establish
Jinmao International	Shanghai	Shanghai	Trading	RMB100,000	–	67.33%	Establish
Jinlian	Zhejiang Jiaxing	Zhejiang Jiaxing	Storage and transportation	RMB620,000	–	100.00%	Business combinations involving entities not under common control

(2) Significant non wholly owned subsidiary

Subsidiary Name	Minority shareholders Shareholding ratio of	Attributed to minority this period Profit or loss of Shareholders	Declaration to minority shareholders this period Dividends distributed	Minority shareholders at the end of the period Equity balance
Inner Mongolia Carbon Fiber	50.00%	(4,171)	–	595,832
Baling New Materials	50.00%	(14,209)	–	380,088

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

1. Interests in subsidiaries *(continued)*

(3) Financial information of important non-wholly-owned subsidiaries

The following tables show the main financial information of the above-mentioned subsidiary, which are the amounts before offsetting internal transactions within the group, but have been adjusted for fair value on the consolidation date and unified accounting policies:

	30 June 2026 (unaudited)		31 December 2025	
	Inner Mongolia Carbon Fiber	**Baling New Materials**	Inner Mongolia Carbon Fiber	Baling New Materials
Current assets	**759,282**	**413,878**	87,383	364,616
Non-current assets	**910,097**	**2,703,881**	671,927	2,742,648
Total Assets	**1,669,379**	**3,117,759**	759,310	3,107,264
Current liabilities	**(38,022)**	**(690,983)**	(59,310)	(780,482)
Non-current liabilities	**(439,693)**	**(1,666,600)**	(100,000)	(1,542,600)
Total liabilities	**(477,715)**	**(2,357,583)**	(159,310)	(2,323,082)

	Six months ended 30 June			
	2026 (unaudited)		2025 (unaudited)	
	Inner Mongolia Carbon Fiber	**Baling New Materials**	Inner Mongolia Carbon Fiber	Baling New Materials
Operating income	**2,462**	**489,397**	–	–
Net loss	**(8,341)**	**(28,418)**	–	–
Total comprehensive income	**(8,341)**	**(28,418)**	–	–
Cash flows from operating activities	**(585,597)**	**(13,333)**	(23,279)	–

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

2. Interests in joint ventures and associates

(1) Nature of interest in major joint ventures and associates at 30 June 2026:

Name of enterprise	Place of main business	Place of registry	Principal activities	Whether it is strategic to group activities	% of ownership interest Directly	% of ownership interest Indirectly	Registered capital (thousands)
Joint ventures –							
Linde	Shanghai	Shanghai	Production and sales of industrial gases	Yes	–	50.00%	USD32,000
Associates –							
Shanghai Secco	Shanghai	Shanghai	Manufacturing and distribution of chemical products	Yes	20.00%	–	RMB3,115,180
Chemical Industry	Shanghai	Shanghai	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Yes	38.26%	–	RMB2,372,439
Shidian Energy	Shanghai	Shanghai	Electricity supply		–	40.00%	RMB1,000,000

The Group applies the equity method to measure these equity investments.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

2. Interests in joint ventures and associates *(continued)*

(2) Key financial information of material joint ventures

	30 June 2026 (unaudited) Linde Gases Company	31 December 2025 Linde Gases Company
Current assets	**307,514**	309,049
Including: Cash and cash equivalents	**226,309**	230,608
Non-current assets	**74,686**	78,268
Total assets	**382,200**	387,317
Current liabilities	**(33,505)**	(27,838)
Non-current liabilities	**–**	–
Total liabilities	**(33,505)**	(27,838)
Net assets	**348,695**	359,479
Group's share of net assets (i)	**174,347**	179,740
Adjustments-elimination of unrealized profit or loss on intra-group transactions	**(86)**	(86)
Carrying amount of interests in joint ventures	**174,261**	179,654

	30 June 2026 (unaudited) Linde Gases Company	31 December 2025 Linde Gases Company
Operating income	**171,523**	161,568
Financial income	**5,970**	116
Income tax expenses	**9,972**	5,522
Net profit	**24,635**	15,880
Other comprehensive income	**–**	–
Total comprehensive income	**24,635**	15,880
Dividends received from joint ventures of this period	**17,710**	5,821

(i) The Group calculated shares of assets by its shareholding ratio, based on the amount from financial statements in joint ventures. The amount in financial statements of joint ventures based on the impacts of identifiable assets when obtained investment, fair value of liabilities, and consistency of accounting policies.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

2. Interests in joint ventures and associates *(continued)*

(3) Key financial information of material associates

	30 June 2026 (unaudited)			31 December 2025		
	Shanghai Secco	**Chemical Industry**	**Shidian Energy**	Shanghai Secco	Chemical industry	Shidian Energy
Current assets	**6,616,268**	**3,952,881**	**954,290**	4,802,872	3,520,426	955,266
Including: Cash and cash equivalents	**1,906,828**	**2,452,559**	**880,572**	1,375,496	2,228,933	883,808
Non-current assets	**6,068,168**	**8,201,682**	**206,372**	5,127,786	8,221,145	212,503
Total assets	**12,684,436**	**12,154,563**	**1,160,662**	9,930,658	11,741,571	1,167,769
Current liabilities	**(7,768,636)**	**(2,369,126)**	**(33,466)**	(10,133,741)	(2,057,433)	(30,216)
Non-current liabilities	**(8,443,890)**	**(1,137,563)**	**(31,913)**	(2,766,813)	(1,109,141)	(33,520)
Total liabilities	**(16,212,526)**	**(3,506,689)**	**(65,379)**	(12,900,554)	(3,166,574)	(63,736)
Net (liabilities)/assets	**(3,528,090)**	**8,647,874**	**1,095,283**	(2,969,896)	8,574,997	1,104,033
Non-controlling interests	**–**	**1,424,168**	**–**	–	1,339,260	–
Net (liabilities)/assets attributable to equity shareholders of the Company	**(3,528,090)**	**7,223,706**	**1,095,283**	(2,969,896)	7,235,737	1,104,033
Group's share of net (liabilities)/assets (i)	**(705,618)**	**2,763,790**	**438,113**	(593,979)	2,768,393	441,613
Adjustment- elimination of unrealized profit or loss on intra- group transactions	**–**	**–**	**(9,250)**	–	–	(9,250)
Adjustments – excess losses not recognized	**705,618**	**–**	**–**	593,979	–	–
Adjustment (ii)	**–**	**(329,890)**	**–**	–	(329,890)	–
Impairment loss	**–**	**–**	**–**	–	–	–
Carrying amount of interests in associates	**–**	**2,433,900**	**428,863**	–	2,438,503	432,363

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

2. Interests in joint ventures and associates *(continued)*

(3) Key financial information of material associates *(continued)*

	Six months ended 30 June 2026 (unaudited)			Six months ended 30 June 2025 (unaudited)		
	Shanghai Secco	**Chemical Industry**	**Shidian Energy**	Shanghai Secco	Chemical Industry	Shidian Energy
Operating income	**9,813,431**	**840,177**	**216,787**	10,124,530	907,431	219,090
Net (loss)/profit	**(558,194)**	**205,093**	**11,250**	(450,748)	155,024	15,105
Net (losses)/profit attributable to shareholders of the company	**(558,194)**	**120,624**	**11,250**	(450,748)	155,024	15,105
Other comprehensive income	**–**	**(282)**	**–**	–	–	–
Total comprehensive income	**(558,194)**	**204,811**	**11,250**	(450,748)	155,024	15,105
Dividends received from associates	**–**	**50,503**	**8,000**	–	50,503	8,000

(i) The Group calculates the share of assets based on the amount attributable to the parent company in the consolidated financial statements of the joint venture and the proportion of shareholding. The amounts presented in the consolidated financial statements of the joint venture take into account the fair value of the identifiable net assets and liability of the joint venture at the time of acquisition of the investment and the effect of the uniform accounting policies.

(ii) Unentitled portion represented some piece of lands injected by Government in Chemical Industry as capital reserve and the earnings from this land cannot be shared by other shareholders.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VII. Interests in other entities *(continued)*

2. Interests in joint ventures and associates *(continued)*

(4) Summarised financial information of immaterial joint ventures and associates

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Joint ventures:		
Aggregate carrying amount of investments as of 30 June	**9,684**	8,746
Aggregate amount of share of		
– Net profit/(loss) (i)	**28**	(610)
– Other comprehensive income (i)	**–**	–
– Total comprehensive income	**28**	(610)
Dividends received from immaterial associates	**–**	177
Associates:		
Aggregate carrying amount of investments as of 30 June	**133,312**	91,996
Aggregate amount of share of		
– Net profit/(loss) (i)	**6,028**	(1,621)
– Other comprehensive income (i)	**–**	–
– Total comprehensive income	**6,028**	(1,621)
Dividends received from immaterial associates	**14,386**	2,400

(i) Net profit and other comprehensive income had been adjusted for fair value adjustments of identifiable assets and liabilities at the time of acquisition and any differences in accounting policies of the Group.

VIII. Segment information

Segment information is presented in respect of the Group's business segments, the format of which is determined based on the structure of the Group's internal organisation, management requirement, and internal reporting system.

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 identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

The Group evaluates the performance and allocates resources to its operating segments on an operating income basis, without considering the effects of finance expenses, investment income, other income, non-operating income and non-operating expenses. The accounting policies adopted by the operating segments are the same with the policies in summary of significant accounting policies. The transfer price of intersegment is recognized with cost plus profit method.

The Group principally operates in three operating segments: petroleum products, chemical products, and trading of petrochemical products. Petroleum products and chemical products are produced through intermediate steps from crude oil, the principal raw material. The specific products of each segment are as follows:

(i) The Group's petroleum products segment is equipped with crude oil distillation facilities to produce qualified refined gasoline, kerosene, diesel, heavy oil and liquefied petroleum, in addition to producing feedstocks of the Group's downstream processing facilities.

(ii) The Chemical Products Division mainly produces para xylene, benzene, ethylene oxide, polyethylene resin, polypropylene resin, acrylic fiber, and carbon fiber. The xylene, benzene, and ethylene oxide produced by our group are used as raw materials to produce other chemical products of our group and sold to external customers. Polyethylene resin is used in the production of cable insulation materials, plastic films, and injection molded products (such as household items and toys). Polypropylene resin is used in the production of films, sheets, and injection molded products such as household items, toys, household appliances, and automotive parts. Acrylic fiber and carbon fiber are mainly used in the fields of textiles, wind turbine blades, drones, etc.

(iii) The group's trading of petrochemical products segment primarily engages in importing and exporting of petrochemical products.

(iv) All other operating segments include rental, providing services and a variety of other commercial activities, which are not allocated to the above three operating segments.

The profit or loss, assets and liability of the reporting segment include items that are directly related to the segment and can be apportioned on a reasonable basis. The undistributed items mainly include derivative financial assets, other current assets, long-term equity investments, investments in other equity instruments, other non-current financial assets, deferred tax assets, derivative financial liabilities, other current liabilities, deferred tax liabilities and income tax expenses, monetary funds and its related interest income, borrowings and interest expenses, investment income, income from changes in fair value, etc.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VIII. Segment information *(continued)*

(1) Segment information for six months ended 30 June 2026 (unaudited) and at 30 June 2026 (unaudited) is as follows:

Item	Petroleum products	Chemical products	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	26,434,381	10,402,753	1,870,053	284,807	–	–	38,991,994
Inter-segment revenue	7,331,609	9,221,204	634,763	293,887	–	(17,481,463)	–
Operating costs	(19,875,930)	(9,999,460)	(1,839,230)	(207,805)	–	–	(31,922,425)
Interest income	–	–	–	–	47,194	–	47,194
Interest expenses	–	–	–	–	(24,451)	–	(24,451)
Investment (loss)/income	–	(212)	(76)	–	69,024	–	68,736
Impairment losses	(131,082)	(414,192)	–	–	–	–	(545,274)
Impairment and expected credit losses	–	(84)	–	7	–	–	(77)
Gains on changes of fair value	10,095	–	–	–	–	–	10,095
Depreciation and amortization	(453,502)	(582,845)	(7,066)	(23,631)	–	–	(1,067,044)
Loss/(profit) before income tax	987,850	(753,190)	6,363	54,425	91,767	–	387,215
Income tax expense	–	–	–	–	(103,821)	–	(103,821)
Net profit/(loss)	987,850	(753,190)	6,363	54,425	(12,054)	–	283,394
Total assets	13,461,774	12,151,421	514,384	2,070,306	14,719,015	–	42,916,900
Total liabilities	10,302,919	3,813,280	370,831	14,624	3,915,427	–	18,417,081
Long-term equity investments	–	–	–	–	3,180,020	–	3,180,020
Non-current assets increase (i)	397,581	565,335	108	3,121	–	–	966,145

(i) Non-current assets do not include financial assets, long-term equity investments and deferred tax assets.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VIII. Segment information *(continued)*

(2) Segment information for six months ended 30 June 2025 (restated) and at 30 June 2025 (restated) is as follows:

Item	Petroleum products	Chemical products	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	26,856,886	8,536,088	3,860,183	270,069	–	–	39,523,226
Inter-segment revenue	9,289,879	5,996,122	1,044,291	122,195	–	(16,452,487)	–
Operating costs	(21,007,197)	(7,872,977)	(3,820,628)	(193,847)	–	–	(32,894,649)
Interest income	–	–	–	–	84,986	–	84,986
Interest expenses	–	–	–	–	(10,719)	–	(10,719)
Investment income	6,778	(602)	(346)	–	86,918	–	92,748
Impairment losses	(8,696)	(407,606)	(552)	–	–	–	(416,854)
Impairment and expected credit losses	–	(235)	–	(121)	–	–	(356)
Gains on changes of fair value	510	–	–	–	–	–	510
Depreciation and amortization	(368,467)	(615,112)	(303)	(25,077)	–	–	(1,008,959)
(Loss)/profit before income tax	(211,033)	(565,064)	2,903	22,956	154,622	–	(595,616)
Income tax benefits	–	–	–	–	134,702	–	134,702
Net (loss)/profit	(211,033)	(565,064)	2,903	22,956	289,324	–	(460,914)
Total assets	14,926,971	10,524,176	708,309	2,058,518	16,366,923	–	44,584,897
Total liabilities	13,027,921	3,443,902	657,335	44,152	2,205,570	–	19,378,880
Long-term equity investments	–	–	–	–	3,143,062	–	3,143,062
Non-current assets increase (i)	121,194	399,344	304	4,512	–	–	525,354

(i) Non-current assets do not include financial assets, long-term equity investments, and deferred income assets.

As the Group operates mainly in the PRC, no geographical segment information is presented.

For the six months ended 30 June 2026, revenue from the same customer accounted for 73% of total Group revenue (For six months ended 30 June 2025: 75%). The revenue of the Group to the client comes from the following divisions: Refinery Products Division, Chemical Products Division and Petrochemical Products Trading Division.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions

1. Information about the parent of the Company

(1) General information of the parent company

Name of parent company	Place of registration	Business nature
China Petroleum & Chemical Corporation	No.22 Chaoyangmen North Street, Chaoyang District, Beijing	Exploring for, extracting and selling crude oil and natural gas; oil refining; production, sale and transport of petrochemical, chemical fibres and other chemical products; pipe transport of crude oil and natural gas; research and development and application of new technologies and information.

The Company's ultimate controlling party is China Petrochemical Corporation.

(2) Registered capital and changes in registered capital of the parent company

	31 December 2025	Increase in current period	Decrease in current period	**30 June 2026 (unaudited)**
China Petroleum & Chemical Corporation	120.9 billion	–	–	**120.9 billion**

(3) The percentages of shareholding and voting rights in the Company held by the parent company

	30 June 2026 (unaudited)		31 December 2025	
	Share holding	**Voting rights**	Share holding	Voting rights
China Petroleum & Chemical Corporation	**51.81%**	**51.81%**	51.81%	51.81%

IX. Related parties and related party transactions *(continued)*

2. Information about the subsidiaries of the Company

For basic information about the subsidiaries of the Company, refer to Note VII.

3. Basic information about joint ventures and associates of the Company

In addition to the major joint ventures and associates disclosed in Note VII.2, related parties transactions between the Group and other associates are as follows:

	Place of business	Place of registration	Business nature	Whether it is strategic for group activities	% of ownership interest	
					Directly	Indirectly
Shanghai Nanguang Petrochemical Co., Ltd.	Shanghai	Shanghai	Petrochemical products import and export	Yes	–	35.00%
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Shanghai	Shanghai	Production of petrochemical products	Yes	–	25.00%
Shanghai Chemical Industry Park Logistics Company Limited	Shanghai	Shanghai	Products freight	Yes	–	33.33%
Pinghu China Aviation Oil Port Co., Ltd. (“Pinghu Port”)	Zhejiang Jiaxing	Zhejiang Jiaxing	Products freight	Yes	–	29.00%

IX. Related parties and related party transactions *(continued)*

4. Information on other related parties

Names of other related parties	Relationship with the Group
Zhoushan Shihua Crude Oil Terminal Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Special Oil Products Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Petroleum Sales Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Heavy Lift Transportation Engineering Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Honeywell (Tianjin) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Chemical Sales International Trade Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Hong Kong) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Wuhan) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Chemical Logistics Co., Ltd	Subsidiary of the ultimate parent company
Sinopec East China Chemical Sales Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Business Wuhan Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Tianjin Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Shanghai Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Ningbo Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Nanjing Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International South China Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Business Beijing Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International (Russia) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Safety Engineering Research Institute Co., Ltd	Subsidiary of the ultimate parent company
Sinopec (Europe) Co., Ltd	Subsidiary of the ultimate parent company
Sinopec (USA) Co., Ltd	Subsidiary of the ultimate parent company
Zhongke (Guangdong) Refining and Chemical Co., Ltd	Subsidiary of the ultimate parent company
China Yanshan United Foreign Trade Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Yizheng Chemical Fiber Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Yangzi Petrochemical Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Sales Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Materials and Equipment East China Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Lubricants Co., Ltd. Shanghai Research Institute	Subsidiary of the ultimate parent company
Sinopec Lubricants Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Fuel Oil Sales Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Refinery Sales Co., Ltd	Subsidiary of the ultimate parent company

IX. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Chemical Sales Co., Ltd	Subsidiary of the ultimate parent company
Sinopec International Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Pipeline Storage and Transportation Co., Ltd. Ningbo Oil Transportation Department	Subsidiary of the ultimate parent company
Sinopec Catalyst Co., Ltd	Subsidiary of the ultimate parent company
China International Petrochemical Union Co., Ltd	Subsidiary of the ultimate parent company
Yipaike E-commerce Co., Ltd	Subsidiary of the ultimate parent company
Sinopec Yingke Information Technology Co., Ltd	Subsidiary of the ultimate parent company
Shanghai Carbon Fiber Composite Materials Innovation Research Institute Co., Ltd	Subsidiary of the ultimate parent company
Shanghai Lide Catalyst Co., Ltd	Subsidiary of the ultimate parent company
Shiwa Corporation, Japan	Subsidiary of the ultimate parent company
Ningbo Minggang Liquefied Gas Co., Ltd	Subsidiary of the ultimate parent company
Ningbo Donghai Lanfan Technology Co., Ltd	Subsidiary of the ultimate parent company
Lianhua (Qingdao) International Logistics Co., Ltd	Subsidiary of the ultimate parent company
Lianhua (Ningbo) International Logistics Co., Ltd	Subsidiary of the ultimate parent company
United Petrochemical Singapore Limited	Subsidiary of the ultimate parent company
Unipec Americas Limited	Subsidiary of the ultimate parent company
East China Petroleum Technician College	Subsidiary of the ultimate parent company
Hainan Baling Chemical New Materials Co., Ltd	Subsidiary of the ultimate parent company
Fujian Gulei Petrochemical Co., Ltd	Subsidiary of the ultimate parent company
Dalian Sinopec Materials and Equipment Co., Ltd	Subsidiary of the ultimate parent company
Zhejiang Baling Hengyi Caprolactam Co., Ltd	Joint venture of the immediate parent company
Shanghai Sinopec Mitsui Chemical Co., Ltd	Joint venture of the immediate parent company
Yangzi Petrochemical BASF Co., Ltd	Joint venture of the immediate parent company
Shanghai Changshi Shipping Co., Ltd	Associate of the immediate parent company
Shanghai Jinshende Powder Engineering Co., Ltd	Associate of the immediate parent company
China Aviation Oil and Petrochemical Pipeline Co., Ltd	Associate of the immediate parent company
Sinopec Yijie Sales Co., Ltd	Subsidiary of the immediate parent company
Sinopec Carbon Industry Technology Co., Ltd	Subsidiary of the immediate parent company
Sinopec Petrochemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
Sinopec Petroleum Engineering Geophysics Co., Ltd	Subsidiary of the immediate parent company
Sinopec Shanghai Engineering Co., Ltd	Subsidiary of the immediate parent company
Sinopec Ningbo Engineering Co., Ltd	Subsidiary of the immediate parent company
Sinopec Nanjing Chemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
Sinopec Nanjing Engineering Co., Ltd	Subsidiary of the immediate parent company

IX. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Luoyang Engineering Co., Ltd	Subsidiary of the immediate parent company
Sinopec Refining and Chemical Engineering (Group) Co., Ltd	Subsidiary of the immediate parent company
Sinopec Energy Conservation Technology Service Co., Ltd	Subsidiary of the immediate parent company
Sinopec Hunan Petrochemical Co., Ltd	Subsidiary of the immediate parent company
Risk assessment Technology Center Co., Ltd. of Sinopec State Petrochemical Project	Subsidiary of the immediate parent company
Sinopec International (Singapore) Co., Ltd	Subsidiary of the immediate parent company
Sinopec International (Australia) Limited	Subsidiary of the immediate parent company
Sinopec Engineering Quality Monitoring Co., Ltd	Subsidiary of the immediate parent company
Sinopec Engineering Cost Co., Ltd	Subsidiary of the immediate parent company
Sinopec Fifth Construction Co., Ltd	Subsidiary of the immediate parent company
Sinopec Fourth Construction Co., Ltd	Subsidiary of the immediate parent company
Sinopec 10th Construction Co., Ltd	Subsidiary of the immediate parent company
Sinopec (Dalian) Petrochemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
Sinopec (Beijing) Chemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
China Petrochemical Technology Development Co., Ltd	Subsidiary of the immediate parent company
Sinopec consult Co., Ltd	Subsidiary of the immediate parent company
Sinopec asset Management Co., Ltd	Subsidiary of the immediate parent company
Sinopec Group Tendering Co., Ltd	Subsidiary of the immediate parent company
Sinopec Group Petroleum Commercial Reserve Co., Ltd	Subsidiary of the immediate parent company
Sinopec Shanghai Training Center Co., Ltd	Subsidiary of the immediate parent company
Sinopec Nanjing Chemical Industry Co., Ltd	Subsidiary of the immediate parent company
Sinopec Economic and Technological Research Institute Co., Ltd	Subsidiary of the immediate parent company
Sinopec Engineering Construction Co., Ltd	Subsidiary of the immediate parent company
Sinopec Jinling Petrochemical Co., Ltd	Subsidiary of the immediate parent company
Sinopec Henan Oilfield Training Center	Subsidiary of the immediate parent company
Sinopec International Petroleum Exploration and Development Co., Ltd	Subsidiary of the immediate parent company
Sinopec International Travel Service Co., Ltd	Subsidiary of the immediate parent company
Sinopec Group Shared Services Co., Ltd	Subsidiary of the immediate parent company

IX. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Beijing Yanshan Petrochemical Co., Ltd	Subsidiary of the immediate parent company
Sinopec Baichuan Economic and Trade Co., Ltd	Subsidiary of the immediate parent company
Sinopec Engineering Construction Co., Ltd	Subsidiary of the immediate parent company
China Petrochemical Press Co., Ltd	Subsidiary of the immediate parent company
Sinopec Finance Co., Ltd	Subsidiary of the immediate parent company
Petrochemical Management Cadre College	Subsidiary of the immediate parent company
Petrochemical Engineering Quality Supervision Station	Subsidiary of the immediate parent company
Shanghai Petrochemical Machinery Manufacturing Co., Ltd	Subsidiary of the immediate parent company
Shanghai Petrochemical Seawall Management Co., Ltd	Subsidiary of the immediate parent company
Langfang Feize Composite Material Technology Co., Ltd	Subsidiary of the immediate parent company
Strait Petrochemical Product Trading Center Co., Ltd	Subsidiary of the immediate parent company
Anqing Refining and Chemical Shuguang Dingoctanol Chemical Co., Ltd	Subsidiary of the immediate parent company
China Aviation Fuel Co., Ltd. East China Branch	Subsidiary of the immediate parent company
China Aviation Oil Group Haixin Shipping Co., Ltd	Subsidiary of the immediate parent company
Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd	Associate of the immediate parent company
Yihua Dongli Polyester Film Co., Ltd	Associate of the immediate parent company
Shanghai Petroleum&Natural Gas Co., Ltd	Associate of the immediate parent company
National Pipeline Network Group Eastern Crude Oil Storage and Transportation Co., Ltd	Associate of the immediate parent company

IX. Related parties and related party transactions *(continued)*

5. Material related party transactions

Most of the trading partners and terms conducted by the Group during the reporting period were determined by parent Sinopec Co., Ltd. and relevant government agencies.

Sinopec Corp. negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in domestic petroleum products market, which is subject to extensive regulation by the PRC government.

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Group with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group sales Sinopec Corp. with petroleum products, petrochemical products and provides property leasing services.

The pricing policy for these services and products provided under the agreement is as follows:

- If there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;

- If there are no State tariffs, but there are applicable State's guidance prices, the pricing shall follow the State's guidance prices; or

- If there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

In addition to the related transaction disclosed in Notes V.9, V.38, V.46 other material related party transactions of the Group are as follows:

(1) Purchases and sales of goods, rendering and receiving services

Purchases of goods and receiving services:

			Six months ended 30 June			
			2026 (unaudited)		2025 (unaudited) (restated)	
Related Parties	**Category**	**Transaction type**	**Amount**	**Percentage of the same category**	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Purchases	Trade	**20,045,175**	**65.04%**	23,643,118	73.45%
Sinopec Group and its subsidiaries	Purchases	Trade	**4,175,816**	**13.55%**	1,158,072	3.46%
Associates of the Group	Purchases	Trade	**34,463**	**0.11%**	27,055	0.08%
Joint ventures of the Group	Purchases	Trade	**162,151**	**0.53%**	153,633	0.48%
Key management personnel	Short-term employee benefits	Compensation for services	**6,083**	**0.45%**	8,407	0.27%
Key management personnel	Retirement scheme contributions	Compensation for services	**173**	**0.01%**	230	0.11%

Sales of goods, rendering services:

			Six months ended 30 June			
			2026 (unaudited)		2025 (unaudited) (restated)	
Related Parties	**Category**	**Transaction type**	**Amount**	**Percentage of the same category**	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Sales/Service	Trade	**28,536,933**	**73.24%**	28,883,429	73.08%
Sinopec Group and its subsidiaries	Sales/Service	Trade	**5,924**	**0.02%**	47,827	0.12%
Associates of the Group	Sales/ Service	Trade	**514,292**	**1.32%**	670,800	1.70%
Joint ventures of the Group	Sales/ Service	Trade	**21,612**	**0.06%**	29,122	0.07%

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

(2) Lease

The Group as the lessor:

		Six months ended 30 June (unaudited)	
Name of lessee	Type of leasing	Rental income recognized in 2026	Rental income recognized in 2025
Sinopec Corp., its subsidiaries and joint ventures	Properties and equipment	9,666	887
Joint ventures of the Group	Equipment	2,946	5,974
Associates of the Group	Properties and equipment	2,983	4,225
Sinopec Group and its subsidiaries	Properties and equipment	663	247
Total		16,258	11,333

The rent paid by our group as the lessee:

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Sinopec Group and its subsidiaries	5,116	1,714

Lease liabilities interest expense of the Group as lessee:

	Six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)
Sinopec Group and its subsidiaries	158	28

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

(2) Lease *(continued)*

Right-of-use assets added by the Group as lessee in the current period:

Name of lessee	Type of leased assets	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Sinopec Group and its subsidiaries	Leased equipment, buildings and land	**2,388**	1,194

(3) Other related transactions

Related Parties	Type of transaction	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Sinopec Group and its subsidiaries	Insurance premiums	**63,807**	60,749
Sinopec Finance Co., Ltd.	Interests received and receivable	**136**	8
Sinopec Finance Co., Ltd.	Interests paid and payable	**1,449**	–
Sinopec Finance Co., Ltd.	Bill discount interest	**22**	71
Sinopec Group and its subsidiaries	Construction and installation project funds and maintenance fees	**10,789**	15,990
Sinopec Finance Co., Ltd.	Finance companies bill discounting	**32,563**	15,521
Sinopec Finance Co., Ltd.	Finance companies bill issuing	**1,855,016**	2,401,553
Sinopec Corp., its subsidiaries and joint ventures	Contributions to a subsidiary from non-controlling interests	**300,003**	–
Sinopec Corp., its subsidiaries and joint ventures	Agency fees	**24,658**	21,294

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

6. Receivables from and payables to related parties

Receivables from related parties:

		30 June 2026 (unaudited)		31 December 2025 (restated)	
Item	Related Parties	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Sinopec Corp., its subsidiaries and joint ventures	1,515,653	–	755,273	–
	Sinopec Group and its subsidiary	3,095	2	3,095	9
	Associates of the Group	3,458	24	22	22
	Joint venture of the Group	8,779	4	332	1
Sub-total		1,530,985	30	758,722	32
Other receivables	Sinopec Corp., its subsidiaries and joint ventures	3,134	2,795	2,872	2,795
	Sinopec Group and its subsidiary	125	–	4	–
	Joint venture of the Group	1,911	–	3,586	–
	Associates of the Group	4,347	4,148	4,327	4,002
Sub-total		9,517	6,943	10,789	6,797
Prepayments	Sinopec Corp. and its subsidiaries	11	–	11	–
	Sinopec Corp., its subsidiaries and joint ventures	4,659	–	50,634	–
Sub-total		4,670	–	50,645	–
Other non-current assets	Sinopec Corp., and its subsidiaries	28,417	–	4,719	–
Sub-total		28,417	–	4,719	–

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

6. Receivables from and payables to related parties *(continued)*

Payables to related parties:

Item	Related Parties	30 June 2026 (unaudited)	31 December 2025 (restated)
Accounts payable	Sinopec Corp., its subsidiaries and joint ventures	577,436	1,465,088
	Sinopec Group and its subsidiaries	17,210	15,118
	Associates of the Group	71,798	109,462
	Joint venture of the Group	47,162	52,704
Sub-total		713,606	1,642,372
Bills payable	Sinopec Corp., its subsidiaries and joint ventures	5,350,000	6,087,000
	Sinopec Group and its subsidiaries	955,016	–
Sub-total		6,305,016	6,087,000
Other payables	Sinopec Group and its subsidiaries	261,391	373,787
	Sinopec Corp., its subsidiaries and joint ventures	102,285	115,663
	Associates of the Group	2,520	2,870
Sub-total		366,196	492,320
Contract liabilities	Associates of the Group	1,964	2,579
	Joint ventures of the Group	–	1,593
	Sinopec Corp., its subsidiaries and joint ventures	421	4,618
	Sinopec Corp., its subsidiaries	141	373
Sub-total		2,526	9,163
Lease liabilities	Sinopec Corp., its subsidiaries	2,570	6,620
Sub-total		2,570	6,620
Short-term loans	Sinopec Corp., its subsidiaries	70,000	70,000
Long-term loans	Sinopec Corp., its subsidiaries	400,000	–
Sub-total		470,000	70,000

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

IX. Related parties and related party transactions *(continued)*

7. Commitments with related parties

Commitments with related parties contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	30 June 2026 (unaudited)	31 December 2025 (restated)
Sinopec Group and its subsidiaries	**2,833,267**	2,525,333

X. Commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	30 June 2026 (unaudited)	31 December 2025 (restated)
Signed and ongoing purchase contract of fixed assets	**3,878,522**	3,654,484

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Financial risk

The Group's normal course of operations expose it to a variety of financial risks: market risk (primarily foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1. Market risk

(1) Foreign currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Nevertheless, the Group is exposed to foreign currency risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign currency risk. Therefore, the Group would sign forward exchange contracts or foreign exchange option contracts to avoid foreign exchange risks. As of 30 June 2026 and 31 December 2025, the Group has not signed any currency swaps. As of 30 June 2026 and 31 December 2025, the Group has no unexpired foreign exchange contract and foreign exchange option contract.

As of 30 June 2026 and 31 December 2025, the Group's exposure to currency risk arising from recognized financial assets or financial liabilities denominated in foreign currencies is presented in the following tables:

	30 June 2026 (unaudited)		31 December 2025	
	Foreign currency	**RMB equivalent**	Foreign currency	RMB equivalent
Cash at bank and on hand				
– USD	**5,918**	**40,307**	12,279	86,307
Receivables under financing				
– USD	**20,460**	**139,351**	14,888	104,645
Other receivables				
– HKD	**15,166**	**13,173**	15,166	13,698
Accounts payable				
– USD	**(30,969)**	**(210,927)**	(28,905)	(203,167)
Other payables				
– USD	**(106)**	**(722)**	(106)	(745)
Net balance sheet exposure				
– USD	**(4,697)**	**(31,991)**	(1,844)	(12,960)
– HKD	**15,166**	**13,173**	15,166	13,698

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Financial risk *(continued)*

1. Market risk *(continued)*

(1) Foreign currency risk *(continued)*

The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date intermediate exchange rate	
	Six months ended 30 June		**30 June**	31 December
	2026	2025	**2026**	2025
USD	**6.9063**	7.1735	**6.8109**	7.0288
HKD	**0.8834**	0.9190	**0.8686**	0.9032

For the Group's various foreign currency financial assets and foreign currency financial liabilities, assuming all other risk variables remained constant, a 5% strengthening or weaken of the Renminbi against foreign currencies at 30 June 2026 would have increased or decreased the Group's net loss by the amount of RMB706 thousand (31 December 2025: increased or decreased net loss by RMB28 thousand).

(2) Interest rate risk

The interest rate risk of the Group is mainly generated by interest-bearing loans. Financial liabilities with fixed interest rate expose the Group to cash fair value interest risk, while financial liabilities with floating interest rate expose the Group to cash flow interest rate risk. The Group determines the appropriate weightings of fixed and floating rate contracts based on the current market conditions.

The financial department of the Group headquarters continuously monitor the interest rate level of the Group. The increase of interest rate will increase the cost of new interest-bearing debt and the interest expense of the Group's outstanding interest-bearing debt with floating interest rate and have a significant adverse impact on the financial performance of the Group. The management makes timely adjustments according to the latest market conditions, which may be reducing interest rate risk by entering into interest rate swaps. The Group does not enter any interest rate swap arrangement in six months ended 30 June 2026 and six months ended 30 June 2025.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Financial risk *(continued)*

1. Market risk *(continued)*

(2) Interest rate risk *(continued)*

As of 30 June 2026 and 31 December 2025, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

	30 June 2026 (unaudited)		31 December 2025 (restated)	
Item	**Effective interest rate**	**Amounts**	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	**0.85%-2.00%**	**4,350,000**	0.85%	2,700,000
– Other non-current assets	**2.15%-2.35%**	**2,300,000**	2.00%-2.35%	2,500,000
Financial liabilities				
– Short-term loans	**2.11%**	**(140,000)**	2.11%	(70,000)
– Long-term loans	**1.08%**	**(400,000)**	–	–
– Lease liabilities	**4.35%-4.90%**	**(16,098)**	4.35%-4.90%	(7,058)
Total		**6,093,902**		5,122,942

Variable rate instruments:

	30 June 2026 (unaudited)		31 December 2025 (restated)	
Item	**Effective interest rate**	**Amounts**	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	**0.05%-1.90%**	**2,944,761**	0.05%-1.90%	4,853,413
Financial liabilities				
– Long-term loans	**1.55%-2.75%**	**(3,343,685)**	1.55%-2.75%	(2,542,628)
Total		**(398,924)**		2,310,785

XI. Financial risk *(continued)*

1. Market risk *(continued)*

(2) Interest rate risk *(continued)*

As of 30 June 2026, if interest rates had risen or fallen by 100 basis points while all other variables had been held constant, the Group's equity would increase or decrease by approximately RMB3,018 thousand, and net losses would decrease or increase by approximately RMB3,018 thousand (31 December 2025: the Group's equity would increase or decrease by approximately RMB17,231 thousand, and net profit would increase or decrease by approximately RMB17,231 thousand).

(3) Commodity price risk

The Group is engaged in petrochemical business and faces commodity price risks related to the prices of crude oil, refined oil, and other chemical products. The fluctuations in the prices of crude oil, refined oil, and other chemical products may have a significant impact on the Group. The Group is exposed to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage some of these commodity price risks. The main commercial terms adopted by the Group in its petrochemical business are similar to those of the hedged items, such as valuation period, payment date, transaction price, commodity variety and quantity. The Group uses cash flow hedging for such hedging.

As of 30 June 2026, the Group holds several commodity swap contracts designated as effective cash flow hedges and economic hedges. At 30 June 2026, the fair value of the derivative financial assets hold by the Group is RMB50,587 thousand (31 December 2025: RMB13,493 thousand), the fair value of the derivative financial liabilities is RMB40,316 thousand (31 December 2025: RMB7,108 thousand).

At 30 June 2026, assuming all other factors remain constant, a 10% decrease or increase in the underlying price of commodity swap contracts per barrel would result in a change in the fair value of derivative financial instruments, leading to an increase or decrease of RMB14,782 thousand in other comprehensive income (31 December 2025: RMB3,259 thousand), net profit decreased or increased by RMB13,351 thousand (31 December 2025: N/A). This sensitivity analysis is based on the assumption that changes occur on the balance sheet date and act on the Group's derivative instruments with commodity price risk on that date.

Commodity swaps may give rise to hedge ineffectiveness when the settlement time of the hedged item changes. For six months ended 30 June 2026, the Group did not give rise to hedge ineffectiveness due to commodity swaps. (For six months ended 30 June 2025: Nil).

XI. Financial risk *(continued)*

2. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and on hand, derivative financial assets, accounts receivable, other receivables and receivables under financing, etc. As of balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of financial assets in the balance sheet.

The cash at bank and on hand, derivative financial assets, and receivables under financing of the Group is mainly held with state-owned banks and other large and medium-sized listed banks or financial institution with good reputation and high credit rating. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group's credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant accounts receivable to individual customers. As of the balance sheet date, 97.42% (31 December 2025: 96.25%) and 99.72% (31 December 2025: 99.91%) of total accounts receivable were due from the Group's largest and five largest customers respectively.

In respect of accounts receivables and other receivables, the Group establishes relevant policies to control credit risk exposure. The Group assesses customers' credit qualifications and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Group will regularly monitor customers' credit records. For customers with poor credit records, the Group will use written reminders, shorten the credit period or cancel the credit period to ensure that the Group's overall credit risk is within a controllable range.

As of 30 June 2026 and 31 December 2025, the Group has no material collateral mortgaged by the debtor or other credit enhancement.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Financial risk *(continued)*

3. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. Cash flow forecast is performed by the subsidiary of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

As of 30 June 2026, the Group obtained standby credit lines from several financial institution in China, allowing the Group to borrow up to RMB5,650,000 thousand in total, of which RMB5,650,000 thousand has not yet been used.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows:

	30 June 2026 (unaudited)					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	141,599	–	–	–	141,599	140,000
Long-term loans	395,992	1,170,536	1,709,868	691,910	3,968,306	3,744,748
Lease liabilities	8,150	2,551	5,166	1,920	17,787	16,098
Accounts payable	3,638,503	–	–	–	3,638,503	3,638,503
Bills payable	7,878,069	–	–	–	7,878,069	7,878,069
Other payables	1,150,402	–	–	–	1,150,402	1,150,402
Total	13,212,715	1,173,087	1,715,034	693,830	16,794,666	16,567,820

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Financial risk *(continued)*

3. Liquidity risk *(continued)*

	31 December 2025 (restated)					
	Within 1 year	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	71,346	–	–	–	71,346	70,000
Long-term loans	235,532	1,044,362	768,623	616,834	2,665,351	2,543,384
Lease liabilities	7,239	–	–	–	7,239	7,058
Accounts payable	3,782,142	–	–	–	3,782,142	3,782,142
Bills payable	9,298,391	–	–	–	9,298,391	9,298,391
Other payables	1,713,396	–	–	–	1,713,396	1,713,396
Total	15,108,046	1,044,362	768,623	616,834	17,537,865	17,414,371

XII. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting year, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XII. Fair value disclosure *(continued)*

1. Assets and liabilities recurring measured at fair value

As of 30 June 2026, assets and liabilities recurring measured at fair value are presented in the above three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVTPL				
– Derivative financial assets	–	10,707	–	10,707
– Other non-current financial assets	–	–	37,500	37,500
FVOCI				
– Receivables under financing	–	340,657	–	340,657
– Investments in other equity instruments	–	–	–	–
– Derivative financial assets	–	39,880	–	39,880
Total	–	391,244	37,500	428,744
Financial liabilities				
FVTPL				
– Derivative financial liabilities	–	612	–	612
FVOCI				
– Derivative financial liabilities	–	39,704	–	39,704
Total	–	40,316	–	40,316

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XII. Fair value disclosure *(continued)*

1. Assets and liabilities recurring measured at fair value *(continued)*

As of 31 December 2025, assets and liabilities recurring measured at fair value are listed as follows according to the above three levels:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVPL				
– Other non-current financial assets	–	–	37,500	37,500
FVOCI				
– Receivables under financing	–	332,015	–	332,015
– Investments in other equity instruments	–	–	3,466	3,466
– Derivative financial asset	–	13,493	–	13,493
Total	–	345,508	40,966	386,474
Financial liabilities				
FVOCI				
– Derivative financial liabilities	–	7,108	–	7,108
Total	–	7,108	–	7,108

For the six months ended 30 June 2026, there were no transfers between different levels of the Group (For the six months ended 30 June 2025: Nil).

The Group uses discounted cash flow model to evaluate the fair value of the second level financial assets.

The primary input to the receivables financing valuation is the discount rate for counterparty credit risk.

The primary input to the valuation of commodity swap contracts are commodity prices and discount rate for counterparty credit risk.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XII. Fair value disclosure *(continued)*

1. Assets and liabilities recurring measured at fair value *(continued)*

Investments in other equity instruments and other non-current financial asset investments that continue to be measured at fair value at the third level are unlisted equity investments and redeemable preferred share investments held by the Group, respectively.

(i) For the unlisted equity investments held by the Group, the Group determines their fair value based on the operating conditions and financial information of the invested enterprise obtained, taking into account the net assets, asset liquidity, and liquidity of the invested enterprise.

(ii) For the unlisted preferred stock investments held by the Group, the Group determines their fair value based on a comprehensive consideration of the latest financing price of the invested enterprise, as well as the net assets, liquidity, and liquidity of the invested enterprise's assets.

The reconciliation information between the book value at the beginning of the year and the book value at the end of the year for the items measured by continuous Level 3:

	31 December 2025	Purchase	Sell	Profit or loss for the year recognized in profit or loss	Profit or loss for the year recognized in equity	**30 June 2026 (unaudited)**	Unearned profits or losses for assets held at the end of the year
– Investments in other equity instruments	3,466	–	–	–	(3,466)	**–**	–
– Other non-current financial assets	37,500	–	–	–	–	**37,500**	–
Total	40,966	–	–	–	(3,466)	**37,500**	–

2. Fair values of financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost mainly include trade receivables, other receivables, loans, trade payables and lease liabilities.

As of 30 June 2026 and 31 December 2025, the carrying amount of these financial assets and financial liabilities not measured at fair value are a reasonable approximation of their fair value.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's total capital is calculated as 'shareholder's equity' and 'net liabilities' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

During 2026, the Group's strategy, which was unchanged from 2025, was to maintain a reasonable range of net debt-to-capital ratio by the management.

XIV. Notes to the Company's financial statements

1. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type of customers	**30 June 2026 (unaudited)**	31 December 2025
Amounts due from related parties	**1,534,156**	749,975
Amounts due from third parties	**20,204**	28,159
Sub-total	**1,554,360**	778,134
Less: provision for bad and doubtful debts	**(2,124)**	(2,187)
Total	**1,552,236**	775,947

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(2) The aging analysis of accounts receivable is as follows:

Aging	30 June 2026 (unaudited)	31 December 2025
Within 1 year (inclusive)	**1,552,246**	776,020
Over 1 year but within 2 years (inclusive)	**–**	–
Over 2 years but within 3 years (inclusive)	**–**	–
Over 3 years	**2,114**	2,114
Total	**1,554,360**	778,134

The aging is counted starting from the date when accounts receivable are recognized.

(3) Accounts receivable by provisioning method

	30 June 2026 (unaudited)					31 December 2025				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
Category	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment	-	-	-	-	-	–	–	–	–	-
Collective assessment	1,554,360	100.00	2,124	0.14	1,552,236	778,134	100.00	2,187	0.28	775,947
Total	1,554,360	100.00	2,124	0.14	1,552,236	778,134	100.00	2,187	0.28	775,947

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(3) Accounts receivable by provisioning method *(continued)*

(i) As of 30 June 2026, the Company has no individually impaired accounts receivable (as of 31 December 2025: Nil).

(ii) Criteria and details for collective assessment for 2026:

According to the historical experience of the Company, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

(iii) Assessment of ECLs on accounts receivable:

At all times the Company measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of provisions for bad and doubtful debts:

	six months ended 30 June	
Provisions for bad and doubtful debts	**2026**	2025
	(unaudited)	(unaudited)
Balance at the beginning of the period	**2,187**	2,115
Additions during the period	**–**	5
Recoveries or reversals during the period	**(63)**	–
Balance at the end of the period	**2,124**	2,120

(i) For the six months ended 30 June 2026, the Company has no accounts receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous periods, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (For the six months ended 30 June 2025: Nil).

(ii) For the six months ended 30 June 2026, the Company has not written off significant accounts receivable (For the six months ended 30 June 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(5) Five largest accounts receivable by debtor as of 30 June 2026

Item	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Company	1,554,337	(2,124)	99.99%

(6) For the six months ended 30 June 2026, the Company has no accounts receivable derecognized due to transfer of financial assets (For the six months ended 30 June 2025: Nil).

(7) At 30 June 2026, the Company has no pledged accounts receivable (31 December 2025: Nil).

2. Receivables under financing

	Note	**30 June 2026 (unaudited)**	31 December 2025
Bills receivable	(1)	**137,979**	190,354

(1) Bills receivable

(i) Due to the requirement of cash management, the Company discounted and endorsed part of the bank acceptance notes. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. As of 30 June 2026, the Company classified RMB137,979 thousand bills receivable to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable (31 December 2025: RMB190,354 thousand).

(ii) The Company has no single provision for impairment of the bank acceptance notes, with all provision was accrued by their expected credit loss. As of 30 June 2026 and 31 December 2025, the Company considers that no bank acceptance notes has significant credit risk and will not suffer significant loss due to the violation of banks.

(iii) As of 30 June 2026, the Company had no pledged bills receivable (31 December 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

2. Receivables under financing *(continued)*

(1) Bills receivable *(continued)*

(iv) As of 30 June 2026, unmatured notes receivable that have been endorsed or discounted by the Company is as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	163,478	–

As of 30 June 2026, the Company endorsed and discounted the undue bills receivable of RMB163,478 thousand (31 December 2025: RMB140,817 thousand). The Company derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Company's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Company's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB163,478 thousand (31 December 2025: RMB140,817 thousand). The term of the outstanding bills receivable is within one year.

3. Other receivables

(1) Analysis by customer type:

Customer type	30 June 2026 (unaudited)	31 December 2025
Amounts due from related parties	**9,623**	25,588
Amounts due from third parties	**792,953**	962,736
Sub-total	**802,576**	988,324
Less: provision for bad and doubtful debts	**(760,573)**	(760,427)
Total	**42,003**	227,897

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(2) The aging analysis is as follows:

Aging	30 June 2026 (unaudited)	31 December 2025
Within 1 year (inclusive)	**28,850**	228,332
Over 1 year but within 2 years (inclusive)	**14,617**	1,795
Over 2 years but within 3 years (inclusive)	**2,092**	1,180
Over 3 years	**757,017**	757,017
Total	**802,576**	988,324

The aging is counted starting from the date when other receivables are recognized.

(3) Others by provisioning method:

	30 June 2026 (unaudited)					31 December 2025				
	Book value		**Provision for bad and doubtful debts**			Book value		Provision for bad and doubtful debts		
Category	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	**Carrying amount**	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment	**760,573**	**94.77**	**760,573**	**100.00**	**-**	760,427	76.94	760,427	100.00	-
Collective assessment	**42,003**	**5.23**	**-**	**-**	**42,003**	227,897	23.06	-	-	227,897
Total	**802,576**	**100.00**	**760,573**	**94.77**	**42,003**	988,324	100.00	760,427	76.94	227,897

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(4) Movements of provisions for bad and doubtful debts

	Stage 1		Stage 3		
	12-month ECL (collective)		Lifetime ECL-Credit impaired (credit impairment has occurred)		Total
	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts
Balance at 31 December 2025	227,897	–	760,427	(760,427)	(760,427)
Provision for this year	–	–	–	(146)	(146)
Recoveries or reversals during the year	–	–	–	–	–
Balance at 30 June 2026 (unaudited)	**42,003**	**–**	**760,573**	**(760,573)**	**(760,573)**

As of 30 June 2026 and 31 December 2025, the Company has no other receivables under Stage 2.

As of 30 June 2026, the amount receivable from Jinyong company, a subsidiary within the original scope of merger, was RMB752,292 thousand (31 December 2025: RMB752,292 thousand). Jinyong company started to stop production in August 2008 and entered bankruptcy liquidation procedure in August 2019. The Company believes that the other receivables are difficult to recover, so the bad debt provision are fully accrued.As of 30 June 2026, the bankruptcy liquidation procedure has been completed. The Company plans to account for the write-off of bad debts upon fulfilment of the board of directors' approval process.

For the six months ended 30 June 2026, the Company has no other receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (30 June 2025: Nil).

For the six months ended 30 June 2026, the Company has not written-off significant other receivables (30 June 2025: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(5) Others categorised by nature

Nature of other receivables	30 June 2026 (unaudited)	31 December 2025
Receivable from Jinyong company	**752,292**	752,292
Refund of consumption tax receivable	**20,763**	188,158
Amounts due from related parties	**9,623**	25,588
Prepayment of share repurchase	**13,173**	13,698
Advance compensation	**1,180**	1,180
Others	**5,545**	7,408
Sub-total	**802,576**	988,324
Less: Provisions for bad and doubtful debts	**(760,573)**	(760,427)
Total	**42,003**	227,897

(6) Five largest others by debtor as of 30 June 2026

Debtor	Nature of the receivable	Balance at the end of the year	Aging	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Zhejiang Jin Yong Acrylic Fibre Co.,Ltd.	Prepayment	752,292	Over three years	93.73%	(752,292)
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	20,763	Within 1 year (including 1 year)	2.59%	–
China International Capital Corporation Hong Kong Securities Limited	Prepayment of share repurchase	13,173	Within 1 year and 1-2 years (including 2 years)	1.64%	–
Shanghai Jinsen Petroleum Resin Co., Ltd.	Transactions	3,556	Within 1 year and 1-2 years (including 2 years) and 2-3 years (including 3 years))	0.44%	(3,556)
Materials and Equipment Department of China Petroleum and Chemical Corporation	Transactions	2,795	Over 3 years	0.35%	(2,795)
Total		792,579		98.75%	(758,643)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

4. Long-term equity investment

Item	Note	30 June 2026 (unaudited)	31 December 2025
Subsidiaries	(1)	**3,039,481**	2,648,328
Associates	(2)	**2,433,900**	2,438,503
Joint ventures		**–**	392,091
Sub-total		**5,473,381**	5,478,922
Less: Impairment provision for long-term equity investment		**–**	–
Total		**5,473,381**	5,478,922

(1) Subsidiaries

Name of subsidiaries	31 December 2025	Additional/ negative investment	30 June 2026 (unaudited)	Impairment Provision Ending balance	Cash dividends declared in current year
Toufa	2,031,496	–	**2,031,496**	–	–
Jinmao	16,832	–	**16,832**	–	–
IMXCF	600,000	–	**600,000**	–	–
Baling New Materials	–	391,153	**391,153**	–	–
Total	2,648,328	391,153	**3,039,481**	–	–

(2) Associates

The information relating to the associates of the Company, Shanghai Secco and Chemical Industry is disclosed in Note VII.2.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

5. Fixed assets

(1) Fixed assets

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2025	4,157,937	45,599,018	2,348,838	52,105,793
Reclassification in current period	24,460	(24,563)	103	–
Increase				
– Purchase	–	205,591	5,552	211,143
– Transfer from construction in progress	22,751	327,892	33,833	384,476
Decrease				
– Disposal	(89)	(103,340)	(46,505)	(149,934)
30 June 2026 (unaudited)	**4,205,059**	**46,004,598**	**2,341,821**	**52,551,478**
Accumulated depreciation				
31 December 2025	2,627,691	34,564,245	1,759,578	38,951,514
Reclassification in current period	4,108	(3,547)	(561)	–
Increase				
– Charge for current period	48,302	772,955	60,975	882,232
Decrease				
– Disposal	(87)	(90,960)	(44,607)	(135,654)
30 June 2026 (unaudited)	**2,680,014**	**35,242,693**	**1,775,385**	**39,698,092**
Provision for impairment				
31 December 2025	28,860	1,193,144	5,381	1,227,385
Reclassification in current period	–	25	(25)	–
Decrease				
– Disposal and scrapping	–	(533)	–	(533)
30 June 2026 (unaudited)	**28,860**	**1,192,636**	**5,356**	**1,226,852**
Carrying amount				
30 June 2026 (unaudited)	**1,496,185**	**9,569,269**	**561,080**	**11,626,534**
31 December 2025	1,501,386	9,841,629	583,879	11,926,894

XIV. Notes to the Company's financial statements *(continued)*

5. Fixed assets *(continued)*

(2) For the period ended 30 June 2026, the Company made no provision for impairment of fixed assets (for the period ended 30 June 2025: Nil). As at 30 June 2026, the Company's fixed asset impairment provision was RMB1,226,852 thousand (31 December 2025: RMB1,227,385 thousand).

(3) On 30 June 2026 and 31 December 2025, the Company did not have fixed assets used as collateral.

(4) As of 30 June 2026, the original carrying amount of the Group's temporarily idle property, plant and equipment amounted to RMB2,240,865 thousand accumulated depreciation amounted to RMB1,837,387 thousand, provision for impairment amounted to RMB299,586 thousand, and the carrying value amounted to RMB103,892 thousand. (31 December 2025: original carrying amount amounted to RMB2,483,052 thousand, accumulated depreciation amounted to RMB2,028,936 thousand, provision for impairment amounted to RMB299,586 thousand, and the carrying value amounted to RMB154,530 thousand).

(5) As of 30 June 2026, the carrying value of the Company's fixed assets leased out under operating leases amounted to RMB46,303 thousand (31 December 2025: carrying value of RMB48,108 thousand).

(6) As of 30 June 2026 and 31 December 2025, the Company's had no fixed assets with outstanding title certificates.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

6. Operating income and operating costs

Items	Note	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Income from principal activities	(1)	**36,582,233**	35,369,299
Income from other operating activities		**199,729**	164,178
Total		**36,781,962**	35,533,477

Items	Note	Six months ended 30 June 2026 (unaudited)	Six months ended 30 June 2025 (unaudited)
Cost of principal activities	(1)	**29,672,367**	28,873,190
Cost of other operating activities		**125,780**	106,982
Total		**29,798,147**	28,980,172

(1) Income and cost from principal activities

The principal business of the Company mainly belongs to the petrochemical industry.

Analysis by product is as follows:

	Six months ended 30 June			
	2026 (unaudited)		2025 (unaudited)	
	Income from principal activities	**Cost from principal activities**	Income from principal activities	Cost from principal activities
Petroleum products	**26,434,381**	**19,875,930**	26,856,886	21,007,197
Chemical products	**10,059,596**	**9,707,267**	8,448,214	7,806,178
Others	**88,256**	**89,170**	64,199	59,815
Total	**36,582,233**	**29,672,367**	35,369,299	28,873,190

The operating income of the Company is recognized at a point in time.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

7. Investment income ("-" for losses)

	Six months ended 30 June	
Items	**2026**	2025
	(unaudited)	(unaudited)
Investment accounted for using the cost method	**33,367**	9,426
Investment accounted for using the equity method	**44,890**	59,312
Net losses from disposal of derivative financial instruments	**–**	6,778
Discount loss of receivables	**(213)**	(602)
Total	**78,044**	74,914

There are no severe restrictions on the investee's ability to transfer investment income to the Company.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

8. Supplementary information on cash flow statements

(1) Reconciliation from net profit/(loss) to cash flow from operating activities

	Six months ended 30 June	
	2026	2025
	(unaudited)	(unaudited)
Net profit/(loss)	**321,225**	(470,718)
Add: Impairment losses	**529,336**	416,302
Credit losses	**83**	235
Depreciation of investment properties	**8,089**	8,089
Depreciation of fixed assets	**882,232**	865,106
Depreciation of right-of-use assets	**6,677**	3,533
Amortization of intangible assets	**6,133**	6,142
Amortization of long-term deferred expense	**99,584**	100,710
Net losses on disposal of long-term assets	**14,519**	23,468
Gains from changes in fair value	**(10,095)**	(510)
Financial expenses ("-" for income)	**(18,462)**	(7,408)
Investment income	**(78,257)**	(75,516)
Decrease in deferred tax assets ("-" for increase)	**106,558**	(135,295)
Increase in deferred income	**11,046**	6,575
Increase in inventories	**(725,630)**	(937,190)
Increase in operating receivables	**(651,369)**	(1,280,009)
Increase in operating payables ("-" for decrease)	**(608,735)**	2,323,614
Increase of reserve ("-" for decrease)	**(6,062)**	12,323
Net cash outflow from (used in)/generated from operating activities	**(113,128)**	859,451

(2) Movement of cash and cash equivalent

	Six months ended 30 June	
Item	**2026**	2025
	(unaudited)	(unaudited)
Cash and cash equivalents at the end of the period	**7,030,208**	8,264,255
Less: Cash and cash equivalents at the beginning of the period	**7,401,248**	8,042,489
Net (decrease)/increase in cash and cash equivalents	**(371,040)**	221,766

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIV. Notes to the Company's financial statements *(continued)*

8. Supplementary information on cash flow statements *(continued)*

(3) Liabilities arising from financing activities

	Short-term borrowing	Long-term loan	Lease liabilities	Total
Balance at 31 December 2025	–	712,313	6,670	718,983
Increase for the period				
– change in cash borrowings	–	613,038	–	613,038
Increase for the period				
– non-cash changes				
Increase in lease liability as a result of entering into new leases	–	–	5,195	5,195
Accrued interest	–	12,864	297	13,161
Decrease in current period				
– change in cash				
Repayment of principal and interest on lease liabilities	–	–	(5,407)	(5,407)
Interest payments	–	(12,488)	–	(12,488)
Balance at 30 June 2026 (unaudited)	**–**	**1,325,727**	**6,755**	**1,332,482**

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

I. Extraordinary gains and losses

Item		Value	Note
(1)	Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	(14,518)	
(2)	Government grants recorded in profit or loss (excluding government grants closely related to the normal business operations of the company, in accordance with national policies and regulations, enjoyed according to the determined standards, and having a continuous impact on the profit or loss of the company)	5,190	
(3)	Except for effective hedging business related to normal business operations of the Company, profit or loss from changes in fair values of non-financial enterprises holding financial assets and financial liability and gains and losses from disposal of disposal	10,095	
(4)	Other profit or loss items that meet the definition of non recurring profit or loss	(288)	Loss on discounting receivables
(5)	Net profit and loss of subsidiary arising from business combination under the same control from the beginning of the period to the merger date	(1,261)	
(6)	Other non-operating income and expenses other than those mentioned above	(5,874)	
	Subtotal	(6,656)	
(7)	Income tax effect for the above items	2,180	
(8)	Effect on non-controlling interests (after tax)	1,269	
	Total	(3,207)	

Basis of preparation for extraordinary profit and loss

Pursuant to Announcement [2023] Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public issued by China Securities regulatory commission (CSRC), extraordinary profit and loss arises in various trading and issues that have no direct relation with the normal operations of a company, or that are related with normal operations but affect the users of the statement to make reasonable judgment of the Company's operation performance and profitability due to the special and occasional nature of such trading and issues.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

II. Reconciliation between financial statements prepared under CAS and IFRS Accounting Standards

The Company is a H Shares company listed on the Stock Exchange of Hong Kong. The Group prepared financial statements under IFRS Accounting Standards which has been reviewed. There are reconciliation items in the consolidated financial report prepared under CAS and IFRS Accounting Standards, the reconciliation items and the amount are listed as follows:

	Net profit/(loss)		**Net assets**	
	For six months ended 30 June		**2026**	2025
	2026 (unaudited)	2025 (unaudited)	**30 June (unaudited)**	31 December (restated)
Under CAS	**283,394**	(460,914)	**24,499,819**	23,626,314
Difference items and amounts				
Government grants (1)	**1,005**	183	**(10,822)**	(11,827)
Safety production costs (2)	**(2,958)**	12,671	**–**	–
Under IFRS Accounting Standards	**281,441**	(448,060)	**24,488,997**	23,614,487

Notes in relation to the reconciliation items:

(1) Government grants

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

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

(2) Safety production costs

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

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Gains/(losses) on net assets and earnings/(losses) per share

Items	Weighted average gains/(losses) on net assets (%)		Earnings/(losses) per share (RMB)			
			Basic earnings/(losses) per share		Diluted earnings/(losses) per share	
	For six months ended 30 June		For six months ended 30 June		For six months ended 30 June	
	2026 (unaudited)	2025 (unaudited)	**2026 (unaudited)**	2025 (unaudited)	**2026 (unaudited)**	2025 (unaudited)
Net gains/(losses) attributable to shareholders of the Company	**1.291**	(1.870)	**0.028**	(0.044)	**0.028**	(0.044)
Net gains/(losses) attributable to shareholders of the Company excluding non-recurring items	**1.304**	(1.778)	**0.029**	(0.042)	**0.029**	(0.042)

WRITTEN CONFIRMATION OPINIONS OF DIRECTORS AND SENIOR MANAGEMENT ON THE COMPANY'S 2026 INTERIM REPORT

Pursuant to the relevant requirements of Article 82 of the *Securities Law, Management Measures for Information Disclosure of Listed Companies, Standards for the Contents and Formats of Information Disclosure by Companies Offering to the Public No.3--Contents and Formats of Interim Reports,* and *the Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, as the Company's directors and senior management, we fully understood and reviewed the Company's 2026 Interim Report and issued the written opinions as follows:

1. Confirmation opinions by directors and senior management

   The Company operated in strict accordance with the financial system of listed companies, and the 2026 Interim Report fully, truly and fairly reflected the Company's financial performance and operating results. The formulation and review procedures of the Company's 2026 Interim Report were in compliance with laws and regulations, regulations of China Securities Regulatory Commission, articles of association and relevant internal control systems.

2. All directors and senior management guarantee that the information disclosed in the Company's 2026 Interim Report and summary is true, accurate and complete, promise that there are no false records, misleading statements or major omissions, and bear the legal liabilities for the authenticity, exactness and completeness of the contents.

(This page is for directors and senior management to sign)

Sign by directors:

Guo Xiaojun	Lu Zhiyong	Du Jun	Huang Xiangyu
Qi Guozhen	Qin Zhaohui	Zhou Ying	Zhou Xinggui
Liu Hao	Jiang Xia		

Sign by Senior Management:

Li Shantao	Zhou Guoming	Liu Gang

CORPORATE INFORMATION

(1) Corporate Information

Chinese name of the Company	中國石化上海石油化工股份有限公司
Chinese short name of the Company	上海石化
English name of the Company	Sinopec Shanghai Petrochemical Company Limited
Abbreviation of the English name of the Company	SPC
Legal representative of the Company	Guo Xiaojun

(2) Contact Persons and Contact Details

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

(3) Basic Information

Registered office of the Company	No. 48 Jinyi Road, Jinshan District, Shanghai, PRC
Postal code of the registered office of the Company	200540
Office address of the Company	No. 48 Jinyi Road, Jinshan District, Shanghai, PRC
Postal code of the office address of the Company	200540
Principal place of business in Hong Kong	Room 605, Island Place Tower, 510 King's Road, Hong Kong
Website of the Company	spc.sinopec.com
Email address of the Company	spc@spc.com.cn

* There was no change in registered address of the Company during the Reporting Period

(4) Information Disclosure and Access

Designated newspapers for the publication of the Company's announcements	China Securities Journal, Shanghai Securities News and Securities Times
Websites for the publication of the Company's interim reports	Shanghai Stock Exchange website, Hong Kong Stock Exchange website and the website of the Company
Place for access to the Company's interim reports	Secretariat Office to the Board, No.48 Jinyi Road, Jinshan District, Shanghai, PRC

(5) Shares Profile of the Company

Share Type	Place of Listing	Stock Short Name	Stock code
A Shares	Shanghai Stock Exchange	上海石化	600688
H Shares	Hong Kong Stock Exchange	SHANGHAI PECHEM	00338

(6) Other Relevant Information

Domestic auditor engaged by the Company	Name	KPMG Huazhen LLP
	Office address	8th floor, KPMG building, Oriental Plaza, No. 1, East Chang'an Street, Dongcheng District, Beijing, PRC
International auditor engaged by the Company	Name	KPMG Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
	Office address	8th Floor, Prince Building, 10 Chater Road, Central, Hong Kong

Legal Advisors:

PRC Law: Haiwen & Partners
20th Floor, Fortune & Finance Center
No.5 Dong San Huan Central Road
Chaoyang District, Beijing, PRC

Hong Kong Law: Zhong Lun Law Firm
4th floor, Jardine house, 1 Connaught Plaza, central, Hong Kong

Company Secretary:
Xu Haiyan

Authorised Representatives for Hong Kong Stock Exchange:
Guo Xiaojun, Xu Haiyan

H Shares Share Registrar:
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong