SECURITIES AND EXCHANGE COMMISSION

FORM 20-F

Annual and transition report of foreign private issuers pursuant to sections 13 or 15(d)

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Mailing Address
JINSHAWEI SHANGHAI
48 JINVI RD
SHANGHAI F5 200540

Business Address
JINSHAWEI SHANGHAI
48 JINVI RD
SHANGHAI F5 200540
011862157943143

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2020 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of event requiring this shell company report

For the transition period from _____ to _____

Commission file number 1-12158

中国石化上海石油化工股份有限公司
(Exact name of Registrant as specified in its charter)

Sinopec Shanghai Petrochemical Company Limited
(Translation of Registrant' s name into English)

The People' s Republic of China
(Jurisdiction of incorporation or organization)

No. 48 Jinyi Road, Jinshan District, Shanghai, PRC 200540
(Address of principal executive offices)

Mr. Wu Haijun
No. 48 Jinyi Road, Jinshan District, Shanghai, 200540
The People' s Republic of China
Tel: +86 (21) 57943143
Fax: +86 (21) 57940050
(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
American Depositary Shares, each representing 100 H Shares, par value RMB1.00 per Share	**SHI**	**New York Stock Exchange**
H Shares, par value RMB1.00 per Share		**New York Stock Exchange***

* Not for trading, but only in connection with the registration of American Depositary Shares. The H Shares are also listed and traded on The Stock Exchange of Hong Kong Limited.

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Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer' s classes of capital or common stock as of the close of the period covered by the annual report.

3,495,000,000 H Shares, par value RMB1.00 per Share
7,328,813,500 A Shares, par value RMB1.00 per Share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or (15) (d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer ☒ Accelerated Filer ☐

Non-Accelerated Filer ☐

Emerging growth company ☐

If an emerging growth company that prepares its financial statements in accordance with U.S.GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13 (a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management' s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP ☐ International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ Other ☐

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. * Yes ☐ No ☐

* This requirement does not apply to the registrant in respect of this filing.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included in this annual report that address activities, events or developments which we expect or anticipate will or may occur in the future are hereby identified as forward-looking statements for the purpose of the safe harbor provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. The words such as "believe," "intend," "expect," "anticipate," "project," "estimate," "predict," "plan" and similar expressions are also intended to identify forward-looking statements. These forward-looking statements address, among others, such issues as:

- amount and nature of future development;
- future prices of and demand for our products;
- future earnings and cash flow;
- capital expansion programs;
- future plans and capital expenditures;
- expansion and other development trends of the petrochemical industry;
- expected production or processing capacities, including expected Rated Capacities and primary distillation capacities, of units or facilities not yet in operation;
- expansion and growth of our business and operations; and
- our prospective operational and financial information.

These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in particular circumstances. However, whether actual results and developments will meet our expectations and predictions depends on a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including the risks set forth in "Item 3. Key Information − Risk Factors" and the following:

- fluctuations in crude oil and natural gas prices;
- fluctuations in prices of our products;
- failures or delays in achieving production from development projects;
- potential acquisitions and other business opportunities;
- continued availability of capital and financing;
- general economic, market and business conditions, including volatility in interest rates, changes in foreign exchange rates and volatility in commodity markets; and
- other risks and factors beyond our control.

Consequently, all of the forward-looking statements made in this annual report are qualified by these cautionary statements and readers are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements should be considered in light of the various important factors set forth above and elsewhere in this annual report, including the risks set forth in "Item 3. Key Information – Risk Factors." In addition, we cannot assure you that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us or our business or operations.

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EXCHANGE RATES

Unless otherwise specified, references in this annual report to "U.S. Dollars" or "U.S.$" are to United States Dollars, references to "HK Dollars" or "HK$" are to Hong Kong Dollars and references to "Renminbi" or "RMB" are to Renminbi yuan, the legal currency of the PRC.

We publish our financial statements in Renminbi. Unless otherwise indicated, all translations from Renminbi to U.S. Dollars have been made at a rate of RMB6.5250 to U.S. $1.00, the noon buying rate on December 31, 2020 as set forth in the H.10 statistical release of the U.S. Federal Reserve Board. We do not represent that Renminbi or U.S. Dollar amounts could be converted into U.S. Dollars or Renminbi, as the case may be, at any particular rate.

CERTAIN TERMS AND CONVENTIONS

References to "we" or "us" or "Company" are references to Sinopec Shanghai Petrochemical Company Limited and our subsidiaries, unless the context requires otherwise. Before our formation, these references relate to the petrochemical businesses carried on by the Complex.

References to "Sinopec Corp." are references to China Petroleum & Chemical Corporation, the controlling shareholder of the Company.

References to the "Sinopec Group" are references to China Petrochemical Corporation, the controlling company of Sinopec Corp.

References to the "Complex" are references to Shanghai Petrochemical Complex, our predecessor founded in 1972.

References to "China" or the "PRC" are references to The People' s Republic of China which, for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan.

References to "ADSs" are references to our American Depositary Shares, which are listed and traded on the New York Stock Exchange ("NYSE"). Each ADS represents 100 H Shares.

References to our "A Shares" are references to 7,328,813,500 A Shares of the Company, par value RMB1.00 per share, which are ordinary shares held by Chinese investors.

References to our "H Shares" are references to our overseas-listed foreign ordinary shares, par value RMB1.00 per share, which are listed and traded on The Stock Exchange of Hong Kong Limited ("HKSE") under the number "338."

"Rated Capacity" is the output capacity of a given production plant or, where appropriate, the throughput capacity, calculated by estimating the number of days in a year that the production plant is expected to operate, including downtime for regular maintenance, and multiplying that number by an amount equal to the plant optimal daily output or throughput, as the case may be.

All references to "tons" are references to metric tons.

Unless otherwise noted, references to sales volume are to sales to entities other than us or our divisions and subsidiaries.

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISORS.

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE.

Not applicable.

ITEM 3. KEY INFORMATION.

Selected Financial Data.

Our selected consolidated statements of operations data (except for ADS data) and cash flows data for each of the years ended December 31, 2018, 2019 and 2020 and our selected consolidated balance sheets data as of December 31, 2019 and 2020 are derived from our consolidated financial statements included in Item 18. Financial Statements. Our selected consolidated statements of operations data and cash flows data for the years ended December 31, 2016 and 2017 and our consolidated balance sheets data as of December 31, 2016, 2017 and 2018 are derived from our consolidated financial statements not included in this annual report. Our selected consolidated financial data should be read in conjunction with our consolidated financial statements, and the notes thereto, and Item 5. Operating and Financial Review and Prospects. Our consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board.

Selected Consolidated Financial Data
(RMB in millions, except per share and per ADS data)

	Year Ended December 31,				
	2016 (RMB million)	2017 (RMB million)	2018 (RMB million)	2019 (RMB million)	2020 (RMB million)
CONSOLIDATED STATEMENTS OF OPERATIONS DATA					
Net sales:					
Synthetic fibers	1,855.5	2,005.3	2,182.4	2,158.9	1,472.4
Resins and plastics	9,797.6	10,218.4	10,542.1	9,979.9	9,419.7
Intermediate petrochemicals	8,827.6	10,070.2	12,160.6	10,313.6	8,205.8
Petroleum products	24,002.6	32,400.6	43,403.0	43,125.9	30,139.6
Trading of petrochemical products	20,585.4	23,697.3	26,544.0	21,690.7	11,577.3
Others	867.8	826.5	781.4	786.7	746.1
Profit/(loss) from operations	6,777.9	6,401.9	5,585.1	1,320.5	(466.2)
Profit before income tax	7,778.3	7,852.9	6,808.1	2,656.1	590.8
Net profit attributable to owners of the Company	5,968.5	6,143.2	5,336.3	2,215.7	645.1
Net profit/(loss) attributable to non-controlling interests	13.0	11.0	(0.1)	11.4	11.3
Basic earnings per share(RMB) (a)	0.553	0.569	0.493	0.205	0.060
Basic earnings per ADS(RMB) (b)	55.26	56.86	49.30	20.45	5.96

(a) The Company exercised its Share Option Incentive Scheme for the first time in August 2017, and the second time in January 2018, and the total number of shares of the Company increased by 14,176, 600 shares and 9,636,900 shares, respectively, upon exercise. See ITEM 6. Directors, Senior Management and Employees – E. Share Ownership – Share Option Incentive Scheme. Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

(b) Earnings per ADS are calculated on the basis that one ADS is equivalent to 100 H Shares.

	Year Ended December 31,				
	2016 (RMB million)	2017 (RMB million)	2018 (RMB million)	2019 (RMB million)	2020 (RMB million)
CONSOLIDATED STATEMENTS OF CASH FLOWS DATA					
Net cash generated from operating activities	7,181.8	7,060.8	6,659.4	5,057.8	1,679.9
Net cash used in investing activities	(189.9)	(2,400.7)	(1,928.4)	(4,623.2)	(3,887.5)
Net cash (used in)/generated from financing activities	(2,637.2)	(2,589.8)	(3,507.2)	(1,737.4)	1,681.8
Capital expenditure	(901.5)	(1,197.1)	(1,187.0)	(1,430.4)	(1,841.0)
Proceeds from borrowings	2,589.4	2,119.1	2,536.8	4,755.1	3,458.1
Repayments of borrowings	(4,113.0)	(2,059.4)	(2,646.2)	(3,695.2)	(3,460.6)

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	As of December 31,				
	2016 (RMB million)	2017 (RMB million)	2018 (RMB million)	2019 (RMB million)	2020 (RMB million)
CONSOLIDATED BALANCE SHEETS DATA					
Current assets	14,875.9	19,866.1	25,298.9	22,309.2	17,304.8
Property, plant and equipment	13,474.3	12,866.4	11,646.4	11,300.8	11,713.0
Total assets	33,945.6	39,443.5	44,385.9	45,494.1	44,619.1
Short term borrowings	546.4	606.2	497.2	1,547.6	1,548.0
Short-term bonds	–	–	–	–	3,017,811
Current liabilities	8,942.4	10,922.2	13,913.0	15,479.6	15,232.2
Long term borrowings (excluding current portion)	–	–	–	–	–
Total equity attributable to owners of the Company	24,722.0	28,230.2	30,346.1	29,863.3	29,198.0

Dividends

The following table sets forth certain information concerning the dividends of the Company since January 1, 2016:

Dividend Period	Dividend per Share
January 1, 2016-December 31, 2016	RMB0.25 (U.S.$0.036)
January 1, 2017-December 31, 2017	RMB0.30 (U.S.$0.046)
January 1, 2018-December 31, 2018	RMB0.25 (U.S.$0.036)
January 1, 2019-December 31, 2019	RMB0.12 (U.S.$0.017)
January 1, 2020-December 31, 2020	RMB0.10 (U.S.$0.015) (a)

(a) Pursuant to the resolution of the Board on 24 March, 2021, the Company proposed cash dividend to all the shareholders, RMB0.10 per share (including tax). The proposal remains to be approved at our 2020 Annual General Meeting.

See also Item 8. Financial Information – A. Consolidated Statements and Other Financial Information – Dividend Policy.

A. Capitalization and Indebtedness.

Not applicable.

B. Reasons for the Offer and Use of Proceeds.

Not applicable.

C. Risk Factors.

An investment in our ADSs involves significant risks. The risks and uncertainties described below are not the only ones we face. You should consider carefully all of the information in this annual report, including the risks and uncertainties described below and our consolidated financial statements and related notes, before making an investment in our ADSs. Any of the following risks could have a material adverse effect on our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Business and Operational Risk Factors

The recent coronavirus outbreak could materially and adversely affect our business.

In the beginning of 2020, a novel strain of coronavirus (COVID-19) was reported to have surfaced and then caused a pandemic outbreak. The global outbreak of COVID-19 and related adverse public health developments have had and may continue to have a material adverse impact upon our normal operating activities, the demand for our end products and our financial performance. Our normal operating activities were disrupted by the temporary closure of our offices, suspension of business travel, disruptions to our normal working schedules, various restrictions on our employees' activities and similar disruptive effects to our normal operations. In addition, the global spread of COVID-19, and the implementation by governments around the world of measures intended to slow down the spread, have caused a material reduction in worldwide business activity, resulting in a drop in demand for our products.

We have taken measures in response to the outbreak, including the adoption of more stringent workplace sanitation measures. We will continue to monitor the situation and consider additional measures to protect the health and safety of our employees and to respond to future developments. At present, domestic COVID-19 is generally under control within China, and vaccines are being administered within China and abroad. However, the extent to which this outbreak impacts our results will depend on global trends and future developments of COVID-19, including information which may emerge concerning new variants and other factors which could affect the scope and severity of the outbreak and the actions needed to contain the outbreak. The long-term impact of the COVID-19 pandemic on our performance also depends in large part on factors that are not within our control, such as measures implemented by governmental authorities to address the pandemic, the effect of the pandemic on global and regional economies and the response of world financial markets. An extended outbreak could depress global economic activity, disrupting our operations, reducing demand for our products and adversely impacting our financial performance.

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Our operations may be adversely affected by the cyclical nature of the petroleum and petrochemical markets and by the volatility of prices of crude oil and petrochemical products.

Most of our revenues are attributable to the sale of refined oil and petrochemical products, which have historically been cyclical and sensitive to the availability and price of raw materials and general economic conditions. Markets for many of our products are sensitive to changes in industry capacity and output levels, changes in regional and global economic conditions, the price and availability of substitute products and changes in consumer demand, which from time to time have had a significant impact on our product prices in the regional and global markets. Due to the recent extreme volatility in crude oil prices, the decrease in tariff charges, the removal of other restrictions on importation and the Chinese government' s gradual relaxation of its control of the allocation of products and pricing, many of our products have become increasingly vulnerable to the cyclical nature of regional and global petroleum and petrochemical markets, which may adversely affect our operations.

We consume large amounts of crude oil to manufacture our products of which more than 95% is typically imported. In 2020, crude oil costs accounted for RMB 13.117 billion, or 54.86% of our annual cost of sales. As a result, changes in crude oil prices can affect our profitability. In recent years, due to various reasons, the price of crude oil has fluctuated significantly. We cannot rule out the possibility of the occurrence of certain global emergencies which might disrupt our crude oil supply. We expect that the volatility and uncertainty of the prices of crude oil and petrochemical products will continue, and that increasing crude oil prices and declines in prices of petrochemical products may adversely affect our business and results of operations and financial condition.

Some of our major products are subject to government price controls, and we are not able to pass on all cost increases from rising crude oil prices through higher product prices.

We consume large amounts of crude oil to manufacture our products of which more than 95% is typically imported. We attempt to mitigate the effect of increased costs due to rising crude oil prices. However, our ability to pass on these increased costs to our customers is dependent on market conditions and government regulations. Given that the increase of the sales prices of our products may lag behind the increase of crude oil costs, we may fail to completely cover the increased costs by increasing our sales prices, particularly where government regulations restrict the prices of certain of our fuel products. In particular, gasoline, diesel and jet fuel, and liquefied petroleum gas are subject to government price controls at present. In 2018, 2019 and 2020 approximately 41.62%, 44.81% and 43.64% of our net sales were from such products subject to price controls. Although the current price-setting mechanism for refined petroleum products in China allows the Chinese government to adjust price in the PRC market when the average international crude oil price fluctuates beyond certain levels within a certain time period (see Item 4. Information on the Company – B. Business Overview – Product Pricing), the Chinese government still retains discretion as to whether or when to adjust the prices of the refined oil products. The Chinese government generally exercises certain price control over refined oil products once international crude oil prices experience a sustained rise or become significantly volatile. For instance, some of our fuel products are required to be sold to designated distributors (such as the subsidiaries of Sinopec Corp.). Because we cannot freely sell our fuel products to take advantage of opportunities for higher prices, we may not be able to fully cover increases in crude oil prices by increasing the sale prices of our products, which has had and will possibly continue to have a material adverse effect on our financial condition, results of operations and cash flows.

Our development and operation plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.

The petrochemical business is a capital intensive business. Our ability to maintain and increase our revenues, net profit and cash flows depends upon continued capital spending. Our current business strategy contemplates capital expenditure for 2021 of approximately RMB3.25 billion (U.S. $498.08 million), which will be provided through financing activities and use of our own capital. Our actual capital expenditures may vary significantly from these planned amounts, subject to our ability to generate sufficient cash flows from operations, investments and other factors that may be beyond our control. In addition, there can be no assurance as to whether, or at what cost, our capital projects will be completed or the success of these projects if completed.

As of March 31, 2021, we had an aggregate outstanding indebtedness of approximately RMB 38 million (U.S.$5.82 million). Most of our borrowings are with state-controlled banks in China and structured as short term debt obligations with payment due in one year or less. These banks have generally been willing to provide new short term loans while we pay off existing loans. Sinopec Corp., our controlling shareholder, did not provide any guarantee or credit support for our debt for the year ended December 31, 2020 and for the three months ended March 31, 2021.

Our ability to obtain external financing in the future and our ability to make timely repayments of our debt obligations are subject to a variety of uncertainties, including: our future results of operations, financial condition and cash flows; the condition of the economy in China and the condition of markets for our products; the cost of financing and the condition of financial markets; the issuance of relevant government approvals and other project risks associated with the development of infrastructure in China; and the continuing willingness of banks to provide new loans as we pay down existing debt.

While we anticipate that we will rely less on borrowings to finance capital expenditures and operations, our business, results of operations and financial condition could be adversely affected if we fail to obtain sufficient funding for our operations or development plans.

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Our operations are exposed to risks relating to operating hazards and production safety and we have limited insurance coverage for resulting losses.

Our operations involve the handling and storage of explosives and other hazardous articles. In addition, our operations involve the use of heavy machinery, which involves inherent risks that cannot be entirely eliminated through our preventive efforts. As a result, we may encounter fires, explosions and other unexpected incidents during our operations, which may cause personal injuries or death, property damage, environmental damage, interruption of operations and reputational damages to us. Each of such incidents could have a material adverse impact on our financial condition and results of operations.

We maintain a package of insurance coverage plan through Sinopec Group on our property, facilities and inventory. In addition, we maintain insurance policies for such assets as the engineering construction projects and products in transit with third-party commercial insurance companies. We carry a third party liability insurance with a coverage capped at RMB50 million in 2021 to cover claims, subject to deductibles, in respect of personal injury, property or environmental damage arising from accidents on our property or relating to our operations other than on our transportation vehicles. Our insurance coverage may not be sufficient to cover all the financial losses caused by operating hazards. Resulting losses required to be compensated or otherwise paid for by us due to such operating hazards that are not fully insured against may have a material adverse effect on our financial condition and results of operations.

We are controlled by Sinopec Corp., whose interests may not be aligned with yours.

As of March 31, 2021, Sinopec Corp. owned 50.44% of our shares. Accordingly, it has voting and management control over us, and its interests may be different from the interests of our other shareholders. Subject to our Articles of Association and applicable laws and regulations, Sinopec Corp. will be in a position to cause us to declare dividends, determine the outcome of corporate actions requiring shareholder approval or effect corporate transactions without the approval of the holders of the H Shares and ADSs. Any such increase in our dividend payout would reduce funds available for reinvestment in our business and any such actions or transactions could adversely affect us or our minority shareholders. Sinopec Corp. may also experience changes in its own business strategy and policies. Although we are not currently aware of any specific changes, they could, in turn, lead Sinopec Corp. to change its policies or practices toward us in ways that we cannot predict, with corresponding unpredictable consequences for our business. Additionally, Sinopec Corp. may leverage its controlling shareholder position to influence our decisions with regard to the manufacturing and operation, allocation of financial resources and appointment and removal of senior management members, which could adversely affect us or our minority shareholders.

We have also engaged from time to time and will continue to engage in a variety of transactions with Sinopec Corp., Sinopec Group, the controlling company of Sinopec Corp., and their various subsidiaries or affiliates which provide a number of services to us, including the supply of raw materials, product distribution and sales agency, project design and installment service, petrochemical industry related insurance and financial services. We also sell oil and petrochemical products to Sinopec Corp. and its affiliates. Our transactions with these companies are governed by a Mutual Product Supply and Sales Services Framework Agreement with Sinopec Corp. and a Comprehensive Services Framework Agreement with Sinopec Group, the terms of which were negotiated on an arm' s-length basis. See Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions. Our business and results of operations could be adversely affected if either Sinopec Corp. or Sinopec Group refuses to engage in such transactions or if one of them seeks to amend the its contracts with us in a way adverse to us. In addition, Sinopec Corp. has interests in businesses that compete or are likely to compete, either directly or indirectly, with our businesses. Because Sinopec Corp. is our controlling shareholder and its interests may conflict with our own interests, Sinopec Corp. may take actions that favor itself over our interests.

We could face increasing competition in China.

Our principal market, Eastern China, which is comprised of Shanghai, Shandong, Jiangsu, Anhui, Zhejiang, Jiangxi and Fujian, has enjoyed stronger economic growth and a higher demand for petrochemical products than other regions of China. As a result, we believe that our competitors will try to expand their sales and build up their distribution networks in our principal market. We believe this will have an adverse impact on the production and sale of our major products. Moreover, Chinese private enterprises have gradually overcome technological and funding barriers to extend their business from the downstream processing sector to the upstream petrochemical field. These enterprises have advantages in many areas such as flexibility in operation costs, preferential policy treatments and regional presence, and may use these advantages to compete with us in our target market.

We face increasing foreign competition in our lines of business.

China joined the WTO on December 11, 2001 and committed to eliminate some tariff and non-tariff barriers to foreign competition in the domestic petrochemical industry that benefited us in the past. In particular, China:

- has reduced tariffs on imported petrochemicals products that compete with ours;
- increased levels of permitted foreign investment in the domestic petrochemicals industry, allowing foreign investors to own 100% of a domestic petrochemicals company from December 11, 2004;
- has gradually relaxed restrictions on the import of crude oil by non-state-owned companies;
- has granted foreign-owned companies the right to import petrochemical products; and
- has permitted foreign-owned companies to distribute and market fuel products in both retail and wholesale markets in China.

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As a result of these measures, we face increasing competition from foreign companies and imports. In addition, competition for our products has increased, as many overseas companies have switched their focus to sales in China. Furthermore, tariff reductions could reduce our profit margins or otherwise negatively impact our revenue from certain products, including a small number of significant products. The Chinese government may also reduce the tariffs imposed on production equipment that we may import in the future.

Cyber attacks and security breaches may threaten the integrity of our intellectual property and other sensitive information and disrupt our business operations, which could adversely affect our reputation, business and financial position.

We face numerous and evolving global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures directed at us. Cyber attacks and security breaches may include, but are not limited to, attempts to disrupt our operations including our information technology systems and data, gain access to confidential information, insertion of computer viruses, denial of service and other electronic security breaches, whether internal or external through third parties with whom we conduct business. In recent years, a number of major oil and petrochemical companies have been the subject of cyber attacks.

Although we have not experienced any material cybersecurity incidents in the past, we cannot assure you that we will not experience them in the future. Due to the evolving nature of cybersecurity threats, the scope and impact of any future incident cannot be predicted. While we continually work to safeguard our systems and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent cyber attacks or security breaches that manipulate or improperly use our systems or networks, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt our operations. The occurrence of such events could disrupt our operations, cause physical harm to people or the environment, damage or destroy assets, compromise business systems, result in proprietary information, including information of our employees, customers, partners and other third parties, being altered, lost, stolen or compromised or otherwise disrupt our business operations. We could incur significant costs to remedy the effects of such a cybersecurity disruption as well as in connection with any resulting regulatory actions and litigation. In addition, a material cybersecurity incident could negatively impact our reputation and our competitive position, which could have an adverse effect on our financial condition and results of operations.

Legal, Regulatory or Political Risk Factors

Our business operations may be adversely affected by present or future environmental regulations.

We are subject to extensive environmental protection laws and regulations in China. These laws and regulations permit:

the imposition of environmental protection tax for the discharge of waste substances;

the levy of payments and fines for damages for serious environmental offenses;

the government to close down or suspend any facility which has caused or may cause environmental damages and require it to correct or stop operations causing environmental damages; and

lawsuits and liabilities arising from pollutions and damages to the environment and public interests.

Our production operations produce substantial amounts of waste materials (*i.e.*, waste water, waste gas and waste residue). In addition, our production and operations require environmental-related permits that are subject to renewal, modification and revocation. We were subject to various administrative penalties for violations of the relevant PRC environmental laws and regulations in the past years. See Item 4. Information of the Company – B. Business Overview – Environmental Protection. We have established a system to treat waste materials to prevent and reduce pollution. The Chinese government (including the local governments), however, has moved, and may move further, toward the adoption of more regulations and more stringent environmental standards. Chinese national or local authorities may also apply more rigorous enforcement of such regulations which would require us to incur additional expenditures on environmental matters.

If the Chinese government changes current regulations that allow us to make payments in foreign currencies, we may be unable to obtain the foreign currency necessary for our business.

The Renminbi currently is not a freely convertible currency. We receive most of our revenue in Renminbi. A portion of our Renminbi revenue must be converted into other currencies to meet our foreign currency needs, which include, among other things:

debt service costs on foreign currency-denominated debt;

purchases of imported equipment;

payment of any cash dividends declared in respect of the H Shares and the ADSs; and

import of crude oil and other materials.

Under existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions, including the payment of dividends, without prior approval from the State Administration of Foreign Exchange ("SAFE") by producing commercial documents evidencing the foreign exchange transactions, provided that they are processed through Chinese banks licensed to engage in foreign exchange transactions. Foreign exchange transactions under the capital account (international revenues and expenditures that increase or decrease debt or equity, including principal payments in respect of foreign currency-denominated obligations) continue to be subject to limitations and require the prior approval of SAFE. These limitations could affect our ability to obtain foreign exchange through debt financing, or to make capital expenditures in foreign currency. The Chinese government has stated publicly that it intends to eventually make the Renminbi freely convertible in the future. However, we cannot predict whether the PRC government will continue its existing foreign exchange policy and when the PRC government will allow free conversion of Renminbi.

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If the Chinese government restricts our ability to make payments in foreign currency, we may be unable to obtain the foreign currency necessary for our business. In that case, our business may be materially adversely affected, and we may default on our obligations.

Changes in the monetary policy and fluctuations in the value of Renminbi may have an adverse impact on Sinopec 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 PRC government overhauled its policy of pegging the value of the Renminbi to the US dollar by permitting the Renminbi to fluctuate within a certain band against a basket of foreign currencies. Since the adoption of this new policy, the value of the Renminbi against the US dollar fluctuates daily. In addition, the PRC government has been under international pressure to further ease its exchange rate policy, and may as a result further change its currency policy. Early in 2020, the Renminbi had weakened against the US dollar to levels not seen since 2008, but steadily rebounded at the end of the year.

A small portion of our cash and cash equivalents is denominated in foreign currencies (mainly the U.S. Dollar). As of December 31, 2020, our bank deposits denominated in foreign currencies were equivalent to RMB 208 million. Any increase in the value of Renminbi against other currencies, including the U.S. dollar, may decrease the Renminbi value of our cash and cash equivalents that are denominated in foreign currencies.

Although most of our revenue is denominated in Renminbi, most of our procurement of crude oil, certain equipment and certain debt repayments are denominated in foreign currencies. Any depreciation of the Renminbi in the future would increase our costs and adversely affect profitability. In addition, any depreciation of the Renminbi could adversely affect the value of the dividends of our H Shares and ADSs, which we declare in Renminbi and pay in foreign currencies.

Our business may be limited or adversely affected by government regulations.

The Chinese central and local governments continue to exercise a certain degree of control over the petrochemical industry in China by, among other things:

mandating distribution channels for our fuel products;

setting the allocations and pricing of certain resources, products and services;

assessing taxes and fees payable;

setting import and export quotas and procedures; and

setting safety, environmental and quality standards.

As a result, we may face significant constraints on our flexibility and ability to expand our business operations or to maximize our profitability. In the past, we have benefited from favorable regulatory policies that have, for example, reduced the competition we face from illegal imports of petroleum products. Existing policies that favor our industry may change in the future and our business could be adversely affected by any such changes.

Our development plans may require regulatory approval.

We are currently engaged in a number of construction and expansion projects. Most of our projects are subject to governmental review and approval. The timing and cost of completion of these projects will depend on numerous factors, including approvals from relevant government authorities and general economic conditions in China.

While in general we attempt to obtain governmental approval as far in advance as practicable, we are unable to predict the timing and outcome of these governmental reviews and approvals. If any of our important projects required for our future growth are not approved, or not approved on a timely basis, our results of operations and financial condition could be adversely affected.

Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business and results of operations.

Substantially all of our operations are conducted in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China' s economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies.

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While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. The Chinese government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. Our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the Chinese government has implemented in the past certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, the rate of China' s economic growth has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our products and services and materially and adversely affect our business and results of operations.

Interpretation and enforcement of Chinese laws and regulations is uncertain.

The Chinese legal system is based on statutory law. Under this system, prior court decisions may be cited as persuasive authority, but do not have the binding effect of precedents. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws and considerable progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organization and governance, foreign investment, commerce, taxation and trade. Because these laws, regulations and legal requirements are relatively new or otherwise undeveloped and not all accessible to the public and because prior court decisions have little precedential value, the interpretation and enforcement of these laws, regulations and legal requirements involve greater uncertainty than in other jurisdictions.

You may not enjoy shareholders' protections that you would be entitled to in other jurisdictions.

As most of our business is conducted in China, our operations are governed principally by the laws of China. Despite the continuing improvement of the PRC Company Law and Securities Law, Chinese legal provisions for the protection of shareholders' rights and access to information are different from those applicable to companies formed in the United States, Hong Kong, the United Kingdom and other developed countries or regions. You may not enjoy shareholders' protections under Chinese law that you would be entitled to in other jurisdictions. We are a foreign private issuer, and therefore exempt from certain rules under the Exchange Act that are applicable to U.S. domestic public companies, such as rules relating to the having a majority of independent directors; independent audit committee members, compensation committee members and nominating committee members; obtaining shareholder approval for certain issuances of securities; or certain reporting requirements and certifications. Significant differences between our corporate governance practices and those of U.S. issuers listed on the NYSE are further described under Item 16G. Corporate Governance. Because of these exemptions, shareholders may be afforded fewer protections than they otherwise would under the NYSE corporate governance requirements applicable to U.S. domestic issuers, or shareholders may not be afforded the same information generally available to shareholders holding shares in public companies organized in the United States or traded on the NYSE that are not foreign private issuers.

Our Articles of Association require you to submit your disputes with us and other persons defined by our Articles of Association regarding the Company's affairs to arbitration. You will have no legal right to a court proceeding with respect to such disputes.

Our Articles of Association require holders of our H Shares or ADSs having a claim against, or a dispute with, us, our directors, supervisors, executive officers or a holder of our A Shares relating to any rights or obligations conferred or imposed by our Articles of Association, the PRC Company Law or other relevant Chinese laws or regulations relating to our affairs, to submit such claim or dispute to arbitration with the China International Economic and Trade Arbitration Commission or to the Hong Kong International Arbitration Center. Our Articles of Association further provide that any arbitration decisions with respect to such disputes or claims shall be final and binding on all parties. As a result, you will have no legal right to a court proceeding with respect to such disputes.

Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially and adversely affect the value of your investment. Additionally, the inability of the PCAOB to conduct inspections deprives our investors with the benefits of such inspections.

The Holding Foreign Companies Accountable Act, or the HFCA Act, was enacted on December 18, 2020. The HFCA Act states if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspection by the PCAOB for three consecutive years beginning in 2021, the SEC shall prohibit our shares or ADSs from being traded on a national securities exchange or in the over the counter trading market in the U.S.

Our auditor, the independent registered public accounting firm that issues the audit report included elsewhere in this 20-F, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance with the applicable professional standards. Since our auditor is located in China, a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities, our auditor is currently not inspected by the PCAOB. Our Audit Committee is aware of these limitations, but believes that it is important for us to use an auditor based in China as that is the principal location of our assets and operations.

The PCAOB' s inability to conduct inspections in China prevents it from fully evaluating the audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm' s audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the reliability and quality of our audited financial statements. In addition, under changes to the PRC Securities Law that became effective in March 2020, the SEC and other foreign securities regulators are not permitted to conduct investigations in China and we are not permitted to provide evidence to the SEC in connection with a securities investigation without the permission of the Chinese government. These restrictions may further erode confidence in our financial reporting.

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On March 24, 2021, the SEC adopted interim final rules relating to the implementation of certain disclosure and documentation requirements of the HFCA Act. If the SEC determines that, for any year commencing with our 2021 fiscal year our auditors were not subject to inspection by the PCAOB, then we will be required to comply with the disclosure requirements set forth in these rules. The SEC is in the process of establishing procedures to govern the identification of companies whose auditors were not inspected, and is also assessing how to implement other requirements of the HFCA Act, including the listing and trading prohibition requirements described above.

The SEC may propose additional rules or guidance that could impact us if our auditor is not subject to PCAOB inspection. For example, on August 6, 2020, the President' s Working Group on Financial Markets, or the PWG, issued the Report on Protecting United States Investors from Significant Risks from Chinese Companies to the then President of the United States. This report recommended the SEC implement five recommendations to address companies from jurisdictions that do not provide the PCAOB with sufficient access to fulfil its statutory mandate. Some of the concepts of these recommendations were implemented with the enactment of the HFCA Act. However, some of the recommendations were more stringent than the HFCA Act. For example, if a company' s auditors were not subject to PCAOB inspection, the report recommended that the transition period before a company would be delisted would end on January 1, 2022.

The SEC has announced that the SEC staff is preparing a consolidated proposal for the rules regarding the implementation of the HFCA Act and to address the recommendations in the PWG report. It is unclear when the SEC will complete its rulemaking and when such rules will become effective and what, if any, of the PWG recommendations will be adopted. The implications of this possible regulation in addition the requirements of the HFCA Act are uncertain. Such uncertainty could cause the market price of our ADSs to be materially and adversely affected, and our securities could be delisted or prohibited from being traded "over-the-counter" earlier than would be required by the HFCA Act. If our securities are unable to be listed on another securities exchange by then, such a delisting would substantially impair your ability to sell or purchase our ADSs when you wish to do so, and the risk and uncertainty associated with a potential delisting would have a negative impact on the price of our ADSs.

In May 2013, the PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by the PCAOB in the PRC or by the CSRC or the PRC Ministry of Finance in the United States. The PCAOB continues to be in discussions with the CSRC and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with the PCAOB and audit Chinese companies that trade on U.S. exchanges. We are unable to predict if such discussions will resolve any or all of the risks posed by the HFCA Act or the PWG recommendations.

If remedial measures are imposed on the "big four" PRC-based accounting firms, including our independent registered public accounting firm, we might not be able to timely file future financial statements in compliance with the requirements of the Exchange Act. This could result in a suspension of trading or a delisting or deregistration of our ADSs.

Starting in 2011, the Chinese affiliates of the "big four" accounting firms, including our independent registered public accounting firm, were affected by a conflict between the United States and Chinese law. Specifically, for certain United States listed companies operating and audited in China, the SEC and the PCAOB sought to obtain from the Chinese accounting firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law they could not respond directly to the United States regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the PRC-based accounting firms, including our independent registered public accounting firm. In January 2014, an administrative law judge reached an initial decision to impose penalties on the firms including a temporary suspension of their right to practice before the SEC. The accounting firms filed a petition for review of the initial decision. On February 6, 2015, before a review by the Commissioners of the SEC had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm' s performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms. Under the terms of the settlement, the underlying proceeding against the four PRC-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019.

In the event that the SEC brings new administrative proceedings, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding PRC-based, United States listed companies and the market price of the ADSs may be adversely affected.

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If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our consolidated financial statements, our consolidated financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delisting of the ADSs from the NYSE or deregistration with the SEC, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

We may be or become a passive foreign investment company, which could result in adverse U.S. federal income tax consequences to U.S. investors.

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, we would be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Since PFIC status depends on the composition of our income and the composition and value of our assets from time to time, there can be no assurance that we are not currently a PFIC or that we will not be considered a PFIC for the current year until its close, or for any future taxable year. If we are characterized as a PFIC, U.S. investors may suffer adverse tax consequences, including increased U.S. tax liabilities and reporting requirements. For further discussion of the adverse U.S. federal income tax consequences of our possible classification as a PFIC, see Item 10. Additional Information – E. Taxation – U.S. Taxation.

We have in the past sourced a small portion of crude oil from Iran that may be targeted by economic sanctions under relevant U.S. laws, and if such activities are determined by the U.S. governmental authorities as sanctionable activities, we could be sanctioned or otherwise penalized.

The United States has adopted a number of measures since 1996 that provide for the possible imposition of sanctions against non-U.S. companies engaged in certain activities in and with Iran in the energy and other sectors, including, the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRSHRA") enacted August 10, 2012 and the Iran Freedom and Counter-Proliferation Act ("IFCA") enacted January 2, 2013, Section 1245 of the National Defense Authorization Act of 2012 ("NDAA") enacted December 31, 2011, and Executive Order 13846 of August 6, 2018 that was issued in connection with the termination of the participation by the United States in the Joint Comprehensive Plan of Action, or JCPOA, that became effective January 16, 2016, and resulted in the waiver of certain U.S. sanctions against non-U.S. persons engaging in certain transactions with Iran. The withdrawal was effected in two stages that resulted on November 5, 2018, in the complete re-imposition of the U.S. sanctions that were waived under the JCPOA. On November 5, 2018, the United States also granted a 180-day waiver (that is potentially renewable) under Section 1245 of the NDAA to China (and seven other countries) allowing for the purchase of petroleum from Iran under specified conditions. The NDAA waiver does not authorize transactions that remain prohibited under other U.S. sanctions laws. On April 22, 2019, the U.S. Secretary of State announced that the United States would not grant any further waivers under the NDAA. In February 2021, U.S. President announced that the U.S. would not lift economic sanctions on Iran until Iran complies with the terms of the JCPOA.

The sanctionable activities include certain investments, the provision of goods, services, technology, or support that could contribute to the development of petroleum and petrochemical resources or the production of refined petroleum products in Iran, the exportation of refined petroleum products to Iran, the transportation of crude oil from Iran, or the engagement in a significant transaction for the purchase or acquisition of petroleum or petroleum products from Iran, and the engagement in transactions with certain Iranian specially designated nationals and blocked persons ("SDNs") as identified and published by U.S. Department of the Treasury' s Office of Foreign Assets Control, or OFAC, the agency primarily responsible for administering U.S. sanctions and embargoes.

We have sourced a small portion of our crude oil from Iran in the past through Sinopec Corp., our current controlling shareholder, and independent third parties, and Iran may continue to be the ultimate source of a small portion of our crude oil. In addition, Sinopec Corp. and Sinopec Group, the controlling shareholder of Sinopec Corp., have engaged in operations in or purchasing crude oil sourced from Iran and may continue to do so in the future. We have no control over the activities of Sinopec Group or Sinopec Corp. in connection with any activities that they may conduct in Iran.

If our purchases of crude oil from Iran and transactions related thereto are determined to be sanctionable activities by the U.S. President and/or the relevant U.S. governmental authorities, we may be subject to five or more of the twelve sanctions options available under the Iran Sanctions Act of 1996 (as amended) ("ISA") and the ITRSHRA, which include restrictions on bank financing, outright blocking of the Company' s property within any U.S. jurisdiction, under the control of U.S. persons anywhere in the world, and prohibition of U.S. persons from investing or purchasing a significant amount of equity or debt instruments of the Company. Similar sanctions may also be imposed under Executive Order 13846, the IFCA, and other U.S. laws. In addition, many states in the United States have adopted legislation requiring state pension funds to divest themselves of securities in any company with active business operations in Iran. We cannot assure that we or any of our affiliates will not be sanctioned by the U.S. President and/or the relevant U.S. governmental authorities in light of the activities by us or our affiliates in Iran. The imposition of any such sanctions on us or our affiliates will have a negative impact on our business, reputation or stock price. In addition, purchase of crude oil by Sinopec Corp. subsidiaries that supply us with raw materials may from time to time be sourced from National Iranian Oil Company. This entity has been identified by the U.S. government as an SDN and sanctioned under various laws, including for assisting the government of Iran to avoid sanction and for engaging in activities related to nuclear proliferation. Under Executive Order 13846, the U.S. President can sanction non-U.S. companies that engage in transactions with SDNs such as the National Iranian Oil Company. To the extent we indirectly (or directly) purchase raw materials from this entity, we risk potential U.S. government sanctions. Even absent any U.S. government sanctions, we risk adverse publicity in the world markets, which may impair our reputation and business.

Sinopec Group, the controlling shareholder of Sinopec Corp. which is our current controlling shareholder, or its affiliates' current or future activities in certain countries are the subject of economic sanctions under relevant U.S. laws and could result in negative media and investor attention to us and possible imposition of sanctions on Sinopec Group, which could materially and adversely affect our shareholders.

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Sinopec Group undertakes, from time to time and without our involvement, overseas investments and operations in the oil and gas industry, including the exploration and production of oil and gas, refining and Liquefied Natural Gas, or LNG, projects. Sinopec Group' s overseas asset portfolio includes oil and gas development projects in Iran, Sudan and Syria, countries subject to U.S. sanctions and embargoes. We cannot predict the interpretation or implementation of government policy at the U.S. federal, state or local levels with respect to any current or future activities by Sinopec Group or its affiliates in countries or with individuals or entities that are the subject of U.S. sanctions. Similarly, we cannot predict whether U.S. sanctions will be further tightened, or the impact that such actions may have on Sinopec Group. It is possible that the United States could subject Sinopec Group to sanctions due to these activities. Certain U.S. state and local governments and colleges have restrictions on the investment of public funds or endowment funds, respectively, in companies that are members of corporate groups with activities in certain countries that are the subject of U.S. sanctions. These investors may not wish to invest, and may divest their investment, in us because of our relationship with Sinopec Group and its investments and activities in those U.S. government sanctioned countries. It is possible that, as a result of activities by Sinopec Group or its affiliates in countries that are the subject of U.S. sanctions, we may be subject to negative media or investor attention, which may distract management, consume internal resources and affect investors' perception of our company.

Further, the ISA authorizes the imposition of sanctions on companies that engage in certain activities in and with Iran, especially in Iran' s energy sector. It is possible that Sinopec Group or its affiliates engage in activities that are targeted for sanction purposes by the ISA or other U.S. laws. If the U.S. President determines that Sinopec Group or one of its affiliates in fact engaged in the targeted activities, he would be required under the ISA to impose on Sinopec Group or its affiliates at least five sanctions from among twelve sanctions options available under the ISA, which range from restrictions on U.S. exports or bank financing to outright blocking of Sinopec Group or its affiliate' s property within the United States or in the possession or control of U.S. persons anywhere in the world. In addition, the IFCA requires the U.S. President to block the property of persons and entities within U.S. jurisdiction or control of U.S. persons if he determines that, among other things, such persons or entities are engaged in certain transactions involving the energy, shipping or shipbuilding sectors of Iran or with certain SDNs. It also requires the U.S. President to impose five or more sanctions under the ISA on a person that he determines has knowingly, on or after July 1, 2013, sold, supplied or transferred to or from Iran precious metals or certain other materials (including graphite, aluminum, steel, coal and certain software) if used for specified purposes. If the U.S. President determines that Sinopec Group, or an entity it owns or controls engages in any such activities and if the most extreme sanction under the ISA or other U.S. sanctions laws, blocking, were applied to Sinopec Group' s property, including controlled subsidiaries, Sinopec Group could be prohibited from engaging in business activities in the United States or with U.S. individuals or entities, and U.S. transactions in our securities and distributions to U.S. individuals and entities with respect to our securities could also be prohibited.

In addition, pursuant to the IFCA, Executive Order 13846 and other U.S. laws, the U.S. government can sanction financial institutions anywhere in the world that engage in certain Iran-related transactions. Such sanctions include prohibiting the financial institution from opening, or imposing strict conditions on maintaining, a correspondent or payable through account in the United States. The potential for financial institutions to be sanctioned for Iran related activities may impact our ability to engage in financial transactions related to Iran transactions.

General Risk Factors

The trading prices of our ADSs and H Shares have been volatile and may continue to be volatile regardless of our operating performance.

The trading prices of our ADSs and H Shares have been and may continue to be subject to wide fluctuations. The market price for our ADSs may continue to be volatile and subject to wide fluctuations in response to factors including the following:

actual or anticipated fluctuations in our quarterly results of operations;

changes in financial estimates by securities research analysts;

conditions in petroleum and petrochemical markets;

changes in the operating performance or market valuations of other petroleum and petrochemical companies;

announcements by us or our competitors of new products, acquisitions, strategic partnerships, joint ventures or capital commitments;

fluctuations of exchange rates between RMB and the U.S. Dollar; and

general economic or political conditions in China or elsewhere in the world.

In addition, the stock market in general, and the market prices for companies with operations in China in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. The securities of some PRC-based companies that have listed their securities in the United States have experienced significant volatility since their initial public offerings in recent years, including, in some cases, substantial declines in the trading prices of their securities. The trading performances of these companies' securities after their offerings may affect the attitudes of investors towards Chinese companies listed in the United States in general, which consequently may impact the trading performance of our ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or other matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have engaged in any inappropriate activities. In particular, the global financial crisis and the ensuing economic recessions in many countries have contributed and may continue to contribute to extreme volatility in the global stock markets. These broad market and industry fluctuations may adversely affect the market price of our ADSs.

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ITEM 4. INFORMATION ON THE COMPANY.

A. History and Development of the Company

General Information

We were established in the People' s Republic of China as a joint stock limited company under the PRC Company Law on June 29, 1993 as Shanghai Petrochemical Company Limited. On October 12, 2000, we changed our name to Sinopec Shanghai Petrochemical Company Limited. Our registered office is at No. 48 Jinyi Road, Jinshan District, Shanghai, China 200540. Our telephone number there is (86-21) 5794-1941. Our company website is *www.spc.com.cn*. The SEC maintains an Internet site at *www.sec.gov* that contains reports, proxy and information statements, and our other information that file electronically with the SEC.

Our Predecessor

Our predecessor, Complex, was founded in 1972 as one of the first large scale Chinese petrochemical enterprises using advanced imported technology and equipment. Prior to June 29, 1993, the Complex was wholly-owned by Sinopec Group, at the time a ministerial level enterprise (before its restructuring in 1998, "Sinopec"). The Complex' s location was chosen because of accessibility by water and land transportation to Shanghai, a major industrial city of China, and the availability of reclaimable land. The Complex was initially under the administration of the Ministry of Textile Industry and in 1983 was placed under the administration of Sinopec.

Construction Projects

The Complex and we, as its successor, have completed six major stages of construction. The first stage of construction (1972-1976) included reclamation of land and the installation of 18 production units. The second stage of construction (1980-1986) increased the Complex' s capacity for processing crude oil and doubled its capacity for synthetic fiber production. The third stage of construction (1987-1992) primarily consisted of the installation of a 300,000 ton Rated Capacity ethylene unit, an additional crude oil refining unit and other units for the production of petrochemical products. The third stage of construction completed our transition from a synthetic fiber producer to a highly integrated producer of a wide variety of petrochemical products. The fourth stage of construction (2000-2002) mainly included the 700,000 ton Ethylene Expansion Project and Coal-Fired Power Plant Expansion Project. The fifth stage of construction (2003-2009) was mainly designed to optimize our structure and realize sustainable development, and mainly included 3,300,000t/a diesel hydrogenation unit, 1,200,000t/a delayed coking unit and other projects implemented for removing "bottlenecks" in refinery, the building of new 600,000t/a paraxylene hydrocarbon complex unit, 150,000t/a C5 segregation unit, 380,000t/a ethane unit, *etc.*.

The Company commenced the sixth stage of construction in 2010 (the "Phase 6 Project") and completed the project in December 2012. The key component of the Phase 6 Project was the refinery revamping and expansion project. The Phase 6 Project also included the technology development and fine chemicals projects. The purpose of the Phase 6 Project was to improve the Company' s overall industrial structure, core competitiveness and the capability of maintaining sustainable developments. The Phase 6 Project was focused on the objective to achieve intensive utilization of natural resources and the build-up of a complete set of facilities, in accordance with the fundamental industrial model of integrating oil refining and petrochemical production. Through this project, the Company further enhanced its oil refining process and strengthened and expanded the Company' s core businesses while continuing to explore the development of fine chemicals and products with high value added.

Over the past four decades, the Company has built up an infrastructure system to support its production needs. The Company has its own facilities to supply water, electricity, steam and other utilities and to treat waste water, as well as ocean and inland waterway wharfs and railroad and road transportation facilities.

Our Initial Public Offering and Listing

We were established as a subsidiary of Sinopec on June 29, 1993. In preparation for our initial public offering of ordinary shares, all assets and liabilities of the Complex were transferred either to us or to Sinopec Shanghai Jinshan Industrial Company ("JI"), a separate subsidiary of Sinopec. The Complex' s non-core businesses and assets, such as housing, stores, schools, transportation and medical services, were transferred to JI. The Complex' s core business and assets were transferred to us. The Complex then ceased to exist as a legal entity. In 1998, Sinopec was restructured into a limited liability company under the name of China Petrochemical Corporation ("Sinopec Group"). On February 25, 2000, Sinopec Group transferred its interest in us to its subsidiary, Sinopec Corp. In 1997, JI was restructured and its subsidiaries were either transferred to Sinopec or Shanghai Jinshan District. Sinopec Group now provides community services to us that were formerly provided by JI.

Our H Shares commenced listing on the HKSE on July 26, 1993. Our ADSs, each representing 100 H Shares, are listed on the NYSE. Our A Shares are listed on the Shanghai Stock Exchange. We were the first Chinese joint stock limited company to have securities concurrently traded in Hong Kong, the United States and China. On November 8, 1993, our A Shares were included in the Shanghai Stock Exchange Stock Index.

A Share Reform

Pursuant to regulations issued by the CSRC, we were required to obtain shareholder approval for and implement certain share reform. As a result of such share reform, all non-publicly tradable A Shares of the Company would be converted into publicly tradable A Shares and may be sold publicly on the Shanghai Stock Exchange subject to any applicable lock-up period.

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In connection with the share reform, the Distribution Proposal regarding 2013 Interim Distribution of Cash Dividend and the Conversion of Capital Fund and Surplus Reserve into Shares of the Company ("Proposal") was approved at the Company' s 2013 First Extraordinary General Meeting, 2013 First A Shareholders Class Meeting and 2013 First H Shareholders Class Meeting held on October 22, 2013. According to the Proposal, based on the Company' s total share capital of 7,200,000,000 shares as of June 30, 2013, RMB2,421 million of the capital surplus of the Company from its share premium account was used to fund the issue of 3.36 new bonus shares with respect to every 10 issued and outstanding shares, the surplus reserve was used to fund the issue of 1.64 new bonus shares with respect to every 10 issued and outstanding shares, and an interim cash dividend of RMB0.50 (tax included) for every 10 issued and outstanding shares was distributed to all shareholders.

In addition, Sinopec Corp. undertakes under the Proposal that it shall not, within 12 months from the date on which Sinopec Corp. becomes entitled to trade, deal in or transfer its non-publicly tradable shares of the Company in the market (meaning the first trading day after the implementation of the Proposal), trade such shares in the market. Also, after the expiration of the aforesaid 12-month term, the amount of existing non-publicly tradable shares to be disposed of by Sinopec Corp. through trading on the stock exchange shall not represent more than 5% of the total number of our shares held by Sinopec Corp. within the next 12 months, and not more than 10% within the next 24 months.

Immediately upon completion of the conversion of capital surplus and surplus reserve into new shares of the Company, the total number of A Shares of the Company reached, as of December 4, 2013, 7,305,000,000, and the total amount of H Shares of the Company reached 3,495,000,000. Therefore, the Company' s total share capital consists of 10,800,000,000 shares. Sinopec Corp., being the controlling shareholder of the Company, holds 5,460,000,000 A Shares, representing 50.56% of the total share capital of the Company.

The share certificates of new H Shares issued in connection with the share reform were dispatched and the cash dividend was paid to the holders of H Shares on December 4, 2013. The dealings in the new H Shares commenced on December 5, 2013.

Description of Principal Capital Expenditures and Divestitures

For a description of capital expansion projects related to our facilities, see Item 4. Information on the Company – D. Property, Plant and Equipment – Capital Expansion Program.

B. Business Overview

We are one of the largest petrochemical companies in China based on 2020 net sales and ethylene production. Our highly integrated petrochemical complex processes crude oil into a broad range of products in four major product areas:

synthetic fibers,

resins and plastics,

intermediate petrochemicals, and

petroleum products.

Based on 2020 sales volumes, we are a leading Chinese producer of synthetic fibers and resins and plastic products. We believe that we are also a leading competitor in sales of petroleum products and intermediate petrochemicals in our regional markets.

Our net sales by business lines as a percentage of total net sales in each of 2018, 2019 and 2020 are summarized as follows:

Net Sales of RMB95,613.5 million in 2018

Synthetic fibers	2.29 %
Resins and plastics	11.03 %
Intermediate petrochemicals	12.72 %
Petroleum products	45.39 %
Trading of petrochemical products	27.76 %
Others	0.81 %
Total	100.00%

Net Sales of RMB88,055.7 million in 2019

Synthetic fibers	2.45 %
Resins and plastics	11.33 %
Intermediate petrochemicals	11.71 %
Petroleum products	48.98 %
Trading of petrochemical products	24.63 %
Others	0.90 %
Total	100.00%

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Net Sales of RMB61,560.9 million in 2020

Synthetic fibers	2.39 %
Resins and plastics	15.30 %
Intermediate petrochemicals	13.33 %
Petroleum products	48.96 %
Trading of petrochemical products	18.81 %
Others	1.21 %
Total	100.00%

We derive a substantial portion of our revenues from customers in Eastern China (principally Shanghai and its six neighboring provinces), an area that has experienced economic growth above the national average in recent years. Shown by geographic region and exports, our net sales by business lines as a percentage of total net sales for each of 2018, 2019 and 2020 are as follows:

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2018 Net Sales by Region (%)

	Eastern China	Other parts of China	Exports
Synthetic fibers	87.61	12.39	0.00
Resins and plastics	94.13	5.87	0.00
Intermediate petrochemicals	90.25	8.67	1.08
Petroleum products	86.60	0.90	12.50
Trading of petrochemical products	50.67	5.42	43.91
Total net sales	78.63	3.60	17.77

2019 Net Sales by Region (%)

	Eastern China	Other parts of China	Exports
Synthetic fibers	89.32	10.68	0.00
Resins and plastics	83.40	16.60	0.00
Intermediate petrochemicals	93.88	5.42	0.70
Petroleum products	85.40	0.55	14.05
Trading of petrochemical products	48.48	48.26	3.26
Total net sales	78.36	3.36	18.28

2020 Net Sales by Region (%)

	Eastern China	Other parts of China	Exports
Synthetic fibers			
Resins and plastics			
Intermediate petrochemicals			
Petroleum products			
Trading of petrochemical products			
Total net sales			

Business Strategies

Our development objective is to evolve into a "leading domestic and first-class global" energy, chemical and new materials enterprise. The key components of Sinopec Group' s development strategy are to take into account both low cost and differentiation and to focus on both scale and refinement. The Company focuses on: value and market orientation, creativity, talent, emphasizing the environment, low carbon emissions and integrated development, realizing lower costs and large scale of the upstream, and high value-added and refinement of the downstream. The Company will fully engage its advantages of a wide product chain, diversified products and close monitoring of the market to enhance competitiveness. Under the guidance of our development strategy, the Company further integrates the existing three industrial chains of oil refining, olefin and aromatics with the ideas of "One Leader, One Core and One Base", enterprise resource optimization and our development plan in the Shanghai region. The Company also takes advantage of the new development model of integrated refinery and petrochemical capacity with the concept of molecular refining and petrochemicals, and further advances the integration of industry and city as well as regional integration, while selectively developing the downstream petrochemical product chain with cost and logistics advantages as well as market support. On this basis, the Company intends to build an industrial base that features green energy, fine petrochemical, and high-end materials that come with world-scale and first-class competitiveness on the northern shore of Hangzhou Bay, forming an unparalleled industrial complex with a stable profit model.

In 2021, Sinopec Group will continue to adhere to the market-oriented, efficiency-centered strategy, consolidate the foundation of environmental protection, optimize production and operation, improve corporate governance efficiency with a focus on building talent teams, achieve high-quality development of the Company and strive to create better economic benefits.

In 2021, the Company is looking to process a total of 14.20 million tons of crude oil and produce a total of 8.69 million tons of refined oil, 0.75 million tons of ethylene, 0.49 million tons of paraxylene, 0.42 million tons of polyethylene, 0.43 million tons of polypropylene, 0.30 million tons of purified terephthalic acid, 0.25 million tons of ethylene glycol, 0.03 million tons of polyester fiber and 0.10 million tons of acrylic fiber.

To achieve our business objectives in 2021, we intend to pursue the following strategies:

Focus on green and clean energy for consolidating environmental protection

The Company vows to comprehensively promote the establishment of the HSSE management system and establish and improve the PDCA closed-loop management mechanism. Under the key theme of "identifying major risks, eliminating major hidden dangers, and preventing major accidents", the Company seeks to strengthen risk management and control in key areas and key links, and continue to tighten contractor safety management and control. Furthermore, the Company will continue to improving employees' safety awareness and skills and promote the creation of a culture that values safety. The Company will also emphasize implementing a green and clean strategy and strengthen carbon emission management to realize stable and standard- meeting emission of waste gas and wastewater to ensure that VOCs' average concentration at the boundary was less than 100 micrograms/m3 and strengthen carbon emission management. The Company also seeks to make a good effort in the supply of anti-epidemic materials, in dealing with emergencies and the workforce' s stability to ensure the safety and physical and mental health of employees, and to strengthen employee safety education and comprehensively improve employee health management standards.

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Focus on improving quality and efficiency through the continuous optimization of production and operation

The Company vows to optimize its overall planning for operations shutdown and start-up and strengthen the plant' s management and control during the shutdown and start-up phase. The Company shall also improve its technical and economic indicators by improving safety management and its key control and maintenance plans. The Company shall also optimize its systems to further improve the accuracy and reliability of crude oil comparison and selection, production and operation, and product structure optimization. The Company shall also further expand varieties in crude oil procurement and enhance deployment flexibility and reduce crude oil procurement costs. Furthermore, the Company strives to accurately grasp market conditions and adjust marketing strategies and product structures to maximize benefits. The Company shall also emphasize flexibly adjusting the yield of refined oil products and diesel-gasoline ratio, raise the total volume of high-grade gasoline, and develop new channels for exporting gasoline and jet fuel. The Company shall also take advantage of market opportunities and devote efforts in developing new products and specialized materials. The Company shall optimize its public projects and promote the optimization of its storage and transportation logistics system, and optimization its oil refining business. As a significant step forward, the Company is to implement full process safety management while strengthening its process stability and equipment integrity management, and continuously upgrade the automation and intelligence of its equipment. The Company will exert strict control of "Three Smalls" and eliminate "Three Nons". Special competitions on the reliability of production equipment will continue to take place, while the "The Day of Excellence" activities are continuing to mobilize employees to eliminate safety risks in time, avoid accidents, and strengthen the smooth separation of the equipment.

Advance reformations further and raise efficiencies in corporate governance

With a good focus on its strategic planning, the Company seeks to explore its path in organizational reorganization along the business or industrial chain to establish an organizational system which is in line with the management scope. The Company shall also reorganize its organizations and streamline work processes as well as integrate positions, and focus on key tasks in the reform, such as the reformation of "three systems", the reformation of its scientific research regime, and a sound market-oriented operating system. The Company shall continue to promote its process management to improve the efficiency of business collaboration between different departments. The Company shall also strengthen the management of investment enterprises, and incorporate wholly-owned and holding subsidiaries into the Company' s integrated management system. The Company shall also fully carry out benchmarking and upgrading, and strengthen cost target management across the whole staff body, while further tapping potentials and raise efficiency, with strict control on various expenses and expenditures. The Company also works to integrate business and finance, and transformation from accounting finance to management finance. The Company also implements transparent management, optimizes business processes, improves management efficiency and quality, and makes good use of information technology to quickly and effectively convey the Company' s decisions and plans to, and deployment at, the bottom level. The Company is also establishing a back-check mechanism to ensure the all employees are clear about the goals and responsibilities and provided the motivation.

Focus on creativity-driven development so as to realize high-quality corporate development

In accordance with the "3060" national carbon emission requirement ("3060" refers to having carbon dioxide emissions peak by 2030 and achieving carbon neutrality by 2060), the Company' s ultimate goal is to ensure "zero carbon emissions" and guarantee coordination of carbon reduction and transformation and development. The Company promoted the construction of large ton carbon fiber, hundred-ton high performance carbon fiber pilot plant project, 3rd circuit 220 kV power supply line project. We will speed up the construction of hydrogen energy demonstration projects and launch the thermoplastic elastomer project. The Company shall emphasize tackling key core technologies such as carbon fiber, increase investment in research and development, and improve the collaborative innovation mechanism. The Company shall also explore opportunities in differentiated high value-added products, and strive to build a new material industry cluster with the carbon fiber industry as its core and utilize polyester, polyolefin, elastomer, C5 downstream fine chemical new materials as the keys to seek breakthroughs and developments. The Company also vigorously promotes the construction of a data governance system and the application of advanced control and optimization technologies, and deepens the application of intelligent security by promoting the construction of an integrated platform for intelligent marketing and accelerating the advancement of digital transformation.

Focus on team building and cementing solid foundation for development

The Company shall further empower the Company through recruiting talents and improve the recruitment of new graduates. The Company is devising a five-year training program for new college graduates and building a talent team with engineering thinking. The Company shall also clarify its employment orientation and evaluate the officer and talent selection and appointment mechanism. The Company continues to explore channels to select and appoint officers by introducing experienced talent through the selection and appointment of professional managers to nurture more young officers. The Company is also looking to uphold the pioneering spirit of the base-level and the public and improve staff medical services and improve medical protection standards to raise its staff' s happiness index while further enhancing the cohesion of the staff team.

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Principal Products

We produce four principal types of products with different specifications, including synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products. We use many of the important petroleum products and intermediate petrochemicals we produce in producing our own downstream products.

The following table shows a comparison of the production volume and sales volume in 2019 and 2020 by our major products.

	Production				Sales			
Products	**2020 (10,000 tons)**	**2019 (10,000 tons)**	**Year-on-year change**		**2020 (10,000 tons)**	**2019 (10,000 tons)**	**Year-on-year change**	
DieselNote1	398.21	384.50	3.57	%	398.61	384.14	3.77	%
Gasoline	327.30	346.84	-5.63	%	328.18	345.31	-4.96	%
Jet FuelNote1	112.45	187.86	-40.14	%	99.43	135.39	-26.56	%
Paraxylene	66.24	66.68	-0.66	%	45.64	45.55	0.20	%
BenzeneNote2	37.21	37.33	-0.32	%	33.14	32.98	0.49	%
Ethylene Glycol	23.67	28.67	-17.44	%	12.73	18.23	-30.17	%
Ethylene Oxide	31.30	27.55	13.61	%	30.53	26.69	14.39	%
EthyleneNote2	82.52	84.13	-1.91	%	–	0.19	–	
Polyethylene	58.12	53.73	8.17	%	57.85	53.58	7.97	%
Polypropylene	49.29	46.96	4.96	%	45.16	43.36	4.15	%
Polyester PelletNote2	33.99	35.90	-5.32	%	29.33	28.09	4.41	%
Acrylic	11.55	13.69	-15.63	%	11.69	13.70	-14.67	%
Polyester Staple	3.37	3.94	-14.47	%	3.40	3.94	-13.71	%

Notes: 1. Excludes sales volume on a sub-contract basis.

2. The difference between production and sales are internal sales.

The above-mentioned sales volume and sales revenue do not include the trading of our petrochemical products.

The following table shows our 2020 net sales by major products as a percentage of total net sales together with the typical uses of these products.

Product	**% of net sales**	**Typical Use**
SYNTHETIC FIBERS		
Polyester staple fiber	0.22	Textiles and apparel
Acrylic staple fiber	2.03	Cotton type fabrics, wool type fabrics
Others	0.14	
Sub-total	2.39	
RESINS AND PLASTICS		
Polyester chips	2.06	Polyester fibers, films and containers
Polypropylene pellets	5.66	Films, ground sheeting, wire and cable compound and other injection molding products such as housewares and toys
Polypropylene pellets	5.26	Films or sheets, injection molding products such as housewares, toys and household electrical appliances and automobile parts
Polyvinyl alcohol (“PVA”)	0.09	PVA fibers, building coating materials and textile starch
Others	2.23	
Sub-total	15.30	
INTERMEDIATE PETROCHEMICALS		
Ethylene	0.00	Feedstock for polyethylene, ethylene glycol, polyvinyl chloride and other intermediate petrochemicals which can be further processed into resins, plastics and synthetic fiber.
Ethylene oxide	3.02	Intermediate products for the chemical and pharmaceutical industry, including dyes, detergents and adjuvant

Product	**% of net sales**	**Typical Use**
Benzene	1.81	Intermediate petrochemical products, styrene, plastics, explosives, dyes, detergents, epoxies and polyamide fiber
Paraxylene	2.95	Intermediate petrochemicals and polyester
Butadiene	0.89	Synthetic rubber and plastics
Ethylene glycol	0.73	Fine chemicals
Others	3.93	
Sub-total	13.33	
PETROLEUM PRODUCTS		
Gasoline	19.07	Transportation fuels
Diesel	18.41	Transportation fuels and agricultural machinery fuels
Jet Fuel	4.42	Transportation fuels
Others	7.06	
Sub-total	48.96	
Trading of petrochemical products	18.81	Import and export trade of petrochemical products (purchased from domestic and overseas suppliers)
Others	1.21	
Total	100.00	

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The following table provides a detailed description of our major products by industry segment, primary upstream raw materials, transport and storage method, primary downstream application fields and key price-influencing factors:

Product	Industry segment	Primary upstream raw material	Transport/storage method	Primary downstream application fields	Key price-influencing factors
Diesel	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel, agricultural machinery fuel	International crude oil price, government control
Gasoline	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel	International crude oil price, government control
Jet Fuel	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel	International crude oil price, supply- demand balance
Paraxylene	Intermediate petrochemicals	Naphtha	Road transportation/ storage tank	Intermediate petrochemical products and polyester	Raw material price, supply-demand balance
Benzene	Intermediate petrochemicals	Naphtha	Road transportation, shipping, rail transportation/ storage tank	Intermediate petrochemical products, styrene, plastic, explosive, dye, detergent, epoxy resin, chinlon	International crude oil price, market supply-demand condition
Ethylene Glycol	Intermediate petrochemicals	Naphtha	Road transportation/ storage tank	Fine Chemicals engineering	International crude oil price, market supply-demand condition

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Product	Industry segment	Primary upstream raw material	Transport/storage method	Primary downstream application fields	Key price-influencing factors
Ethylene Oxide	Intermediate petrochemicals	Naphtha	Road transportation, pipeline transportation/ storage tank	Chemical and medical industry intermediate products, including dyes, detergents and auxiliary	International crude oil price, market supply-demand condition
Ethylene	Intermediate petrochemicals	Naphtha	Road transportation, pipeline transportation, shipping/storage tank	PE, EG, PVC and other raw material for further processing of intermediate petrochemical products such as resins, plastics and synthetic fibres	International crude oil price, supply- demand balance
Polyethylene	Resins and plastics	Ethylene	Road transportation, shipping and rail transportation/ warehousing	Film, mulching film, cable insulation material and housewares, toys injection moulding products	Raw material price and market supply- demand condition
Polypropylene	Resins and plastics	Propylene	Road transportation, shipping and rail transportation/ warehousing	Film, mulching film, housewares, toys, household appliances and auto parts injection moulding products	Raw material price and market supply- demand condition
Polyester chips	Resins and plastics	PTA, EG	Road transportation, shipping and rail transportation/ warehousing	Polyester fibre or film, container	Raw material price and market supply- demand condition
Acrylics	Synthetic fibres	Acrylonitrile	Road transportation, shipping and rail transportation/ warehousing	Simple spinning or blend with other material for texture or acrylic top	Raw material price and market supply- demand condition
Polyester	Synthetic fibres	Polyester	Road transportation, shipping and rail transportation/warehousing	Texture, apparel	Raw material price and market supply- demand condition

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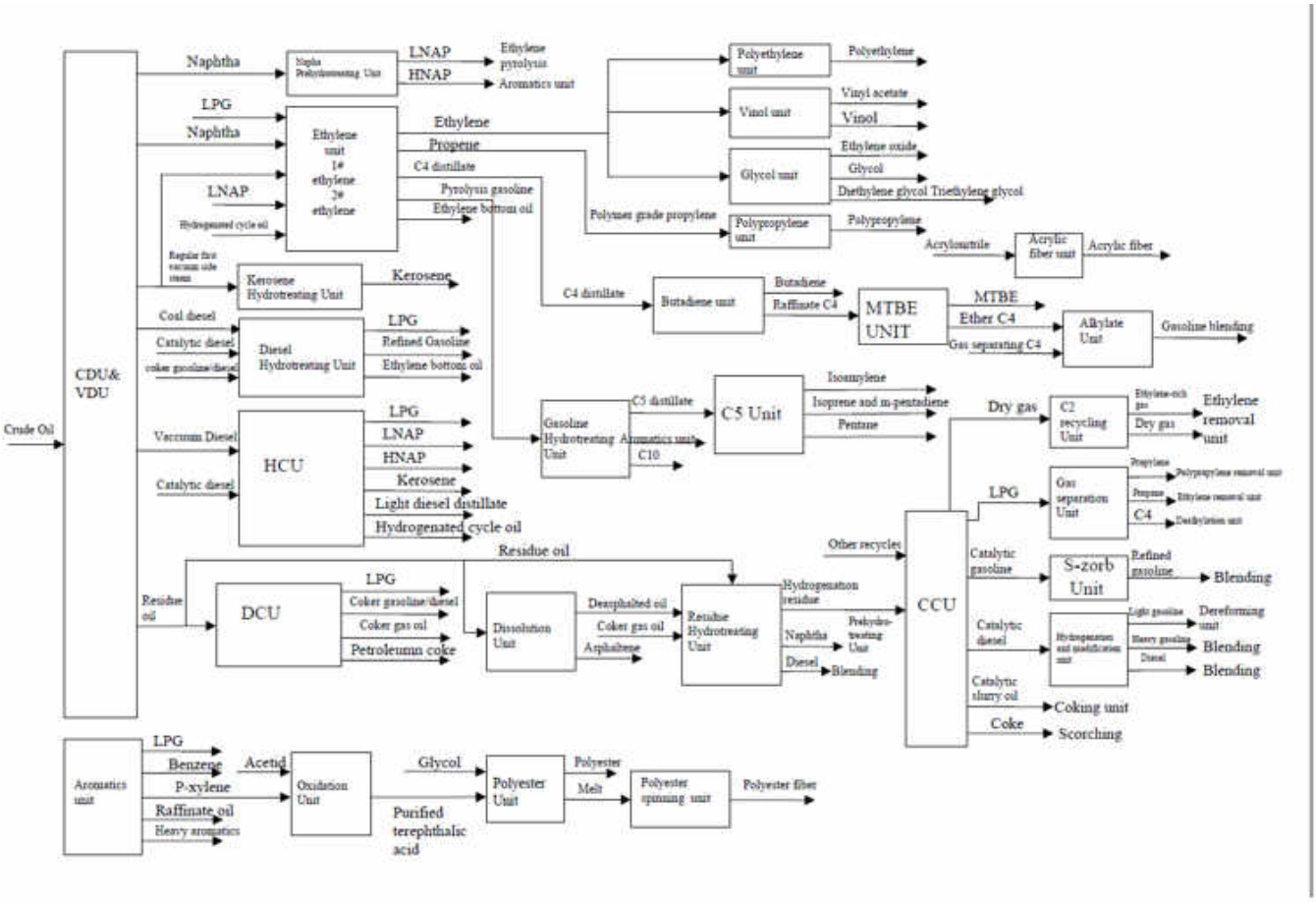
Production Processes

The key component of the vertically integrated production facility of the Company is the ethylene facility producing ethylene and propylene and aromatics facility mainly producing paraxylene and benzene. Ethylene is the main raw material for the production of polyethylene and ethylene glycol, while ethylene glycol and PTA polymerization produces polyester. Propylene is the main raw material for the production of acrylics and polypropylene. The above-mentioned products all use crude oil as raw material and are processed through a series of petrochemical facilities. The chart below illustrates in brief the production processes of the Company.



Intermediate Petrochemicals

Ethylene - Ethylene is either directly processed into polypropylene resins or processed into other intermediate petrochemicals. The most important of these is MEG. MEG is a key ingredient in polyester. It is produced by oxidizing ethylene in the ethylene oxide /ethylene glycol unit. Ethylene is also used to produce vinyl acetate which is processed into PVA.

Propylene - Propylene is either processed directly into polypropylene resins or is further processed into other intermediate petrochemicals such as acrylonitrile, acetonitrile, hydroxyl acetonitrile and sodium cyanide. Acrylonitrile is used in producing acrylics.

Vacuum gas oil - VGO is passed through the hydrocracker, and the resulting heavy naphtha is fed into the aromatics plants to produce paraxylene and benzene. Paraxylene is processed into PTA, one of the principal raw materials in producing polyester.

Resins and Plastics and Synthetic Fibers

We process our intermediate petrochemical products into five kinds of synthetic fiber raw materials: (1) polyester, (2) acrylonitrile, (3) polypropylene, (4) polyethylene, and (5) PVA. Each of these five products has its own production line or lines. We further process polyester and acrylonitrile into various types of synthetic fibers.

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Polyester – MEG and PTA are fed into a polymerization unit which produces polyester chips and polyester melt. Both chips and melt are used as raw materials in the production of polyester staple and filaments. Some chips are also sold to third parties.

Polyester staple fiber is a multi-strand fiber cut into short lengths which can be spun into fabric on its own or blended with cotton, wool or flax to produce textiles. Polyester filaments are a class of more highly processed polyester materials which have been drawn and oriented to produce a long thread-like fiber.

Acrylonitrile – We produce polyacrylonitrile by feeding acrylonitrile into a polymerization unit. By passing the polyacrylonitrile through the fiber unit, acrylic fiber and acrylic staple fiber are produced, including cotton and wool type staple fibers. Wool acrylic staple fiber can be processed into acrylic wool strips.

Polypropylene – We produce polypropylene resins by feeding propylene into a polymerization unit. Our fiber grade polypropylene resin is the main ingredient for polypropylene fiber production.

Polyethylene – We have three sets of units producing polypropylene, two of which produce low-density polyethylene ("LDPE") using the kettle type process, and the other unit produces all density polypropylene products using the Borstar bimodal process.

PVA – PVA granules are produced from vinyl acetate, derived from ethylene.

Raw Materials

In 2020, we continued to strengthen our advantages in refining and chemical integration and leverage the strong adaptability of our refining plants to process more high-sulfur crude oil; we used a Process Industry Modeling System to determine the cost performance of crude oil to further improve the cost control of crude oil purchases; and the total volume of the top ten main types of oil purchased in the whole year of 2020 accounted for 97.74% of the total purchase of crude oil.

To enhance the overall profitability, we optimized our ethylene cracking stocks, adjusted and improved our natural gas and fuel gas structure, optimized our hydrogen system, reduced the emission and increased the efficiency of flare gas, increased the outputs of gasoline and aviation kerosene, and optimized naphtha, residual oil and wax oil processing lines. By reducing the output of paraxylene, we increased our supply of high-octane gasoline blending components to produce more gasoline. By substituting aviation kerosene hydrogenation equipment for diesel hydrogenation equipment and upgrading the 3.3 million tons of diesel hydrogenation equipment, we further optimized the structure of our finished oil products, achieving a diesel to gasoline ratio of 1.22:1 for 2020. We strengthened our tracking of the margin contribution of our units, and continuously carried out daily profitability measurement for each product so as to promptly detect changes in profitability, quickly adjust the load and running schedule of our production units and afford priority to the production of products with high profitability and market demand.

Crude Oil

Crude oil is our primary raw material and the most significant raw material we purchase from outside sources. In 2020, crude oil accounted for approximately 54.86% of our total cost of sales. Accordingly, the supply and price of crude oil are key factors in determining our profitability.

Supply and Transportation – The crude oil required by us is purchased through Sinopec Corp., as an agent, from foreign sources and Shanghai Nanguang Petrochemical Co., Ltd., as an agent, from domestic sources. During 2020, we did not experience any significant problems in obtaining sufficient crude oil to meet our production needs.

Sinopec Group is responsible for preparing an annual plan on demand and supply for crude oil and petroleum products that forms the basis of the Chinese government' s annual "balancing plan" which effectively dictates our planned volume of crude oil processing in each year. Likewise, under the "balancing plan," some of our petroleum products are designated for sale to the subsidiaries of Sinopec Group or other designated customers at market prices and we must consult Sinopec Group to sell elsewhere.

We have received confirmation from Sinopec Corp. that it will purchase on our behalf 14.2 million tons of imported crude oil in 2021. Sinopec Corp. has further confirmed that, subject to China' s national crude oil policy and our actual production needs, it will continue to purchase on our behalf sufficient quantities and appropriate types of crude oil, including domestic offshore and imported crude oil, to satisfy our anticipated annual needs. We anticipate that we will fully utilize our supply of crude oil in 2021. We believe that the mix of crude oil feedstock currently available is satisfactory for our 2021 production capacity and targets. Additionally, as part of China' s commitment at its accession into WTO, certain non-state-owned enterprises have been granted an increasing amount of quota to import crude oil. Although we do not expect to obtain crude oil through this channel in the foreseeable future due to the current crude oil supply system, this may provide us with an alternative source of crude oil supply.

Crude Oil Mix – Our refining equipment is designed to process certain grades of crude oil. Therefore, the origin and quality of the crude oil available can be important to our business. We believe that as we have been significantly increasing usage of imported crude oil, we will continue to be able to obtain from the market such imported crude oil that is compatible with our refining equipment. The overall mix of foreign versus domestic crude oil we process in 2020 will depend on a variety of factors, including the amount of future supply of domestic offshore crude oil and the availability, price, quality, processing profitability and compatibility with our refining capabilities of imported crude oil. Provided there are no significant modifications to the existing channels of crude oil supply, we believe that sufficient supplies of crude oil will be available on the domestic or international markets for our 2020 production capacity and goals.

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In 2020, our crude oil was sourced as follows:

Domestic offshore crude oil	1.08 %
Imported crude oil	98.92 %
Total:	100.00%

We expect that we will continue to rely principally on foreign sources for our crude oil supply. However, we believe that we will be able to maintain our processing efficiency through technological adjustments of our equipment and quality control and that increased use of imported oil will not materially adversely impact our business and results of operations.

Foreign and domestic offshore crude oil is supplied by tanker and pipeline to our oil terminal wharf and oil storage tank. See Item 4.D. Property, Plants and Equipment -Wharfs.

In the past, we have not experienced disruption in our crude oil supply. We have on-site crude oil storage tanks at Chenshan wharf capable of storing approximately 300,000 cubic meters of crude oil, primarily to provide crude oil to our No. 2 atmosphere vacuum distillation facility. This crude oil storage can provide us with approximately a 2-week supply of crude oil. The crude oil for our No. 3 atmosphere vacuum distillation facility is mainly supplied from the Ningbo-Shanghai-Nanjing oil pipeline. Due to our ability to obtain crude oil from multiple sources, we are able to meet our normal requirements for crude oil.

Pricing - The price of domestic crude oil shall apply the market - adjusted rate and the imported crude oil is generally sold to us at prevailing international market prices. The average cost of imported crude oil and domestic offshore crude oil in 2020 was RMB 2,374.65 (U.S.$ 335.15) per ton and RMB 2,573.82 (U.S.$308.67) per ton, respectively. In 2020, we processed 14,483,400 tons of imported crude oil and 188100 tons of domestic offshore crude oil (including 402,400 tons of crude oil processed on a sub-contract basis).

Until March 2001 the Chinese government implemented a unified pricing system for crude oil. Each month, the National Development and Reform Commission ("NDRC") established an indicative price for each grade of domestic onshore crude oil based on comparable international market prices, inclusive of any duties that would have been imposed had the oil been imported. The actual price for domestic onshore oil would be such indicative price plus a surcharge. This surcharge was determined by China National Petroleum Corporation and Sinopec Group to reflect any transportation and other miscellaneous costs that would have been incurred in having the oil delivered to various refineries. Beginning March 2001, NDRC ceased publishing an indicative price. Instead, the indicative price for domestic onshore oil has been calculated and determined directly by China National Petroleum Corporation and Sinopec Group based on the principles and methods formerly applied by NDRC.

On January 13, 2016, NDRC issued the *Circular on Several Issues on Further Improving the Pricing Mechanism of Refined Oil* (Fa Gai Jia Ge [2016] No. 64) to adjust the existing refined oil pricing mechanism, which include, among other things, (i) setting a price floor of U.S.$40 for the downward adjustment of the crude refined oil. When the international crude oil price drops to U.S.$40 per barrel or below, i.e., the adjustment price floor, the refined oil price in China shall no longer be adjusted downwards; and (ii) creating a reserve for risks associated with the adjustment and control of oil prices. When the international crude oil price drops to U.S.$40 per barrel or below, all unadjusted amount shall be allocated to the reserve above mentioned for use for the purpose of energy saving or reduction of emission, improving the oil quality and securing a safe supply of oil.

We purchase crude oil through Sinopec Corp. and its affiliates from the sources selected and in the quantities confirmed by the Company at market prices. On this basis, we believe that changes in crude oil prices should not have a material effect on our competitiveness with other domestic producers. Nevertheless, any increase in the price of crude oil could have an adverse impact on our profitability to the extent that we are unable to pass cost increases on to our customers.

In 2020, the international crude oil market fluctuated violently, with a huge overall decline. Prices fell sharply in the first quarter, bottomed out and rebounded in the second quarter. After entering the third quarter, the average price was relatively stable and rose significantly at the end of the year. The annual average price of West Texas Intermediate (WTI) crude oil was $39.51/barrel, a decrease 30.7% over the previous year; the average price of Brent crude oil was $41.74/barrel, a decrease of 35.1%; and the average price of Dubai crude oil was $42.18/barrel, a decrease of 33.6%.

As of December 31, 2020, Sinopec Group had processed a total of 14.6715 million tons of crude oil (of which 402,400 tons were processed on order), indicating a year-on-year decrease of 3.47%. The cost of crude oil processing for the whole year of 2020 was RMB2,380.02/ton, representing a decrease of RMB950.61/ton or 28.54% from the same period last year. The annual crude oil processing total cost decreased by RMB13.117 billion from the same period last year or 27.86%, accounting for 54.86% of the total cost of sales.

Coal

Most of the coal used for electricity generation is purchased through a unified system of procurement by Sinopec Corp., and the rest is purchased directly by us from mines. Coal is transported by rail from the mines to Qinhuangdao port and shipped by barge to Jinshanwei where it is delivered to the plant via a wharf and conveyer system. Our cost is primarily dependent on coal price and transportation charges. Although coal may be purchased from alternative sources, railroad transportation must be obtained by allocation from the Chinese government on a monthly basis.

We expect that our total requirement for coal to generate electricity in 2021 will be approximately 1.9 million tons. In 2020, we consumed approximately 1.8908 million tons of coal, an increase of 11,300 tons from 2019 of 1.8795 million tons.

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Other Raw Materials

We produce most of the raw materials used as feedstock for our operations. If any of these raw materials, other than ethylene, becomes unavailable from internal production, we believe that there are sufficient alternative sources at reasonable prices and the unavailability of raw materials from internal sources will not have a significant effect on our operations and profitability.

We purchase some ancillary raw materials from outside sources. These raw materials include natural gas, methanol, ammonia, sodium hydroxide, sulfur, acetone, acrylonitrile, PTA, propylene and a variety of catalytic agents. In 2020, the total cost of these materials accounted for approximately 13.74% of our total cost of sales. We do not expect any difficulties in obtaining a supply of any of these ancillary raw materials in amounts sufficient to meet our needs in the foreseeable future.

Sales and Marketing

Distribution

The distribution of our fuel products is subject to government regulations. We are required to sell certain refined products to the subsidiaries of Sinopec Group or customers designated by Sinopec Group. Since the second half of 2005, Sinopec Group has executed reforms to its system of selling petrochemical products and implemented what it refers to as a "Five Consolidations" strategy featuring "consolidated marketing strategy, consolidated promotion, consolidated logistics optimization, consolidated sales and consolidated branding." As a result, the sales of our major petrochemical products are now conducted in a consolidated manner by sales agents designated by Sinopec Group. However, we have the autonomy to decide on the distribution method of our other products in accordance with market conditions. The products we sold in 2020 that were subject to planned distribution by Sinopec Group, sales by agents and sales based on our own discretion accounted for 60.36%, 34.13% and 5.51%, respectively, of the total products we sold.

We generally sell our products to larger trading companies and industrial users with whom we have long-standing relationships, including Sinopec Group or customers designated by Sinopec Group. We believe that the transition to sales of major petrochemical products by agents designated by Sinopec Group will increase our distribution efficiency, reduce horizontal competition and enhance our overall bargaining power, by allowing us to benefit from Sinopec Group' s extensive and highly specialized sales network. It will also allow us to focus more of our resources on reducing production costs and enhancing our technical support.

We use long term contracts to sell most of our products. We did not experience significant write-offs or defaults on our accounts receivable or other trading accounts in 2020. In general we managed to maintain a stable correlation between production and sales in 2020.

Product breakdown

Synthetic Fibers – In 2020, 36.99% of our synthetic fiber products were purchased by provincial and municipal government trading companies that act as intermediaries between us and end-users. No single customer accounted for more than 25% of our sales of synthetic fibers in 2020. List of customers each accounting for more than 10% of the sales in this segment: SDIC International Trade (Beijing) Co., Ltd.: 11.03%; Shaoxing Xiangyu Green Packing Co., Ltd.: 24.89%.

Resins and Plastics – In 2020, approximately 45% of our resins and plastics sales were to provincial and municipal government trading companies and approximately 55% were sold to industrial users. No single customer accounted for more than 5% of our sales of resins and plastics in 2020.

Intermediate Petrochemicals – We sell a variety of intermediate petrochemical products, among which the sale volume of p-xylene, ethylene oxide was relatively high in 2020. SECCO is the principal outside consumer of our petroleum benzene. In 2020, we sold 0.1363 million tons of petroleum benzene to SECCO, representing 41.12% of our total 2020 production of such product. List of customers each accounting for more than 10% of sales in this segment: SECCO: 41.12%; Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd.: 18.15%; Zhejiang Baling Hengyi Caprolactam Co., Ltd.:17.58.

Jiaxing Petrochemical Company Limited, Oriental Petrochemical (Shanghai) Corporation and Zhejiang Dushan Energy Co., Ltd. are the outside consumers of our paraxylene. In 2020, we sold 0.2139 million tons, 0.1139 million and 0.1286 million tons of paraxylene, representing 46.86%, 24.96% and 28.18% of our total 2020 production of such product, to Jiaxing Petrochemical Company Limited, Oriental Petrochemical (Shanghai) Corporation respectively and Zhejiang Dushan Energy Co., Ltd., at prices mutually agreed upon by the relevant parties.

Petroleum Products – In 2020, our primary gasoline and diesel customer was SINOPEC East China Company.

Trading of Petrochemical Products – In 2020, our largest trading customer for petrochemical products was Sinopec Chemical Commercial Holding Company Limited.

Major Suppliers and Customers

Sinopec Group' s top five suppliers in 2020 were China International United Petroleum & Chemical Co., Ltd., Sinochem Oil Co. Ltd., SINOPEC East China Company, Sinopec Chemical Commercial Holding (Hong Kong). Company Limited and Shanghai Gas Co., Ltd.. Total procurement costs involving these five suppliers, which amounted to RMB34,973.0 million, accounted for 59.53% of the total procurement costs of Sinopec Group for the year. The procurement from the largest supplier amounted to RMB26,820.7 million, representing 45.65% of the total costs of purchases by Sinopec Group for the year.

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Sinopec Group' s top five customers in 2020 were SINOPEC East China Company, China International United Petroleum & Chemical Co., Ltd., Sino Refinery Products Sales Co., Ltd., Shanghai Secco and Jiaxing Petrochemical Co., Ltd.. Total sales to these five customers amounted to RMB46,506.8 million, representing 62.96% of Sinopec Group' s total turnover for the year. Sales to Sinopec Group' s largest customer amounted to RMB38,651.4 million, representing 52.32% of Sinopec Group' s total turnover for the year.

To the knowledge of the Board, among the suppliers and customers listed above, Shareholders and Directors of the Company and their close associates have no interest in Sinochem Oil Company Limited, Jiaxing Petrochemical Company Limited and Shanghai Gas Company Limited, which is an associate of the Company; Shanghai Secco is an associate company of the Company; Sinopec Chemicals Sales (Hong Kong) Co., Ltd., Sinopec Refinery Sales Co., Ltd. and SINOPEC East China Company are subsidiaries of Sinopec Corp., a controlling shareholder of the Company.

Product Pricing

Most of our products are permitted to be sold at market prices. However, four types of petroleum products (gasoline, diesel and jet fuel, and liquefied petroleum gas) that we sell are subject to varying degrees of government pricing control and are, accordingly, sold at prices set by the Chinese government, which may sometimes be below our costs. In 2018, 2019 and 2020, approximately 41.62%, 44.81% and 43.64% of our net sales, respectively, were from products subject to price controls. Price controls may apply to these products in various ways. Such price controls are sometimes applied exclusively to our products, exclusively to our competitors' products or sometimes applied to neither our products nor our competitors' products. The Chinese government has adopted changes to the pricing mechanism for domestic refined oil to be indirectly aligned with international crude oil prices in a controlled manner through use of certain formula(s).

For products that are not subject to price controls, we set our prices with reference to prices in the major Chinese chemical commodities markets in Shanghai and other parts of China. We also monitor pricing developments in major international commodities markets, particularly in Southeast Asia. In most cases, we revise product prices each month, or more frequently during periods of price volatility. Due to our economies of scale, brand recognition and high quality of products, we believe that we can continue to price our products competitively.

Competition

We compete principally in the Chinese domestic market where 89.72% of our products in volume were sold in 2020. In addition, we believe the limitation in transportation infrastructure in China and the difficulties involved in transporting petrochemical products force petrochemical companies in China, including us, to compete primarily on a regional basis. In 2020, 87.11% of our net sales were made to customers in Eastern China.

Our Competitive Advantages

We believe our primary competitive advantages are quality of product, pricing, brand recognition, geographic location and vertical integration. We have received many prizes and awards from both central and local government authorities for high product quality. Furthermore, our location on the outskirts of the densely populated and highly industrialized Shanghai area places us in close proximity to many of our customers. This location also gives us convenient access to ocean transport and inland waterways, which results in a competitive advantage in terms of transportation cost and reliability and punctuality of product delivery.

We believe that our vertical integration in business model represents a significant competitive advantage over non-integrated competitors in China, both in terms of reliability in delivery and price. For most downstream products, our vertical integration results in significant savings on transportation and storage costs which would be incurred by less vertically integrated facilities.

The Domestic Competitive Environment

Prior to 1993, because distribution and pricing of our products were determined in accordance with the state plan, we did not operate in a competitive environment. With the liberalization of control over pricing and product allocation by the Chinese government, competition in the domestic market has been gradually increasing. At the same time, Chinese private enterprises have gradually overcome technological and funding barriers to extend their business from the downstream processing sector to the upstream petrochemical field. These enterprises have advantages in many areas such as flexibility in operation costs, preferential policy treatment and regional presence, and may use these advantages to compete with us in markets for our products.

Foreign Competition and the World Trade Organization

China joined the WTO on December 11, 2001. As part of its membership commitments, China agreed to eliminate certain tariff and non-tariff barriers to foreign competition in the domestic petrochemical industry that benefited us in the past. In accordance with its WTO commitments, China:

- has reduced tariffs on imported petrochemicals products that compete with ours;
- increased levels of permitted foreign investment in the domestic petrochemicals industry, allowing foreign investors to own 100% of a domestic petrochemicals company from December 11, 2004;
- has gradually relaxed restrictions on the import of crude oil by non-state owned companies;

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has granted foreign-owned companies the right to import petrochemical products; and

has permitted foreign-owned companies to distribute and market fuel products in both retail and wholesale markets in China.

As a result of these measures, we are facing increasing competition from foreign companies and imports. On the other hand, we think that China' s WTO entry and increasing foreign investments in China have contributed and will continue to contribute to the growth of investment and business in China, resulting in an increase in sales opportunities for us.

Our Competitive Position

In the following discussion, internal consumption of resins and intermediate petrochemicals produced by integrated manufacturers in the production of downstream products are treated as sales.

Synthetic Fibers

In 2020, we had an approximate 0.39% share of total domestic polyester and acrylic consumption while imports had an approximate 0.89% share.

The following table summarizes the competitive position of our principal synthetic fibers according to domestic sales in 2020.

Product	Our share of domestic consumption (%)	Our competitive ranking	Location of principal domestic competitor	Principal domestic competitor' s share of consumption (%)	Imports' share of consumption (%)
Acrylic	20.67	2	Jilin Province	43.85	12.15

Sources: Zhuochuang Information (www.chem99.com).

Resins and Plastics

In 2020, we had an approximate 1.67% share of total domestic resins and plastics consumption while imports had an approximate 28.18% share. The following table summarizes the competitive position of our principal resins and plastics products according to domestic sales in 2020.

Product	Our share of domestic consumption (%)	Our competitive ranking	Location of principal domestic competitor	Principal Domestic competitor' s Share of consumption (%)	Imports' share of consumption (%)
Polyester chips	2.11	4	Jiangsu Province	6.38	2.63
Polyethylene	1.51	22	Guangdong Province	2.24	48.01
Polypropylene	1.66	29	Zhejiang Province	2.46	15.25

Sources: Zhuochuang Information (www.chem99.com).

Intermediate Petrochemicals

In 2020, we were one of the largest sellers of intermediate petrochemicals in China, holding an approximate 1.91% share of total domestic consumption, while imports had an approximate 19.94% share of domestic consumption. Ethylene glycol, paraxylene, benzene and butadiene are our major intermediate petrochemical products. In 2020, we were a major producer of ethylene glycol, paraxylene and benzene in China. The following table summarizes the competitive position of our principal intermediate petrochemicals according to domestic sales in 2020.

Product	Our share of domestic consumption (%)	Our competitive ranking	Location of principal domestic competitor	Principal Domestic competitor' s Share of consumption (%)	Imports' share of consumption (%)
Ethylene glycol	1.23	8	Zhejiang Province	3.31	54.67
Paraxylene	1.98	12	Zhejiang Province	4.33	41.39
Benzene	2.51	4	Zhejiang Province	8.78	14.16
Butadiene	2.79	24	Jiangsu Province	2.79	12.12

Sources: Zhuochuang Information (www.chem99.com).

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Petroleum Products

In 2020, we had an approximate 2.76% share of total domestic petroleum products market while imports had an approximate 7.27% share. Although we have one of the largest refining capabilities in China, we use most of our refining capacity to produce feedstock for our own downstream processing of petrochemical products.

The domestic markets for each of our major petroleum products are geographically concentrated because these markets tend to be highly localized with individual producers controlling a large share of the markets in their locality. In 2020, we sold approximately 91.35% of our petroleum products in Eastern China.

Research and Development, Patents and Licenses, etc.

We have a number of technology development units, including Advanced Materials Innovation Research Institute, the Petrochemical Research Institute, the Plastics Research Institute, and the Environmental Protection Research Institute. These units are charged with various research and development tasks with respect to new technology, new products, new production processes and equipment and environmental protection. Our research and development expenditures in 2018, 2019 and 2020 were RMB37.3 million, RMB93.0 million and RMB110.6 million, respectively. The increase was mainly due to the increase in research and development investment in projects related to carbon fiber.

We are not, in any material aspect, dependent on any patents, licenses, industrial, commercial or financial contracts, or new production processes.

Investments

We established SECCO, a Sino-foreign equity joint venture, in late 2001 with BP Chemicals East China Investments Limited ("BP") and Sinopec Corp., primarily to build and operate a 900,000 ton Rated Capacity ethylene petrochemical manufacturing facility. SECCO completed construction and commenced its manufacturing operations in 2005. In 2009, SECCO had expanded the capacity of certain facilities to 1,090,000 tons of ethylene per annum. We own 20% of the equity interest of SECCO, while BP and Sinopec Corp. own 50% and 30% interests in SECCO, respectively. In October 2017, BP transferred its 50% equity interests in SECCO to a subsidiary of Sinopec Corp., Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. As a result of equity transfer, we, Sinopec Corp. and Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. own 20%, 30% and 50% interests in SECCO, respectively, and SECCO was converted into a PRC domestic company. The registered capital of SECCO is RMB7,800,811,272.00, all of which had been fully contributed by the shareholders in accordance with their equity percentages in SECCO as of October 18, 2017.

In 2020, SECCO achieved a sales revenue of RMB21.63 billion (U.S.$3.31 billion), representing a decrease of 31.02% from its sales revenue of RMB28.34 billion (U.S.$4.07 billion) in 2019. SECCO produced 289,596 tons of ethylene in 2020, representing a decrease of 1,123 tons over the previous year. SECCO had a net profit of RMB2.41 billion (U.S.$369.35 million) in 2020, representing a decrease of RMB0.97 billion (U.S.$ 148.66 million) over the previous year.

Environmental Protection

We are subject to national and local environmental protection regulations, which currently impose a graduated schedule of fees for the discharge of waste substances, require the payment of fines for pollution and provide for the forced closure of any facility that fails to comply with orders requiring it to cease or cure certain environmentally damaging practices. We have established environmental protection systems which consist of pollution control facilities to treat certain of our waste materials and to safeguard against accidents. Because of the nature of our business, however, we store a significant amount of waste substances in the plants and discharge them into the environment after making such waste substances meet the discharge standards. In 2020, the Company paid a total of RMB 15.20 million in environmental taxes, a decrease of 15.75% compared with 2019.

We were subject to various administrative penalties for its violations of the relevant PRC environmental laws and regulations in the past three years. In 2020, we were subject to one administrative penalty for violations of the relevant PRC environmental laws and regulations, with fines of RMB0.4 million.

We believe our environmental protection facilities and systems are adequate for the existing national and local environmental protection regulations. In 2020, we continued to carry out various energy-saving and emissions reduction measures in accordance with the relevant domestic energy conservation and emissions reduction requirements, and achieved all energy-saving and emissions reduction goals set by the Chinese government during the year.

During 2020, the Company' s overall level of energy consumption per RMB10,000 of product value was 0.743 ton of standard coal, decreased by 0.27% from the previous year. As compared with 2019, the total volume of chemical oxygen demand, sulfur dioxide, nitrogen oxides 14.97%, 4.74%, 3.37% and 26.92%, respectively. The volume of annual average cumulative average VOCs concentration at the plant boundary is 99.1 micrograms/m^3, a decrease of 26.92% compared with last year. At the same time, the compliance rate of waste water and waste gas emissions reached 100%, and all hazardous waste was disposed of properly at 100%. The average heat efficiency of heaters was 92.46%, which was basically the same as last year.

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Insurance

We currently participate in a package of insurance coverage plan through Sinopec Group as its controlled subsidiary, which, as of December 31, 2020, was approximately RMB44.93 billion (U.S.$6.89 billion) on our property and facilities and approximately RMB892.88 million (U.S.$136.84 million) on our inventory. In addition, we maintain insurance policies for such assets as engineering construction projects and products in transit with third-party' s commercial insurance company. The Sinopec Group insurance coverage is compulsory and applies to all enterprises controlled by Sinopec Group, pursuant to guidelines of Sinopec Group which may not be legally enforceable against Sinopec Group. Thus, there are uncertainties under Chinese law as to what percentage insurance claims we may demand against Sinopec Group.

We carry a third party liability insurance with a coverage capped at RMB50 million to cover claims, subject to deductibles, in respect of personal injury, property or environmental damage arising from accidents on our property or relating to our operations other than on our transportation vehicles. We have not had a third party liability claim filed against us during the last five years. Since business interruption insurance is not customary in China, we do not carry such insurance.

Cyber Security

We have implemented policies and procedures intended to prevent cyber incidents and to identify and respond to unauthorized intrusions. With respect to our internal internet policies on cybersecurity, we have established an information safety management system and issued internal regulations on cybersecurity, internal hardware and data safety systems and we are gradually implementing measures relating to the office environment information safety management, information system access control, protection from any malicious software, and internal review and audit of information safety risks, in order to prevent loss of information due to cybersecurity incidents, network outages or hardware incidents. In 2020, we did not experience any material cybersecurity incidents or related losses.

Government Regulations

Following the development of several major oil fields and a growth in demand for petroleum and petrochemical products in China in the early 1970s, the Chinese government organized petroleum refining and petrochemical production and processing plants into large complexes that would permit integrated production of petroleum products, intermediate petrochemicals, resins and plastics, and synthetic fibers.

Although the Chinese government is liberalizing its control over the petroleum and petrochemical industries in China, significant government regulations that limit the business strategies available to us remain. Central government agencies and their local or provincial level counterparts do not own or directly control our production plants. However, they exercise significant control over the petrochemical industry in areas such as pricing, production quotas, quality standards, allocation of raw materials and finished products, allocation of foreign exchange and Renminbi loans for capital construction projects. The Chinese government' s intentions with respect to the development objectives and policies for the petrochemical industry are stated as part of the Five Year Plans for National Economic and Social Development formulated every five years. These plans at both the national and Shanghai municipality level have identified the petrochemical industry as a "development industry."

Historically, we were supervised by Sinopec, a ministry-level enterprise under the direct supervision of the State Council, China' s highest administrative body. As a result of a governmental restructuring in 1998, we became subject to the administration of the State Bureau of Petroleum and Chemical Industry. After its functions were terminated in March 2001, we became subject to the administration of the State Economic and Trade Commission. The State Economic and Trade Commission was dissolved in March 2003 and its function in directing the reform and management of state-owned enterprises was assumed by the State-owned Assets Supervision and Administration Commission, its function in industry planning and policy making was assumed by NDRC, and its functions in administering domestic trade, coordinating and implementing import and export plans of critical industrial products and raw materials were assumed by the Ministry of Commerce. Since then, we have been subject to the industrial oversight of these three governmental agencies at the national level.

As part of this restructuring, Sinopec was also restructured in July 1998. The succeeding entity, Sinopec Group, was authorized to conduct petrochemical business and to control the exploration of crude oil and natural gas and crude oil refining, mainly in the southern and eastern regions of China. China Petroleum and Natural Gas Corporation, another major state-owned petrochemical company, was also restructured, renamed China National Petroleum Corporation and authorized to conduct the same type of business, mainly in the northern and western regions of China. On December 31, 1999, Sinopec Group completed a reorganization pursuant to which certain of its core oil and gas and chemical operations and businesses and related assets and liabilities were transferred to its subsidiary, Sinopec Corp., currently our controlling shareholder.

Business Operations Relating to Iran and other U.S. Sanctioned Countries

In 2020, we sourced no crude oil from Iran.

In addition, based on feedback to our inquiries to Sinopec Corp., in 2020, it did not source any of its refinery throughputs of crude oil from Iran. Based on Sinopec Corp.' s internal reports and statistics, Sinopec Corp. recorded no revenue or net profit from its trading activities with Iranian companies.

In addition, based on feedback to our inquiries to Sinopec Group, the controlling shareholder of Sinopec Corp., Sinopec Group engaged in a small amount of business activities in Iran such as providing engineering services and designs. Sales revenue from these business activities accounted for 0.014% of its total unaudited sales revenue, with a minor net loss incurred from these business.

We have no performance obligations under any contract to continue to purchase crude oil sourced from Iran in 2021.

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C. Organizational Structure.

Our Subsidiaries

As of December 31, 2020, our significant subsidiaries are listed below. All of the subsidiaries named below are incorporated in China.

Subsidiary Name	Our ownership interest (%)	Our voting power (%)
Shanghai Petrochemical Investment Development Company Limited	100.00	100.00
China Jinshan Associated Trading Corporation	67.33	67.33
Shanghai Jinchang Engineering Plastics Company Limited	74.25	71.43
Shanghai Golden Phillips Petrochemical Company Limited	100.00	100.00
Shanghai Jinshan Trading Corporation	67.33	67.33
Zhejiang Jinlian Petrochemical Storage and Transportation Company Limited	100.00	100.00

Sinopec Corp.

We are a member of a group (defined as a parent and all its subsidiaries) for purposes of the disclosure rules of the SEC. The parent company of this group is Sinopec Corp., our controlling shareholder. Sinopec Corp. is operated by separate management and from time to time uses its interest as a shareholder to direct our policies and management.

Sinopec Corp. is the largest integrated petroleum and petrochemical company in China and one of the largest in Asia in terms of operating revenues. Sinopec Corp. is one of the largest refiners, distributors and marketers of gasoline, diesel, jet fuel and most other major refined products in China and Asia with principal markets in the eastern and southern regions of China. Sinopec Corp. is also a producer and distributor of petrochemicals in China and additionally explores, develops and produces crude oil and natural gas principally to supply its refining and chemical operations.

Subsidiaries

Details of Sinopec Corp.' s principal subsidiaries are given in the table below. Except for Sinopec Kantons Holdings Limited and Sinopec Overseas Investment Holding Limited, which are incorporated in Bermuda and Hong Kong respectively, all of the below principal subsidiaries are incorporated in China.

Name of Company	Particulars of issued capital	Type of legal entity	Percentage of equity held by Sinopec Corp. and its subsidiary	Principal activities
	(millions)		(%)	
Sinopec International Petroleum Exploration and Production Company Limited	RMB8,250	Limited company	100.00	Investment in exploration, development, production, sales of petroleum and natural gas and other areas
Sinopec Great Wall Energy and Chemical Company Limited	RMB22,761	Limited company	100.00	Coal chemical industry investment management, production and sale of coal chemical products
Sinopec Yangzi Petrochemical Company Limited	RMB15,651	Limited company	100.00	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Yizheng Chemical Fiber Limited Liability Company	RMB4,000	Limited company	100.00	Production and sale of polyester chips and polyester fibers
Sinopec Lubricant Company Limited	RMB3,374	Limited company	100.00	Production and sale of lubricant products, lubricant base oil, and petrochemical materials
Sinopec Qingdao Petrochemical Company Limited	RMB1,595	Limited company	100.00	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Chemical Sales Company Limited	RMB1,000	Limited company	100.00	Marketing and distribution of petrochemical products
China International United Petroleum & Chemical Company Limited	RMB5,000	Limited company	100.00	Trading of crude oil and petrochemical products
Sinopec Overseas Investment Holding Limited	U.S.$1,662	Limited company	100.00	Investment of overseas business and equity interests management
Sinopec Catalyst Company Limited	RMB1,500	Limited company	100.00	Production and sale of catalyst products
China Petrochemical International Company Limited	RMB1,400	Limited company	100.00	Trading of petrochemical products
Sinopec Beihai Refining and Chemical Limited Liability Company	RMB5,294	Limited company	98.98	Import and processing of crude oil, production, storage and sales of petroleum and petrochemical products
Sinopec Qingdao Refining and Chemical Company Limited	RMB5,000	Limited company	85.00	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Hainan Refining & Chemical Company Limited	RMB9,606	Limited company	75.00	Manufacturing of intermediate petrochemical products and petroleum products

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Sinopec Marketing Co.	RMB28,403	Limited company	70.42	Marketing and distribution of refined petroleum products
Shanghai SECCO Petrochemical Company Limited	RMB7,801	Limited company	67.60	Manufacturing and sales of petrochemical products
Sinopec-SK (Wuhan) Petrochemical Company Ltd.	RMB7,193	Limited company	59.00	Production, sale, research and development of petroleum products, petrochemical products, ethylene and downstream derivatives
Sinopec Kantons Holdings Limited	HK$248	Limited company	60.33	Provision of crude oil jetty services and natural gas pipeline transmission services
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	RMB10,000	Limited company	55.00	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Shanghai Petrochemical Company Limited	RMB10,824	Limited company	50.44	Manufacturing of synthetic fibers, Resin and plastics, intermediate petrochemical products and petroleum products
Fujian Petrochemical Company Limited	RMB10,492	Limited company	50.00	Manufacturing of plastics, intermediate petrochemical products and petroleum products
Zhongke (Guangdong) Refining & Chemical Co., Ltd.	RMB6,397	Limited company	90.3	Crude oil processing and petroleum products manufacturing
Sinopec Baling Petrochemical Co., Ltd.	RMB3,000	Limited company	55	Crude oil processing and petroleum products manufacturing

D. Property, Plant and Equipment.

Real Property

Our corporate headquarters and production facilities, occupying an area of approximately 7.03 square kilometers, are located in Jinshanwei, approximately 75 kilometers from downtown Shanghai. The total gross floor area of all our production and other facilities is approximately 2 million square meters. We own all of the buildings and facilities located at the site. We have the right to use the land upon which our buildings and facilities are located for a term of 50 years beginning in 1993 without the payment of any rent or usage fees other than land use taxes. We also have the right to transfer our land use rights to third parties without any payment to the Chinese government, so long as the use of the land remains the same as when the land use right was granted to us and the terms of the land use right we received will be applicable to any transferees.

Plants and Facilities

The following tables set forth the Rated Capacities of our principal production units. The actual production capacity of a production unit can exceed the Rated Capacity and may be further increased without increasing the Rated Capacity through technical improvements or expansion of such unit. The utilization rate of a production unit is based upon the Rated Capacity rather than actual production capacity and may vary with technical enhancements, changes in production management and scheduling of maintenance.

The following table sets forth the Rated Capacities and weighted average utilization rates of our principal production units for petroleum products and intermediate petrochemicals in 2020:

Production Unit (number of units)	Rated Capacity (tons)	Utilization Rate (%)
Crude oil distillation units (2)	14,000,000	95.44
Hydrocracker (2)	3,000,000	86.81
Ethylene unit	700,000	107.54
*Aromatics units (2)	835,000	102.06
PTA unit	400,000	79.93
Ethylene oxide / ethylene glycol units (2)	525,000	86.51
Cracking and catalyzing	3,500,000	95.85
Delayed coking (2)	2,200,000	87.5
Diesel oil hydrogenation units (2)	3,850,000	97.55
**Acrylonitrile unit	650,000	94.19
C5 segregation units (2)	205,000	134.8

* The No. 1 paraxylene unit (235,000 tons/year) ceased operating during the whole year.

** No. 2 Diesel hydrogenation facility (1,200,000 tons/year) was revamped into acrylonitrile facility by the end of 2016. Annual production is 650,000 tons/year.

Our two crude oil distillation units were designed and built in China. In 2020, the actual quantity of crude oil we processed was approximately 14.6715 million tons. Our hydrocracker uses technology from United Oil Products Corporation of the United States. Our second ethylene unit uses technology from ABB Lummus Global Inc. of the United States. The aromatics unit uses technology from Universal Oil Products Corporation of the United States. The PTA unit uses technology from Mitsui Petrochemical Corporation of Japan. The ethylene oxide / ethylene glycol unit was constructed using technology from Scientific Design Corporation of the United States.

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The following table sets forth the Rated Capacities and weighted average utilization rates of our principal production units for resins and plastics and synthetic fibers in 2020:

Production Unit (number of units)	Rated Capacity (tons)	Utilization Rate (%)
*Polyester units (3)	550,000	88.37
**Polyester staple units (2)	158,000	88.38
Polyester filament unit	21,000	82.48
Acrylic staple fiber units (3)	141,000	111.38
Polypropylene units (3)	408,000	96.34
Polypropylene units (3)	400,000	97.78
Vinyl acetate unit	86,000	98.27

* No. 3 polyester fibre facility (100,000 tons/year) was discontinued on 1 September 2013.
** No. 1 Polyester staple fibre facility (4,000 tons/year) was suspended for the whole year.

Our polyester units use technology from Kanebo Corporation of Japan and E.I. Dupont DeNemours & Co. Inc. of the United States. The polyester staple units use technology from Teijin of Japan and Jima of Germany as well as Chinese technology. The polyester filament units use technology from Murata Manufacturing Company Limited and Teijin Corporation of Japan, Barmag AG of Germany and E.I. Dupont DeNemours & Co. Inc. We produce polyethylene in three units; two LDPE units which use technology from Mitsubishi Petrochemical Corporation of Japan and BASF LDPE of Germany; and one high-density polypropylene unit uses the Borstar bimodal polyethylene technology from Northern European Chemical Engineering Company.

The acrylic fiber units were built domestically, based on a design of equipment which had been imported into China in the 1960s and that we substantially improved. In 1996, we acquired two additional acrylic fiber units which use technology from the Kawasaki Corporation of Japan. We produce polypropylene in three identical units using technology from Himont Corporation of Italy. The PVA unit uses technology acquired from Kuraray Corporation of Japan.

Power Facilities

Our electricity requirements are currently supplied by our own 425 megawatt coal-fired power plant and petroleum coke power plant. These power plants are designed to provide sufficient power supply needed by our facilities. We are connected to the Eastern China electricity grid, which provides a back-up source of power in case of a shortfall in our self-generated power supply.

Other Facilities

We also have facilities to produce industrial water, steam, hydrogen, oxygen and nitrogen which we use in our production facilities.

Maintenance

We engage in production stoppages for facility maintenance and repairs and implement our routine monthly maintenance and repair plans according to the needs of our production facilities, our requirements for product quality, and our commitment to security and environmental protection. The technicians in our facility management department have responsibility for the daily management of maintenance and repair work. We also outsource facility maintenance and repair projects to qualified contractors.

In 2020, Sinopec Group focused on building up and implementing stable production as its top priority in production management, and implemented and consolidated its foundation in production operation while cementing safety management. The Company seeks to implement the HSSE management system and put into practice process safety management, and further enhance its ensure equipment integrity assurance regime. We did not encounter serious accidents involving production safety, environmental pollution or occupational poisoning in 2020. Among the 58 major indicators that measure technical and economic capacity, 44 exceeded those of the previous year with a year-over-year growth rate of 75.86%.

Transportation-Related Fixtures

Crude oil, our principal raw material, is transported by pipeline and oil tanker to a crude oil terminal wharf and storage tanks. Our products leave the factory by water, rail, road and pipeline. In 2020, approximately 89.98% of our products by sales volume were collected by customers from our premises, and we delivered the balance. Our major ethylene customer is supplied via a pipeline. Some of the products collected by customers were also transported using our facilities.

Wharfs

We own one chemical wharf at Jinshan with five berths of 3,000, 5,000, 10,000, 10,000 and 30,000 tons. We also own a connecting pipeline capable of loading up to approximately 4.6 million tons of chemical products annually onto ocean-going barges and ships. In 2020, products representing 26.87% of total sales volume were shipped from the wharf. We also have a facility to load ships and barges which use the region' s inland waterways. In 2020, products representing 2.26% of total sales volume were shipped from these facilities. We believe that we have a competitive advantage because a greater proportion of our products are shipped by water as opposed to rail and truck, which is subject to capacity constraints on China' s rail and highway networks. Additionally, we own facilities for receiving crude oil and coal at docks that we own and transporting such materials by pipeline or conveyor to our production facilities.

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Rail

We own a railroad loading depot with an annual capacity of 500,000 tons. The depot provides access via a spur line to the national Chinese railway system. In 2020, products representing 0.17% of total sales volume were transported from the factory by rail.

Capital Expansion Program

We have planned or started a number of other principal capital expansion projects. In 2018, 2019 and 2020, we invested RMB1.0 billion, RMB1.8 billion and RMB2.1 billion, respectively, in capital expansion projects. We expect that total investment in the projects described below will be approximately RMB3.3 billion in 2021.

Increasing Quality of Oil Products

In 2016, we launched No. 2 Diesel Hydrogenation Unit Reconstruction and Diesel Quality Upgrading Project so as to further improve the quality of oil products and perfect oil product structure. In 2017, we launched an oil cleaning project with 400,000 tons/year clean gasoline components units, which was completed and put into operation in 2020.

Expansion of New and Existing Downstream Petrochemical Products

As a large-scale integrated petrochemical enterprise, we produce a wide range of intermediate and downstream petrochemical products. In order to adapt to the changes in the world' s energy market and the development trends in the oil and chemical products market in China, we will seek to further integrate the existing refining, olefin and aromatic processing chains, and further develop our chemical business.

To take advantage of our specialty in producing acrylics fiber and to improve our industrial structure and upgrade certain products, we plan to construct a carbon fiber project with a capacity of 1,500 tons/year. Sinopec Corp. approved the basic design for this project in December 2010; pile foundation construction was commenced in December 2010; civil engineering was commenced in February 2011 and one series of facilities under phase I were launched for trial operation in 2012. Subject to the market conditions, we commenced the construction of Phase II of the Project in April 2019, and completed the mid-term delivery of it in March 2021. We commenced raw silks (24,000 ton/year) and 48K large-tow carbon fiber (12,000 ton/year) project in November 2020, and planned to complete Phase I mid-term delivery of them in June 2022.

Upgrading Environmental Protection Facilities Projects

To enhance our capacity for sustainable development and response to the government requirements of environmental protection, we intend to increase our capital expenditures on a series of environmental projects, mainly including 400,000 tons/year clean gasoline components units, transformation project for "ultra clean discharge" work in cogeneration unit, transformation of No. 2 olefin cracking burner, and Thermoelectric Department' s renovation project involving furnaces Nos. 3 and 4 meeting emission standards. All the projects were completed in 2020.

ITEM 4A. UNRESOLVED STAFF COMMENTS.

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS.

General

You should read the following discussion and analysis in conjunction with our audited financial statements and our selected financial data, in each case, together with the accompanying notes included elsewhere in this annual report. Our audited financial statements have been prepared in accordance with IFRS, as issued by the International Accounting Standards Board.

Critical Accounting Policies

The following discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements. The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during 2020. Our financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of our financial statements. We based our assumptions and estimates on historical experience and on various other assumptions that we believe to be reasonable and which form the basis for making judgments about matters that are not readily apparent from other sources. On an on-going basis, our management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

Our principal accounting policies are set forth in Note 2 to our consolidated financial statements and the changes in accounting policies are set forth in Note 3. The selection of critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing our financial statements. We believe the following critical accounting policies involve the most significant judgments and estimates used in the preparation of our financial statements.

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Net realizable value ("NRV") of inventories

The NRV is determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and the related taxes. Determination of estimated selling prices requires significant management judgement, taking into consideration of historical selling prices and future market trend. 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 the estimate.

Impairments for non-financial assets

In determining the value in use, expected cash flows generated by the non-financial assets or the cash-generating unit are discounted to their present value. We use all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

Useful life and residual value of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. We review the estimated useful lives of the assets annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on our historical experience with similar assets, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates. There were no significant changes in these estimates during the years ended December 31, 2018, 2019 and 2020.

A. Results of Operations

Government Policies

The impact of government economic, fiscal, and monetary policies can materially affect our financial condition, results of operations, and cash flows (see Item 3. Key Information–D. Risk Factors).

In particular, we consume large amounts of crude oil to manufacture our products of which more than 95% is typically imported. We attempt to mitigate the effect of increased costs due to rising crude oil prices. However, our ability to pass on these increased costs to our customers is dependent on government regulations, among other factors. Given that the increase of the sales prices of our products can lag behind the increase of crude oil costs, we sometimes fail to completely cover the increased costs by increasing our sales prices, particularly where government regulations restrict the prices of certain of our fuel products such as gasoline, diesel and jet fuel, and liquefied petroleum gas. In 2018, 2019 and 2020, approximately 41.62%, 44.81% and 43.64% of our net sales were from such products subject to price controls. Although the current price-setting mechanism for refined petroleum products in China allows the Chinese government to adjust price in the PRC market when the average international crude oil price fluctuates beyond certain levels within a certain time period (see Item 4. Information on the Company – B. Business Overview – Product Pricing), the Chinese government still retains discretion as to whether or when to adjust the prices of the refined oil products. The Chinese government generally exercises certain price control over refined oil products once international crude oil prices experience a sustained rise or become significantly volatile. Moreover, the Chinese government controls the distribution of many fuel products in China. For instance, some of our fuel products are required to be sold to designated distributors (such as the subsidiaries of Sinopec Corp.). Because we cannot freely sell our fuel products to take advantage of opportunities for higher prices, we may not be able to fully cover increases in crude oil prices by increases in the sale prices of our products, which has had and will continue to have a material adverse effect on our financial condition, results of operations and cash flows.

In addition, the exchange rates between the Renminbi and the U.S. Dollar or other foreign currencies are affected by Chinese government policies. In particular, the value of the Renminbi is only permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. The Chinese government continues to receive significant international pressure to liberalize its currency policy. Most of our revenue is denominated in Renminbi, and most of our purchase of crude oil and some equipment and repayment of certain borrowings are made in foreign currencies. Historically, the trend for appreciation of the Renminbi was helpful to us since our imported crude oil purchases constitute such a large portion of our total costs. However, the recent depreciation of the Renminbi increased our costs and affected our capacity of making profits. In addition, any depreciation of the Renminbi could adversely affect the value of the dividends of our H Shares and ADSs, which we pay in foreign currencies. Further appreciation in the value of Renminbi against foreign currencies (including the U.S. Dollar) may cause a decrease in the value of our cash and cash equivalents that are denominated in foreign currencies.

Summary

In 2020, the global economy was severely impacted while facing the most severe economic crisis since the Great Depression in the 1930s under the global COVID-19 pandemic situation. Major developed economies experienced negative growth without exception, while emerging markets and developing economies have also in general experienced negative Gross Domestic Product (GDP) growth. Facing a complicated domestic and global situation, especially under the difficulties caused by the COVID-19 pandemic, China adhered closely to the principle of seeking progress while maintaining stability and coordinated epidemic prevention and control together with economic and social development to guarantee the restoration of economic stability. Throughout 2020, GDP saw a growth of 2.3%, a decrease of 3.8% year-on-year, yet China was the only global major economy that managed to achieve positive economic growth in the year. China' s petrochemical industry faced enormous challenges especially in the first quarter. Price of major chemical products saw a severe drop as both production and sales were in historic decline. Under the constraints of both resources and environment, the petrochemical industry was in a short downward spiral. However, with the gradual resumption of work and production in the second quarter, the petrochemical industry saw a gradual rebound.

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In 2020, the Company actively responded to the complex and severe domestic and international economic and industry situations. At the same time with pandemic prevention, Sinopec Group focused its attention on main contradictions, system optimization, and pandemic prevention to transform potential crises into opportunities and to achieve a level of operation results with the joint efforts of all staff.

The following table sets forth our sales volumes and net sales for the years indicated:

	Year ended December 31,								
	2018			2019			2020		
	Sales Volume ('000 tons)	Net Sales (RMB million)	% of Total Net Sales	Sales Volume ('000 tons)	Net Sales (RMB million)	% of Total Net Sales	Sales Volume ('000 tons)	Net Sales (RMB million)	% of Total Net Sales
Synthetic fibers	156.0	2,182.4	2.3	177.9	2,158.9	2.5	151.4	1,472.4	2.4
Resins and plastics	1,208.6	10,542.1	11.0	1,292.4	9,979.9	11.3	1,365.4	9,419.7	15.3
Intermediate petrochemicals	2,134.4	12,160.6	12.7	2,193.7	10,313.6	11.7	2,168.0	8,205.8	13.3
Petroleum products	9,917.3	43,403.0	45.4	10,294.6	43,125.9	49.0	10,347.7	30,139.6	49.0
Trading of petrochemical products	–	26,544.0	27.8	–	21,690.7	24.6	–	11,577.3	18.8
Others	–	781.4	0.8	–	786.7	0.9	–	746.1	1.2
Total	13,416.3	95,613.5	100.0	13,958.6	88,055.7	100.0	14,032.5	61,560.9	100.0

The following table sets forth a summary statement of our consolidated statements of operations for the years indicated:

	Year ended December 31,					
	2018		2019		2020	
	RMB million	% of Net sales	RMB million	% of Net sales	RMB million	% of Net sales
Synthetic fibers						
Net sales	2,182.4	2.3	2,158.9	2.5	1,472.4	2.4
Operating expenses	(2,755.9)	(2.9)	(2,699.2)	(3.1)	(1,836.6)	(3.0)
Segment loss	(573.5)	(0.6)	(540.3)	(0.6)	(364.2)	(0.6)

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	Year ended December 31,					
	2018	2019		2020		
	RMB million	RMB million	% of Net sales	RMB million	% of Net sales	
Resins and plastics						
Net sales	10,542.1	9,979.9	11.0	11.3	9,419.7	15.3
Operating expenses	(9,641.7)	(9,578.5)	(10.1)	(10.9)	(8,157.6)	(13.3)
Segment profit	900.4	401.4	0.9	0.4	1,262.1	2.0
Intermediate petrochemicals						
Net sales	12,160.6	10,313.6	12.7	11.7	8,205.8	13.3
Operating expenses	(10,225.7)	(9,899.6)	(10.7)	(11.2)	(7,624.2)	(12.4)
Segment profit	1,934.9	414.0	2.0	0.5	581.6	0.9
Petroleum products						
Net sales	43,403.0	43,125.9	45.4	49.0	30,139.6	49.0
Operating expenses	(40,493.0)	(42,420.4)	(42.4)	(48.2)	(32,338.3)	(52.5)
Segment profit/(loss)	2,910.0	705.5	3.0	0.8	(2,198.7)	(3.5)
Trading of petrochemical products						
Net sales	26,544.0	21,690.7	27.8	24.6	11,577.3	18.8
Operating expenses	(26,439.1)	(21,637.5)	(27.7)	(24.5)	(11,535.3)	(18.7)
Segment profit	104.9	53.2	0.1	0.1	42.0	0.1
Others						
Net sales	781.4	786.7	0.8	0.9	746.1	1.2
Operating expenses	(473.0)	(500.0)	(0.5)	(0.6)	(535.1)	(0.9)
Segment profit	308.4	286.7	0.3	0.3	211.0	0.3
Total						
Net sales	95,613.5	88,055.7	100.0	100.0	61,560.9	100.0
Operating expenses	(90,028.4)	(86,735.2)	(94.2)	(98.5)	(62,027.1)	(100.8)
Profit/(loss) from operations	5,585.1	1,320.5	5.8	1.5	(466.2)	(0.8)
Net finance income	337.4	363.0	0.4	0.4	332.3	0.5
Investment income	–	–	–	–	–	–
Share of profit of associates and jointly controlled entities	885.6	972.6	0.9	1.1	724.7	1.2
Profit before income tax	6,808.1	2,656.1	7.1	3.0	590.8	0.9
Income tax	(1,471.9)	(429.0)	(1.5)	(0.5)	65.6	0.1
Net profit	5,336.2	2,227.1	5.6	2.5	656.4	1.0
Attributable to:						
Equity shareholders of the Company	5,336.3	2,215.7	5.6	2.5	645.1	1.0
Non-controlling interests	(0.1)	11.4	0.0	0.0	11.3	0.0
Net profit	5,336.2	2,227.1	5.6	2.5	656.4	1.0

Net sales represent sales revenue of the respective segments after sales taxes and surcharges. Operating expenses here represent cost of sales, selling and administrative expenses and other operating expenses /income, as allocated to respective segments. This definition is only applicable for the financial review.

Year ended December 31, 2020 compared with year ended December 31, 2019

Net sales

In 2020, our net sales amounted to RMB 61,560.9 million, representing a decrease of 30.09% as compared to RMB88,055.7 million in 2019. The decrease was primarily due to the decrease in weighted average sales price of our petroleum and petrochemical products, among which, the weighted average prices (exclude tax) of our synthetic fibers, resins and plastics, intermediate petrochemical products and petroleum products decreased by 19.84%, 10.65%, 19.49% and 30.48%, respectively, over the previous year. The total volume of our products was 14,032.5 million tons in 2020, representing an increase of 0.53% over the previous year. Our production/sales ratio was 100.11%, and the trade receivables recovery rate was 100%. Our total amount of sales from export was RMB7.7 billion, a decrease of 58.16% compared with 2019.

(i) Synthetic fibers

In 2020, our net sales for synthetic fibers amounted to RMB1,472.4 million, representing a decrease of 31.80% compared to RMB2,158.9 million in 2019. The decrease was mainly due to the downturn in the downstream market this year. The general decline in the sales price of synthetic fiber products led to the sales decline during the reporting period. Sales volume of synthetic fibers increased by 14.91% compared with the previous year, while the weighted average sales price decreased by 19.84%. Meanwhile, the weighted average sales price of acrylic fiber, the main product of our synthetic fibers, decreased by 19.33%, and the weighted average sales price of polyester fiber decreased by 24.72% over the previous year. Net sales of acrylic fiber, polyester fiber and other products accounted for 84.84%, 9.15% and 6.01% of the total sales of synthetic fibers, respectively.

Net sales of synthetic fiber products accounted for 2.4% of total net sales in 2020, representing a decrease of 0.1% as compared to the previous year.

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(ii) Resins and plastics

Net sales of resins and plastics amounted to RMB 9,419.7 million in 2020, representing a decrease of 5.61% as compared to

RMB9,979.9 million in 2019. The decrease in net sales was mainly due to the decline in the sales price of resins products this year. The general decline in the sales price of resins and plastics products led to the sales decline during the reporting period. The weighted average sales price of resins and plastics decreased by 10.65%, while the sales volume of resins and plastics products increased by 5.65% as compared to the previous year. Meanwhile, the weighted average sales price of polyethylene and polypropylene decreased by 3.55% and 7.37%, and the weighted polyester chips decreased by 30.77%, respectively. Sales of polyethylene, polypropylene, polyester chips and other products accounted for 34.38%, 36.95%, 13.43% and 15.24% of the total sales of resins and plastics, respectively.

Net sales of resins and plastics accounted for 15.3% of total net sales in 2020, representing an increase of 4.0% as compared to the previous year.

(iii) Intermediate petrochemicals

Net sales of intermediate petrochemical products amounted to RMB8,205.8 million in 2020, representing a decrease of 20.44% as compared to RMB10,313.6 million in 2019. The decline in raw material costs this year has driven down the unit price of intermediate petrochemical products. The weighted average sales price of intermediate petrochemical products decreased by 19.49% compared to the previous year, and its sales volume decreased by 1.17% compared to the previous year. The sales of p-xylene, ethylene oxide, pure benzene, ethylene glycol and other products accounted for 22.12%, 22.65%, 13.59%, 5.51% and 36.13% of the total sales of intermediate petrochemical products respectively.

Net sales of intermediate petrochemicals accounted for 13.3% of total net sales in 2020, representing an increase of 1.6% as compared to the previous year.

(iv) Petroleum products

Net sales of petroleum products amounted to RMB30,139.6 million in 2020, representing a decrease of 30.11% as compared to RMB43,125.9 million in 2019, which was mainly due to the impact of international crude oil price shocks. The weighted average sales price of major products decreased by 30.48%, and sales volume increased by 0.52% as compared to the previous year.

Net sales of petroleum products accounted for 49.0% of total net sales in 2020, with no change compared with the previous year.

(v) Trading of petrochemical products

Net sales from trading of petroleum products amounted to RMB11,577.3 million in 2020, representing a decrease of 46.63% as compared to RMB21,690.7 million in 2019. Mainly due to the decrease in customer purchase demand of the subsidiary China Jinshan Associated Trading Corporation and Shanghai Jinshan Trading Corporation, the sales of this year decreased by RMB3,804 million and RMB6,247 million respectively.

Net sales from trading of petrochemical products accounted for 18.8% of total net sales in 2020, representing a decrease of 5.8% as compared to the previous year.

(vi) Others

Net sales of other products amounted to RMB746.1 million in 2020, representing a decrease of 5.16% as compared to RMB 786.7 million in the previous year.

Net sales of other products accounted for 1.2% of our total net sales in 2020, representing an increase of 0.3% as compared to the previous year.

Cost of sales and operating expenses

Our cost of sales and operating expenses are comprised of cost of sales, selling and administrative expenses, other operating income and other operating expenses.

Our cost of sales and operating expenses amounted to RMB 62,027.1 million in 2020, representing a decrease of 28.49% as compared to RMB 86,735.2 million in 2019. Our cost of sales and operating expenses of synthetic fibers, resins and plastics, intermediate petrochemicals, petroleum products, trading of petrochemical products and others were RMB 1,836.6 million, RMB 8,157.6 million, RMB 7,624.2 million, RMB 32,338.3 million, RMB 11,535.3 million and RMB 535.1 million, respectively, a decrease of 31.96%, a decrease of 14.83%, a decrease of 22.98%, a decrease of 23.77%, a decrease of 46.69% and an increase of 7.02% respectively.

Compared to the previous year, the cost of sales and operating expenses of the petrochemical products decreased this year, which was mainly due to the sharp decrease in crude oil prices and thus the decrease in corresponding costs.

Cost of sales

Our cost of sales amounted to RMB 61,664.8 million in 2020, representing a decrease of 28.56 % as compared to RMB 86,314.1 million in 2019.

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Cost of sales accounted for 100.17 % of net sales for 2020.

Selling and administrative expenses

Our selling and administrative expenses amounted to RMB 486.3 million in 2020, representing a decrease of 11.57 % as compared to RMB 549.9 million in the previous year, which was mainly due to the decrease in revenue and the increase in sales ratio in East China, resulting in a decrease in handling and miscellaneous handling fees of RMB19.8 million and a decrease in agency fees of RMB21.0 million.

Other operating income

Our other operating income amounted to RMB 148.7 million in 2020, representing a decrease of 1.33 % as compared to RMB 150.7 million in the previous year. This was mainly due to the decrease of RMB2.6 million in subsidies of R&D projects, leading to a reduction in other operating income.

Other operating expenses

Our other operating expenses were RMB 24.7 million in 2020, representing an increase of 12.79% as compared to RMB 21.9 million in the previous year. This was primarily due to an increase in other operating expenses as a result of the payment of RMB6.1 million for the purchases of rights of carbon emission during the year.

Other gains/(losses)-net

Our other gains amounted to RMB115.4 million in 2020, representing a decrease of RMB38.5 million as compared to other gains of RMB153.9 million in the previous year. The decrease in other gains was primarily due to the decrease of net gains on disposal of property, plant and equipment.

Profits from operations

Our profit from operations amounted to RMB466.2 million in 2020, representing a decrease of RMB4,264.5 million as compared to RMB1,786.7 million in the previous year. The sharp decrease was mainly due to the decrease in the price of crude oil, which led to a drop in sales prices.

(i) Synthetic fibers

Loss from operations related to synthetic fibers amounted to RMB364.2 million in 2020, representing a decrease of RMB176.1 million in the amount of loss as compared to a loss of RMB540.3 million in the previous year. The overall poor performance of the textile industry, the downstream market of synthetic fibers segment, together with the impact of the external trade situation resulted in weak market demand and an increase in losses in the synthetic fibers sector during 2020.

(ii) Resins and plastics

Profit from operations related to resins and plastics amounted to RMB1,262.1 million in 2020, representing an increase of RMB860.7 million from the operating profit of RMB401.4 million in the previous year. The rise in gross profit in the year was mainly due to a rise in plastics product downstream demand which in turn contributed to a rise in sales volume.

(iii) Intermediate petrochemicals

Profit from operations related to intermediate petrochemical products amounted to RMB581.6 million in 2020, representing an increase of RMB167.6 million as compared to RMB414.0 million in the previous year. The rise in gross profit of petrochemical products as compared with the previous period was mainly due to a fall in international crude oil price, which contribute to a significant cost fall.

(iv) Petroleum products

Loss from operations related to petroleum products amounted to RMB 2,198.7 million in 2020, representing a decrease of RMB 2,904.2 million as compared to the operating profit of RMB705.5 million in the previous year. The fall in operating profit in the year was mainly due to a fall in international crude oil price, which contributed to a significant fall in sales price. This in turn further led to the losses in the petroleum products sector.

(v) Trading of petrochemical products

Profit from trading of petrochemical products amounted to RMB 42.0 million in 2020, representing a decrease of RMB 11.2 million as compared to RMB 53.2 million in the previous year. The decrease was mainly due to the decrease of RMB10,113.4 million in net sales of the trading of petrochemical products and the decrease of RMB10,102.2 million in the cost and expenses of trading, which resulted in a year-on-year decrease in profits.

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(vi) Others

Profit from other operations amounted to RMB 211.0 million in 2020, representing a decrease of RMB 75.7 million as compared to RMB 286.7 million in the previous year, which was mainly due to a decrease of RMB84.3 million in processing trade.

Net finance income

Our net finance income was RMB 332.3 million in 2020, representing an decrease of RMB 30.7 million as compared to RMB 363.0 million in the previous year, mainly due to an increase in the average balance of loans and the issuance of RMB3.0 billion of short-term bonds during 2020, as a result our interest expenses had increased by RMB42.3 million from RMB59.4 million in 2019 to RMB101.7 million in 2020. The increase in our deposits during the Reporting Period resulted in an increase in interest income of RMB33.0 million from RMB398.2 million in 2019 to RMB431.2 million in 2020.

Profit before income tax

Our profit before taxation was RMB 590.8 million in 2020, representing a decrease of RMB 2,065.3 million as compared to the profit before taxation of RMB 2,656.1 million in the previous year.

Income tax

Our income tax credit amounted to RMB 65.6 million in 2020, representing a decrease of RMB 494.6 million as compared to the income tax expense RMB 429.0 million in the previous year. The decrease was primarily due to the decrease in our profit before income tax. In accordance with the PRC Enterprise Income Tax Law (amended) which took effect from January 1, 2008, the income tax rate of the Company in 2020 was 25% (2019:25%).

However, the effective rate for income tax was -11.10% in 2020, as compared to 16.15% in 2019.

Net profit

Our net profit was RMB656.4 million in 2020, representing a decrease of RMB1,570.7 million as compared to RMB2,227.1 million in 2019.

Year ended December 31, 2019 compared with year ended December 31, 2018

Net sales

In 2019, our net sales amounted to RMB 88,055.7 million, representing a decrease of 7.90% as compared to RMB95,613.5 million in 2018. The decrease was primarily due to the decrease in weighted average sales price of our petroleum and petrochemical products, among which, the weighted average prices (exclude tax) of our synthetic fibers, resins and plastics, intermediate petrochemical products and petroleum products decreased by 13.24%, 11.48%, 17.48% and 4.28%, respectively, over the previous year. The total volume of our products was 13,958.6 million tons in 2019, representing an increase of 4.40% over the previous year. Our production/sales ratio was 100.02%, and the trade receivables recovery rate was 100%.

Our total amount of sales from export was RMB18.3 billion, a decrease of 4.19% compared with 2018.

(i) Synthetic fibers

In 2019, our net sales for synthetic fibers amounted to RMB 2,158.9 million, representing a decrease of 1.08% compared to RMB2,182.4 million in 2018. The decrease was mainly due to the downturn in the downstream market this year. The general decline in the sales price of synthetic fiber products led to the sales decline during the reporting period. Sales volume of synthetic fibers increased by 14.02% compared with the previous year, while the weighted average sales price decreased by 13.24%. Meanwhile, the weighted average sales price of acrylic fiber, the main product of our synthetic fibers, decreased by 14.44%, and the weighted average sales price of polyester fiber decreased by 14.13% over the previous year. Net sales of acrylic fiber, polyester fiber and other products accounted for 84.83%, 9.03% and 6.14% of the total sales of synthetic fibers, respectively.

Net sales of synthetic fiber products accounted for 2.5% of total net sales in 2019, representing a decrease of 0.2% as compared to the previous year.

(ii) Resins and plastics

Net sales of resins and plastics amounted to RMB 9,979.9 million in 2019, representing a decrease of 5.33% as compared to RMB10,542.1 million in 2018. The decrease in net sales was mainly attributable to the downturn in the downstream market this year. The general decline in the sales price of resins and plastics products led to the sales decline during the reporting period. The weighted average sales price of resins and plastics decreased by 11.48%, while the sales volume of resins and plastics products increased by 6.94% as compared to the previous year. Meanwhile, the weighted average sales price of polyethylene and polypropylene decreased by 17.94% and 4.08%, and the weighted polyester chips decreased by 15.91%, respectively. Sales of polyethylene, polypropylene, polyester chips and other products accounted for 31.92%, 36.21%, 17.55% and 14.32% of the total sales of resins and plastics, respectively.

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Net sales of resins and plastics accounted for 11.3% of total net sales in 2019, representing a decrease of 0.3% as compared to the previous year.

(iii) Intermediate petrochemicals

Net sales of intermediate petrochemical products amounted to RMB10,313.6 million in 2019, representing a decrease of 15.19% as compared to RMB12,160.6 million in 2018. The decline in raw material costs this year has driven down the unit price of intermediate petrochemical products. The weighted average sales price of intermediate petrochemical products decreased by 17.48% compared to the previous year, and its sales volume increased by 2.78% compared to the previous year. The sales of p-xylene, ethylene oxide, pure benzene, ethylene glycol and other products accounted for 27.26%, 16.97%, 13.72%, 7.40% and 34.67% of the total sales of intermediate petrochemical products respectively.

Net sales of intermediate petrochemicals accounted for 11.7% of total net sales in 2019, representing a decrease of 1.01% as compared to the previous year.

(iv) Petroleum products

Net sales of petroleum products amounted to RMB43,125.9 million in 2019, representing a decrease of 0.64% as compared to RMB43,403.0 million in 2018, representing a slight change. The weighted average sales price of major products decreased by 4.28%, and sales volume increased by 3.80% as compared to the previous year.

Net sales of petroleum products accounted for 49.0% of total net sales in 2019, representing an increase of 3.6% as compared to the previous year.

(v) Trading of petrochemical products

Net sales from trading of petroleum products amounted to RMB21,690.7 million in 2019, representing a decrease of 18.28% as compared to RMB26,544.0 million in 2018. Mainly due to the decrease in customer purchase demand of the subsidiary China Jinshan Associated Trading Corporation, the sales of this year decreased by RMB4,513 million.

Net sales from trading of petrochemical products accounted for 24.6% of total net sales in 2019, representing a decrease of 3.2% as compared to the previous year.

(vi) Others

Net sales of other products amounted to RMB786.7 million in 2019, representing an increase of 0.68% as compared to RMB781.4 million in the previous year.

Net sales of other products accounted for 0.9% of our total net sales in 2019, representing an increase of 0.1% as compared to the previous year.

Cost of sales and operating expenses

Our cost of sales and operating expenses are comprised of cost of sales, selling and administrative expenses, other operating income and other operating expenses.

Our cost of sales and operating expenses amounted to RMB86,735.2 million in 2019, representing a decrease of 3.66% as compared to

RMB90,028.4 million in 2018. Our cost of sales and operating expenses of synthetic fibers, resins and plastics, intermediate petrochemicals, petroleum products, trading of petrochemical products and others were RMB2,699.2 million, RMB9,578.5 million, RMB9,899.6 million, RMB42,420.4 million, RMB21,637.5 million and RMB500 million, respectively. Meanwhile, cost of sales and operating expenses of synthetic fibers and petroleum products increased by 4.48% and 4.76% compared to the previous year, respectively. while cost of sales and operating expenses of resins and plastics, intermediate petrochemical products, petrochemical products and other products decreased by 0.66%, 3.19%, 18.16% and 22.54% compared to the previous year.

Compared to the previous year, the cost of sales and operating expenses of the petrochemical products decreased this year, which was mainly due to the decrease in sales of the subsidiary China Jinshan Associated Trading Corporation and thus the decrease in corresponding costs.

Cost of sales

Our cost of sales amounted to RMB86,468.0 million in 2019, representing a decrease of 3.75% as compared to RMB89,839.0 million in 2018. Cost of sales accounted for 98.02% of net sales for 2019.

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Selling and administrative expenses

Our selling and administrative expenses amounted to RMB549.9 million in 2019, representing a slight increase of 2.57% as compared to RMB536.1 million in the previous year, which was mainly due to the increase in transportation fee by RMB13.5 million.

Other operating income

Our other operating income amounted to RMB150.7 million in 2019, representing a decrease of 25.62% as compared to RMB202.6 million in the previous year. This was mainly due to the decrease of RMB22.1 million in tax refunds and RMB12.9 million in subsidies of R&D projects, leading to a reduction in the revenue of other businesses.

Other operating expenses

Our other operating expenses were RMB21.9 million in 2019, representing a decrease of 32.62% as compared to RMB32.5 million in the previous year. This was mainly due to the decrease of RMB10.9 million in compromise and costs this year, leading to a reduction in expenses of other businesses.

Other gains/(losses)-net

Our other gains amounted to RMB153.9 million in 2019, representing a decrease of RMB22.8 million as compared to other gains of RMB176.7 million in the previous year. The decrease in other gains was primarily due to the decrease of net gains on disposal of property, plant and equipment of RMB14.0 million in 2019.

Profits from operations

Our profit from operations amounted to RMB1,320.6 million in 2019, representing a decrease of RMB4,264.5 million as compared to RMB5,585.1 million in the previous year. The sharp decrease was mainly due to impacts of the increase in crude oil prices and the production cycle in 2019. Affected by the overall economic environment and the demands of downstream manufacturers, the price of the our products fell sharply, while our raw material purchase prices and processing costs fell less, resulting in a significant reduction in profits.

(i) Synthetic fibers

Loss from operations related to synthetic fibers amounted to RMB540.3 million in 2019, representing a decrease of RMB33.2 million in the amount of loss as compared to a loss of RMB573.5 million in the previous year. The overall poor performance of the textile industry, the downstream market of synthetic fibers segment, together with the impact of the external trade situation resulted in weak market demand and an increase in losses in the synthetic fibers sector during 2019.

(ii) Resins and plastics

Profit from operations related to resins and plastics amounted to RMB401.4 million in 2019, representing a decrease of RMB499.0 million as compared to RMB900.4 million in the previous year. The decrease was mainly due to the increase in the cost of raw materials and the market downturn, which led to a significant decline in sales prices. For the period, cost of sales and expenses decreased by 0.66%, unit cost of sales increased by 6.94%, and net sales decreased by 5.33%.

(iii) Intermediate petrochemicals

Profit from operations related to intermediate petrochemical products amounted to RMB413.9 million in 2019, representing a decrease of RMB1,521.0 million as compared to RMB1,934.9 million in the previous year. The decrease in gross profit of chemical products was due to the increase in the cost of crude oil, which made the average unit cost of intermediate petrochemical products rise more, and the sales affected by the needs of downstream manufacturers and the overall economic environment, hence the gross profit dropped significantly.

(iv) Petroleum products

Profit from operations related to petroleum products amounted to RMB705.5 million in 2019, representing a decrease of RMB2,204.5 million as compared to RMB2,910.0 million in the previous year. The decrease was mainly attributable to the weighted average sales price of major products decreasing by 4.28%, and sales volume increasing by 3.80% as compared to the previous year.

(v) Trading of petrochemical products

Profit from trading of petrochemical products amounted to RMB53.2 million in 2019, representing a decrease of RMB51.7 million as compared to RMB104.9 million in the previous year. The increase was mainly attributable to the decrease of RMB4,853.3 million in net sales of the trading business, and the cost of sales and expenses for the same period was decreased by RMB4,801.6 million, leading to a lower profit as compared to the previous year.

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(vi) Others

Profit from other operations amounted to RMB286.8 million in 2019, representing a decrease of RMB21.6 million as compared to RMB308.4 million in the previous year, which was mainly due to the decrease in the amount of government subsidies issued this year and the increase in the amount of asset disposal income.

Net finance income

Our net finance income was RMB363.0 million in 2019, representing an increase of RMB25.6 million as compared to RMB337.4 million in the previous year. The increase was mainly due to reduction in interest expenses incurred on short-term borrowings during the reporting period, which led to a decrease of RMB52.4 million in interest expenses from RMB106.2 million in 2018 to RMB53.8 million in 2019.

Profit before income tax

Our profit before taxation was RMB2,656.1 million in 2019, representing a decrease of RMB4,152.0 million as compared to the profit before taxation of RMB6,808.1 million in the previous year.

Income tax

Our income tax expenses amounted to RMB429.0 million in 2019, representing a decrease of RMB1,042.9 million as compared to RMB1,471.9 million in the previous year. The decrease was primarily due to the decrease in our profit before income tax. In accordance with the PRC Enterprise Income Tax Law (amended) which took effect from January 1, 2008, the income tax rate of the Company in 2019 was 25% (2018:25%). However, the effective rate for income tax was 16.15% in 2019, as compared to 21.62% in 2018.

Net profit

Our net profit was RMB2,227.1 million in 2019, representing a decrease of RMB3,109.1 million as compared to RMB5,336.2 million in 2018.

B. Liquidity and Capital Resources.

We strive to always have sufficient liquidity to meet our liabilities when due, preparing for both normal and stressed conditions, without incurring unacceptable losses or risking damage to our reputation.

Our primary sources of funding have been cash provided by our operating activities and short term and long term borrowings. Our primary uses of cash have been for cost of sales, other operating expenses and capital expenditures. We prepare monthly cash flow budgets to ensure that we will always have sufficient liquidity to meet our financial obligations as they become due. We arrange and negotiate financing with financial institutions and maintain a certain level of standby credit facilities to reduce liquidity risk. We believe that our current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet our working capital requirements and repay our short term borrowings and obligations when they become due. In addition, we will continue to optimize our fund raising strategy from short and long term perspectives to take advantage of low interest rates by issuing corporate bonds or debts with low financing costs.

The following table sets forth a condensed summary of our consolidated statement of cash flows for the years ended December 31, 2018, 2019 and 2020.

	Year Ended December 31,		
	2018	2019	2020
	(RMB million)		
Net cash generated from operating activities	6,659.4	5,057.8	1,679.9
Net cash used in investing activities	(1,928.4)	(4,623.2)	(3,997.5)
Net cash (used in)/generated from financing activities	(3,507.2)	(1,737.4)	1,681.8
Net increase/(decrease) in cash and cash equivalents	1,223.9	(1,302.8)	(525.9)

Net cash generated from operating activities

The net cash generated from operating activities amounted to RMB1,679.9 million in 2020, representing a decrease in cash inflows of RMB3,377.9 million as compared to the net cash inflows of RMB5,057.8 million in 2019. During the reporting period, with profitability in operating, the Company' s cash inflows generated from operating activities in 2020 amounted to RMB1,995.1 million, a decrease of RMB3,660.6 million from the cash inflows generated from operating activities of RMB5,655.7 million. The income tax payable in 2020 amounted to RMB243.9 million, a decrease of RMB290.6 million from the income tax payable of RMB534.5 million in the previous year.

The net cash generated from operating activities amounted to RMB5,057.8 million in 2019, representing a decrease in cash inflows of RMB1,601.6 million as compared to the net cash inflows of RMB6,659.4 million in 2018.During the reporting period, with profitability in operating, the Company' s cash inflows generated from operating activities in 2019 amounted to RMB5,655.7 million, a decrease of RMB2,845.8 million from the cash inflows generated from operating activities of RMB8,501.5 million. The income tax payable in 2019 amounted to RMB534.5 million, a decrease of RMB1,271.9 million from the income tax payable of RMB1,806.4 million in the previous year.

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Net cash used in investing activities

Our net cash used in investing activities decreased from RMB4,623.2 million in 2019 to RMB3,997.5 million in 2020. This was primarily due to the increase in the amount of structured deposits and time deposits.

Our net cash used in investing activities increased from RMB1,928.4 million in 2018 to RMB4,623.2 million in 2019. This was primarily due to the increase in the amount of structured deposits and fixed deposits.

Net cash used in financing activities

Our net cash used in financing activities was RMB1,737.4 million in 2019, net cash inflow generated from financing activities RMB1,681.8 million in 2020. The increase was primarily because we issued 169-day short-term bonds of face value RMB3.0 billion.

Our net cash used in financing activities decreased from was RMB3,507.2 million in 2018 to RMB1,737.4 million in 2019. The decrease was primarily due to (i) an increase in borrowings to third parties of RMB1,050.0 million, and (ii) a decrease in payment of dividends to shareholders of RMB541.0 million.

Borrowings and banking facilities

Due to the Company' s net profit position and the reduced capital expenditure, the Company managed to maintain the balance of cash and cash equivalents at a prudent level in 2020. Our total borrowings at the end of 2020 amounted to RMB1,548.0 million, representing an increase of RMB0.4 million as compared to RMB1,547.6 million at the end of the previous year. See Item 11 Quantitative and Qualitative Disclosures about Market Risk – Interest Rate Risk for more information on the maturity and the interest rate of the borrowings. We have generally been able to arrange short term loans with several PRC financial institutions as and when needed. The debt obligations as of December 31, 2019 and 2020 were as follows.

	Year Ended December 31,	
Debt instruments	**2019**	**2020**
	(RMB million)	
Short term bank loans (1)	1,547.6	1,548.0
Long term bank loans	–	–
	1,547.6	1,548.0

(1) As of December 31, 2020, no borrowings were secured by the way of property, plant and equipment. We obtained a credit rating of AAA for financing loans, assessed by Shanghai Huajie Credit Rating & Investors Service Co., Ltd., a credit rating agency authorized by the Shanghai Branch of the People' s Bank of China. As of December 31, 2020, the current assets exceeded current liabilities by RMB2.07 billion. The liquidity of the Company is primarily dependent on the ability to maintain adequate cash inflow from operations, the renewal of its short-term bank loans and on its ability to obtain adequate external financing to support its working capital and meet its debt obligation when they become due. As of December 31, 2020, we had standby credit facilities of RMB32.5 billion, within which the maturity dates of unused facility amounting to RMB14.2 billion will be after December 31, 2021. We assessed that all the facilities could be renewed upon their expiration dates. We have carried out a detailed review of the cash flow forecast for the 12 months ending December 31, 2021. Based on such forecast, we believe that we will be able to renew these facilities when they expire based on our well-established relationships with various lenders and adequate sources of liquidity exist to fund our working capital and capital expenditure requirements.

Our ability to renew our short term borrowings and obtain additional external financing in the future and the cost of such financing are subject to a variety of uncertainties, including:

the cost of financing and the condition of financial markets;

our future operating performance, financial condition and cash flows; and

potential changes in monetary policy of the Chinese government with respect to bank interest rates and lending practices.

If we fail to rollover, extend or refinance our short term borrowings as necessary in a timely manner, we may be unable to meet our obligations in connection with debt servicing, trade and bills payable and/or other liabilities when they become due. See also Item 3. Key Information – D. Risk Factors–Our development and operation plans have significant capital expenditure and financing requirements, which are subject to a number of risks and uncertainties.

In light of our good credit standing and various financing channels, we believe that we will not experience any difficulty in obtaining sufficient financing for our operations.

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

Gearing ratio

As of December 31, 2020, our gearing ratio was 34.25%, while as of December 31, 2019, our gearing ratio was 34.07%. The ratio is calculated using this formula: total liabilities divided by total assets.

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Capital expenditure

In 2020, our capital expenditure amounted to RMB2,107.0 million, representing an increase of 15.77% as compared to RMB1,820.0 million in capital expenditure in 2019. Major projects include the following:

Major Project	Total amount of project investment RMB million	Amount of project Investment in 2020 RMB million	Project progress as of December 31, 2020
Equity acquisition of Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd.	3.40	3.40	Capital contribution fully completed
Sinopec Shanghai raw silks (24,000 ton/year) and 48K large-tow carbon fiber (12,000 ton/year) project	34.90	2.80	Under construction
Oil cleaning project 400,000 tons/year clean gasoline components units	7.82	2.60	Put into operation
Second stage of PAN (Polyacrylonitrile) based carbon fiber project with annual production of 1,500 tons	8.48	0.57	Under construction
Security risk rectification project of the central control room of the olefin section	1.00	0.50	Under construction
Jinyang spinning process optimization project	0.54	0.39	Under construction
Equity Investment in Pinghu China Aviation Oil Port Co., Ltd.	0.28	0.28	Capital contribution fully completed

Our capital expenditure for 2021 is estimated at approximately RMB3.3 billion.

Proposed Dividend Distribution

A dividend for the year ended December 31, 2020 of RMB0.1 per share (including tax), based on 10,823,813,500 shares outstanding, amounted to a total dividend of RMB1,082,38,350, was proposed by the Board of Directors on 24 March, 2021. The proposal remains to be approved at our 2020 Annual General Meeting.

C. Research and Development, Patents and Licenses, etc.

We have a number of technology development units, including the Petrochemical Research Institute, the Plastics Research Institute, the Polyester Fiber Research Institute, the Acrylic Fiber Research Institute and the Environmental Protection Research Institute. These units are charged with various research and development tasks with respect to new technology, new products, new production processes and equipment and environmental protection. Our research and development expenditures in 2018, 2019 and 2020 were RMB37.3 million, RMB93.0 million and RMB110.6 million, respectively. The increase was mainly due to the increase in research and development investment in projects related to the carbon fiber.

We are not, in any material aspect, dependent on any patents, licenses, industrial, commercial or financial contracts, or new production processes.

D. Trend Information

The International Monetary Fund advised in its April 2021 edition of *World Economic Outlook* that the global economy is projected to have a recovery of about 6 percent in 2021 and 4.4 percent in 2022. However, the recovery will likely have divergent paths where advanced economies are more likely to return to pre-COVID GDP levels or higher by 2022 but emerging markets and developing economies (other than China, which has already returned to pre-COVID GDP levels) may not do so until 2023.

Currently, while the world is deep in the crisis of the COVID-19 pandemic, the global economy is expected to undergo a rapid recovery in the wake of swift vaccine research and roll-out, and is on track for the full restoration of a pre-pandemic state by the end of the year. Even so, the ongoing global economic recovery is still clouded by the following challenges: the long-term effectiveness of vaccines is still undetermined ; the roll-out of vaccines on a global basis is uncertain, countries may withdraw their stimulus measures sooner; trade protectionism may increase; geo-political tensions may intensify and the global economy still faces intricacy.

While China is still moving into a new development phase, the foundation for recovery is yet to be consolidated. Issues in unbalanced and inadequate development remain to be tackled. However, China still enjoys positive economic development factors: 2021 is the initial year of the “14th Five-Year Plan” which represents the three major objectives to be completed on schedule, and a new development pattern with the domestic big circle as the main body and the domestic and international double circle promoting each other is being accelerated. China will continue to implement a proactive fiscal policy and a prudent monetary policy so as to keep providing necessary support for economic recovery. It is expected that China’ s economic growth is going to operate within a reasonable range.

In 2021, the COVID-19 pandemic, OPEC+ production cuts and geo-political incidents pose continuing challenges for oil prices. The recovery of the global economy in the second half of the year may increase demand for oil . Rising supply is expected from OPEC nations exempted from oil production cut and non-OPEC producers like Canada, which will exert pressure on the supply side. However, global oil supply would run low should OPEC+ maintain effective enforcement on production cuts, so much so that the supply would stay lower than demand. On the political stage, the new US President’ s governance strategy, the degree of support for energy development in the US and the positioning of Sino-US relations are still uncertain. Whether Sino-US trade frictions will increase and the trend of US crude oil production and export are factors that may affect the oil price trends in 2021.

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The domestic petrochemical industry is currently facing the challenge of a downward economic cycle. During the "14th Five-Year Plan" period, China' s refining and chemical industry is set to enter a full phase of new release in capacity and fierce competition. Industry integration, transformation and upgrading are also phasing in. Oversupply is further seen in the refined oil market. The transformation of chemical products towards the higher end and the more environmentally friendly will become a new trend. Driven by new energy, new materials, and the new economy, clean, digital, and diversified developments are now the key trends in developments upon the phasing in of a new energy regime in social development. These new developments will impact the energy supply from petrochemical companies, which will put severe pressure on petrochemical companies' profitability.

E. Critical Accounting Estimates

Net realizable value ("NRV") of inventories

The NRV is determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and the related taxes. Determination of estimated selling prices requires significant management judgement, taking into consideration of historical selling prices and future market trend. 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 the estimate.

Impairments for non-financial assets

In determining the value in use, expected cash flows generated by the non-financial assets or the cash-generating unit are discounted to their present value. We use all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

Useful life and residual value of property, plant and equipment

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

F. Contractual Obligations and Commercial Commitments

The following table sets forth our obligations to make future payments under contracts effective as of December 31, 2020.

	As of December 31, 2020,/Payment Due by Period				
	Total (RMB' 000)	Within 1 year or on demand (RMB' 000)	More than 1 year but within 2 years (RMB' 000)	More than 2 years but within 5 years (RMB' 000)	More than 5 years (RMB' 000)
Contractual obligations					
Short term borrowings	1,548,000	1,548,000	–	–	–
Long term borrowings	–	–	–	–	–
Short-term bonds	3,000,000	3,000,000	–	–	–
Lease liabilities	12,702	9,373	2,136	1,090	103
Total contractual obligations	4,560,702	4,557,373	2,136	1,090	103
Estimated future interest payments					
Fixed rate	32,198	–	–	–	–
Variable rate	872	–	–	–	–
Total estimated future interest payments	33,070	–	–	–	–
Investment commitments					
Capital contribution to SECCO (Note 29(h))	111,263	–	–	–	–
Capital contribution to Shidian Energy (Note 29(h))	80,000	–	–	–	–
Total investment commitments	191,263	–	–	–	–
Other commercial commitments					
Capital commitments (Note 32)	585,870	–	–	–	–

Note: Capital commitments refer to commitments for purchase of property, plant and equipment.

G. Other Information

Purchase, Sale and Investment

Except as disclosed in this report, during the year ended December 31, 2020, we engaged in no material purchase or sale of our subsidiaries or associated companies or any other material investments.

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Pledge of Assets

As of December 31, 2020, we did not pledge any of our property or equipment.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES.

A. Directors and Senior Management.

The following table sets forth certain information concerning our directors, executive officers and members of our supervisory committee ("Supervisory Committee"). The current term for our directors, executive officers and members of our Supervisory Committee is three years, which term will end in June 2023.

Name	Age	Position
Directors		
Wu Haijun	59	Executive Director, Chairman of the Board of Directors, Chairman of Strategy Committee, and Member of Nomination Committee
Guan Zemin	57	Executive Director, Vice-Chairman of the Board of Directors, Vice-Chairman of Strategy Committee, and President
Jin Qiang	56	Executive Director and Vice President
Jin Wenmin	56	Executive Director and Vice President
Huang Xiangyu	53	Executive Director and Vice President
Huang Fei	44	Executive, Member of Strategy Committee, Vice President and Board Secretary and Joint Company Secretary
Xie Zhenglin	56	Non-executive Director and Member of Strategy Committee
Peng Kun	55	Non-executive Director
Li Yuanqin	48	Independent Director, and Chairman of Audit Committee
Tang Song	41	Independent Director, and Member of Audit Committee
Chen Haifeng	47	Independent Director, Member of Audit Committee and Member of Nomination Committee
Yang Jun	64	Independent Director, Chairman of Remuneration and Appraisal Committee and Chairman of Nomination Committee
Gao Song	51	Independent Director, Member of Remuneration and Appraisal Committee and Member of Strategy Committee
Supervisory Committee		
Ma Yanhui	50	Chairman of the Supervisory Committee
Zhang Feng	52	Employee Supervisor
Chen Hongjun	50	Employee Supervisor
Zhai Xiaofeng	51	Supervisor
Zheng Yunrui	56	Independent Supervisor
Cai Tingki	67	Independent Supervisor
Senior Management		
Du Jun	51	Vice President and Chief Finance Officer

Directors

Wu Haijun, born in August 1962 is the Executive Director, Chairman, Chairman of the Strategy Committee and member of the Nomination Committee, Director of Shanghai SECCO and Chairman of Shanghai Chemical Industry Park Development Co., Ltd.. Mr. Wu joined the Shanghai Petrochemical Complex (the "Complex") in 1984 and has held various positions, including Deputy Director and Director of the Company' s No.2 Chemical Plant, as well as manager of the Chemical Division. He was Vice President of the Company from May 1999 to March 2006 and Director of the Company from June 2004 to June 2006. Mr. Wu was manager and Secretary of the Communist Party Committee of the Chemical Sales Branch of Sinopec Corp from December 2005 to March 2008. From December 2005 to April 2010, he was Director of the Chemical Business Department of Sinopec Corp. From April 2010, he was appointed as a Director of Shanghai SECCO. From April 2010 to February 2011, Mr. Wu was President of Shanghai SECCO. From April 2010 to August 2018, he was appointed Secretary of the Communist Party Committee of Shanghai SECCO and in June 2010 he was appointed Director of the Company. From June 2010 to December 2017, he served as Vice President of the Company. From February 2011 to March 2015, he acted as Vice President of Shanghai SECCO, and was President of Shanghai SECCO from March 2015 to December 2017. From December 2017 to January 2019, Mr. Wu was appointed Chairman of Shanghai SECCO. From December 2017 to August 2018, he was the Company' s Deputy Party Secretary. He has served as President of the Company from December 2017 to September 2018. In December 2017, he was appointed as Chairman of the Company. In January 2018, he was appointed as Chairman of Shanghai Chemical Industry Park Development Co, Ltd. and was appointed as Secretary to the Communist Party Committee of the Company in August 2018. Mr. Wu graduated from the East China Institute of Chemical Technology in 1984, majoring in chemical engineering, and obtained a Bachelor' s degree in engineering. In 1997, he obtained a Master' s degree in business administration from the China Europe International Business School. He is a Professorate senior engineer by title.

Guan Zemin, born in December 1964, is serving as Deputy Chairman, Executive Director, Deputy Chairman of the Strategy Committee and President of the Company. Mr. Guan started to work in 1990, and he has successively served as Section Manager of Technology Development Section, Technology Development Department, and Deputy Chief Engineer of Wuhan Petrochemical Works, and Director of Catalyzing Workshop, Deputy

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Director and Director of Production Scheduling Department, and Deputy Chief Engineer of the Wuhan branch of Sinopec Corp. ("Wuhan Branch"). From December 2012 to December 2018, he served as Deputy General Manager of Wuhan Branch. From May 2016 to December 2019, he served as General Manager and Director of Sinopec-SK (Wuhan) Petrochemical Company Limited. From December 2018 to December 2019, he served as the Director and Deputy Party Secretary and General Manager of Wuhan Branch. He was appointed Deputy Secretary of the Company in December 2019. From February 2020, he served as the President of the Company. From June 2020, he served as the executive director, vice chairman and vice chairman of the strategy committee of the company. Mr. Guan graduated from the Fine Chemical Major of School of Chemical Engineering, East China University of Science and Technology with a Master' s degree in Engineering in July 1990. He is a senior engineer by professional title.

Jin Qiang, born in May 1965, is an Executive Director and Vice President of the Company. Mr. Jin joined Zhenhai General Petrochemical Works in 1986 and has held various positions, including Deputy Chief of the Utilities Department, Deputy Director and Director of the Machinery and Power Division of SINOPEC Zhenhai Refining & Chemical Co., Ltd., and Director of the Machinery and Power Division of SINOPEC Zhenhai Refining & Chemical Company. Mr. Jin was Deputy Chief Engineer of SINOPEC Zhenhai Refining & Chemical Company from March 2007 to October 2011, and was appointed Vice President of the Company in October 2011. In June 2014, Mr. Jin was appointed Executive Director of the Company. Mr. Jin graduated from the East China Institute of Chemical Technology in 1986 majoring in chemical machinery and graduated from the Graduate School of Central Party School in 2007 majoring in economic management. He is a Professorate senior engineer by title.

Jin Wenmin, born in February 1965, is an Executive Director and Vice President of the Company. Mr. Jin joined the Complex in 1985 and served as the Secretary of the Communist Party Committee of the Company' s No.1 Oil Refining Device of Refining Unit, Head of Butadiene Device, Manager of the storage and transportation, branch company, manager and Deputy Secretary of the Communist Party Committee of Storage and Transportation Department, manager and Deputy Secretary of the Communist Party Committee of Oil Refining Department etc. From April 2013 to February 2017, Mr. Jin was appointed as Head of Production Department of the Company. From May 2013 to August 2016, Mr. Jin was appointed as Assistant to the General Manager of the Company and was appointed Vice President of the Company in September 2016. He was appointed Executive Director of the Company in June 2018. Mr. Jin graduated from the Shanghai Second Polytechnic University in July 2003. He is a senior engineer by professional title.

Huang Xiangyu, born in March 1968, is serving as the Executive Director and Deputy President of the Company. Mr. Huang started his career in 1990 and joined the Complex in 1992. He served as the Deputy Director of the chemical workshop of Shanghai Jinyang Acrylic Plant, Deputy Director of Jinyang Equipment, Director and Deputy Director of Jinyang Acrylic Equipment of Acrylic Business Unit and Chief Engineer of Acrylic Business Unit. From July 2011 to January 2020, he served as the Director of the Acrylic Fiber Research Institute. From November 2011 to January 2020, he served as the Chief Engineer of the Acrylic Fiber Department. From February 2019 to January 2020, he served as Deputy Chief Engineer of the Company. From February 2020, he served as the Vice President of the Company. From June 2020, he was an Executive Director of the Company. Mr. Huang graduated from the Organic Chemical Major of School of Chemical Engineering, East China University of Science and Technology with a Bachelor' s degree in Engineering in July 1990. He obtained a Master' s degree in Engineering from Donghua University in May 2004. He graduated from Polymeric Chemistry and Physics Major of Fudan University with a doctor' s degree in Science in June 2013. He is a Professorate senior engineer by title.

Huang Fei, born in January 1977, is serving as Executive Director, Deputy President of the Company, Secretary to the Board, Joint Company Secretary and member of the Strategy Committee. Mr. Huang joined Sinopec Shanghai Petrochemical Company Limited in 2000, and he has successively served as Polyolefin Plant Deputy Director of Plastic Business Unit and Manager Assistant and Polyolefin Plant Director of Plastic Department. From August 2012 to June 2014, he served as Deputy Manager of the Plastic Department. From June 2014 to February 2017, he served as Director of Statistical Center and Vice Party Secretary. From February 2017 to December 2018, he served as Manager of Olefin Department and Deputy Party Secretary. From December 2018 to January 2019, he served as President' s Assistant and the Director of Production Department. From January 2019 to December 2019, Mr. Huang served as President' s Assistant and Manager of Production Department of Shanghai SECCO. From February 2020, he served as the Deputy President of the Company. From June 2020, he served as the Executive Director, Secretary to the Board, Joint Company Secretary and member of the Strategy Committee of the company. Mr. Huang graduated from the Polymer Materials and Engineering Major of East China University of Science and Technology with a Bachelor' s degree of Engineering in July 2000. He graduated from Chemical Engineering Major of East China University of Science and Technology with a Master' s degree in April 2008. He is a senior engineer by professional title.

External Directors

Xie Zhenglin, born in February 1965, is currently serving as an Non-Executive Director, member of the Strategy Committee, Deputy President of Chemical Service Department of the Sinopec Corp., and General Manager of Sinopec Group Assets Management Co., Ltd.. Mr. Xie started his work in 1989, served as Principal Staff Member of State Price Control Bureau and State Development Planning Commission, and started to work in Sinopec Group in September 1995, successively served as Deputy Director and Director of the Comprehensive Division of the Finance Department, Deputy Director of Capital Management Department, Deputy Director of General Accounting Department of Sinopec Assets Management (presided over the work), Deputy Director of Assets Management Department of Sinopec Corp., Deputy General Manager of Sinopec Assets Management, Acting Director of Assets Management Department of Sinopec Corp., and Deputy Executive Director and Deputy General Manager of Sinopec Assets Management. From April 2014 to October 2020, he served as the Deputy Chairman and director of the China Merchants Energy Shipping Co., Ltd. (listed on the Shanghai Stock Exchange, Stock Code: 601872). Mr. Xie served as Director of Assets Management Department of Sinopec Corp., and Executive Director and General Manager of Sinopec Assets Management from April 2014 to December 2019. He has been the Deputy President of Chemical Service Department of Sinopec Corp. and General Manager of Sinopec Assets Management since December 2019. From June 2020, he served as the executive director and member of the strategy committee of the company. Mr. Xie obtained a Master' s degree in Economics from Graduate School of Chinese Academy of Social Science in August 1989. He obtained a Master' s degree in Business Administration from University of Houston in May 2007. He is a Senior Accountant by professional title.

Peng Kun, born in December 1966, is currently serving as a Non-Executive Director, the General Manager of Human Resource Department, Minister of Party Committee Organization Department, and Director of Office of Veteran Cadres of the Company. Mr. Peng joined the Complex in 1986 and served as Deputy Director of General Affairs Office, Department of Chemical Engineering, General Research Institute, assistant manager of the life logistics subsidiary of Easy-Art Design, section manager of Coordination Section of Chemical Engineering Institute, section manager of Administration

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Department, Secretary of Party General Branch and Deputy Director of Quality Center, Deputy party Secretary and Secretary of Commission for Discipline Inspection of Quality Management Center, Director of Labor Union, and Chairman, Secretary of the Communist Party Committee and Deputy Manager of Labor Union. He served as Director of Human Resources Department of the Company from February 2016 to April 2018, the Head of Human Resources Division of the Company from April 2018 to May 2019, and the Head of Organization and Personnel Division of the Company from May 2019 to March 2020. He was appointed as Director of CPC United Front Work Department and Director of Retired Cadres Office in May 2019, and General Manager of Human Resources Department and Director of CPC Organization Department of the Company from March 2020. From June 2020, he served as the Non-Executive Director of the Company. Mr. Peng graduated from East China University of Science and Technology with a degree in Engineering Management in July 2004 and obtained senior professional and technical title.

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Independent Directors

Li Yuanqin, born in July 1973, is an Independent Non-Executive Director, Chairman of the Audit Committee and member of the Strategy Committee of the Company, Professor of the School of Management and the associate head of the Department of Accountancy at Shanghai University. Ms. Li has been appointed as an Independent Non-Executive Director of the Company since August 2017. She is currently the independent Director of Shanghai New World Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600628), Yunsai Zhilian Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600602, 900901) and Hengtian Kaima Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 900953). From April 2000 to March 2003, Li served at the Settlement Department at the headquarters of ICBC. From June 2006 to September 2009, she was the lecturer at the School of Management at Shanghai University. From September 2009 to March 2019, she was the associate professor at the School of Management at Shanghai University. She has been the professor at the School of Management and the associate head of the Department of Accountancy of Shanghai University since March 2019 and May 2011. During that period, she was also a visiting scholar at Foster School of Business, University of Washington in the United States between February 2012 and February 2013. She also serves as a member of the eighth session of the Shanghai Baoshan Committee of the Chinese People' s Political Consultative Conference and a non-practicing member of the Chinese Institute of Certified Public Accountants. She received a PhD in Management from Antai College of Economics and Management (ACEM) at Shanghai Jiao Tong University.

Tang Song, born in December 1980, is serving as the Independent Non-executive Director and a member of the Audit Committee of the Company, Dean Assistant of School of Accountancy, Shanghai University of Finance and Economics, Professor and PH. D graduate student supervisor. Mr. Tang finished his undergraduate study in June 2003 at the School of Accountancy of the Shanghai University of Finance and Economics and obtained a doctor' s degree from a successive postgraduate and doctoral program in Management (Accountancy) in June 2008. Mr. Tang worked in the School of Accounting and Finance, Hong Kong Polytechnic University for collaborative research from August 2008 to August 2009. He worked in China Europe International Business School for collaborative research from August 2009 to June 2010. Mr. Tang served as Lecturer in School of Accountancy, Shanghai University of Finance and Economics from June 2010 to July 2012. He served as associate professor at the School of Accountancy, Shanghai University of Finance and Economics from August 2012 to June 2019. Mr. Tang served as Dean Assistant of Shanghai University of Finance and Economics from January 2019, and as a Professor of the School of Accountancy of the University since August 2019. Mr. Tang served as an Independent Director of the Shanghai Qifan Cable Co. Ltd. (listed on the Shanghai Stock Exchange, stock code: 605222) since July 2019, and as an Independent Director for the Shanghai Universal Biotech Co., Ltd since May 2020. He served as the independent non-executive director, member of the audit committee and member of the strategy committee of the company since June 2020. Mr. Tang served as an Independent Director for the Wuxi Commercial Mansion Grand Orient Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600327) since November 2020.

Chen Haifeng, born in January 1974, is serving as an Independent Non-Executive Director of the Company, member of the Audit Committee and the Nomination committee, and a Senior Director of the Shanghai MindMotion Microelectronics Co., Ltd.. Mr. Chen graduated from Fudan University with a Bachelor' s degree in applied physics in 1997. He served as clerk, project supervisor, and project manager of Investment Banking Department of CITIC Securities from July 1997 to August 2001. Mr. Chen served as Senior Manager of Strategic Investment Department of SVT Group from September 2002 to February 2006. He served as Senior Manager of Investment Banking Department of Orient Securities from August 2006 to March 2008. Mr. Chen served as senior vice president and sponsor Deputy of Investment Banking Department of China Jianyin Investment Securities from April 2008 to May 2012. He served as CEO and sponsor Deputy of Investment Banking Department of Caida Securities from June 2012 to June 2015. Mr. Chen served as independent Director of Cnnc Hua Yuan Titanium Dioxide Company Limited (listed on Shenzhen Stock Exchange, stock code: 002145) from February 2015 to October 2018. He served as CEO and sponsor Deputy of Investment Banking Department in Dongxing Securities from July 2015 to September 2017. Mr. Chen has been a non independent Director of Zhejiang Yueling Wheels Corporation from October 2017 to December 2020 (listed on the Shenzhen Stock Exchange, Stock Code: 002725). He served as an independent non-executive director, member of the audit committee and member of the nomination committee of the company since June 2020. He served as a Senior Director of the Shanghai MindMotion Microelectronics Co., Ltd. Since January 2021.

Yang Jun, born in August 1957, is serving as an Independent Non-executive Director, Chairman of the Nomination Committee, the Remuneration and Appraisal Committee Director (vice president level) of Gansu Gangtai Holding (Group) Co., Ltd. Mr. Yang graduated from East China University of Political Science and Law with a degree in Law in September 1979 and from Peking University with a Master' s degree in Civil Law in July 1991. He worked in Shanghai Intermediate Court and Supreme Court from July 1983 to July 2005. He served as an assistant to the president and general legal officer of Shanghai United Assets and Equity Exchange, General Manager of Beijing Headquarter of Central Enterprise Equity Exchange, operation Director of Equity Exchange and General Manager of Financial Equity Exchange from July 2005 to September 2017. He has served as an arbitrator of China International Economic and Trade Arbitration Commission from March 2007 to March 2015 and served as an arbitrator of Shanghai International Economic and Trade Arbitration Commission since March 2007. He served as independent non executive Director of China Merchants Securities Co., Ltd. (listed on the Hong Kong stock exchange, stock code: 06099) from June 2011 to January 2018. He has served as independent Director of Shanghai Zhenhua Heavy Industries Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600320) since April 2015 and Director (Vice President level) of Gansu Gangtai Holding (Group) Co., Ltd. since September 2017. He served as the independent non-executive director, chairman of the nomination committee and chairman of the remuneration and assessment committee of the company since June 2020.

Gao Song, born in June 1970, is serving as an Independent Director, member of remuneration and appraisal committee and Strategy Committee, Professor of Business School of East China University of Science and Technology and Director of China' s Institute for action learning. Mr. Gao graduated from Shandong University with a degree in Computer Software in 1992, from the School of Management of Fudan University with a Master' s degree in Corporate Management in 1998 and from the Antai College of Economics & Management of Shanghai Jiao Tong University with a doctorate in Corporate Management in 2006. He served as Director of Marketing Department of Shanghai Guanshengyuan Group Co., Ltd.. From March 1998 to May 2002 and General Manager of Shanghai Aichu Food Co., Ltd.. From May 2002 to March 2007. He has served as Professor of Business School of East China University of Science and Technology and Director of China' s Institute for action learning since May 2009. He was a visiting scholar at the University of Illinois at Urbana-Champaign from 2014 to 2015. From June 2020, he served as the independent non-executive director, chairman of the remuneration and appraisal committee and member of the strategy committee of the company.

Supervisory Committee

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The Company has a Supervisory Committee whose primary duty is to supervise senior management of the Company that includes the Board of Directors, managers and senior officers. The function of the Supervisory Committee is to ensure that senior management of the Company act in the interests of the Company, its shareholders and employees and in compliance with PRC law. The Supervisory Committee reports to the shareholders in the general meeting. The Articles of Association provide the Supervisory Committee with the right to investigate the business and the financial affairs of the Company and to convene shareholder' s meetings from time to time. The Supervisory Committee currently comprises of seven members, three of whom are employee representatives and four of whom are external supervisors, including one independent supervisor.

Ma Yanhui, born in February 1971, is a Supervisor, the Chairman of Supervisory Committee,, the Deputy Secretary of the Communist Party Committee, Secretary of the Communist Party Discipline Supervisory Committee and Chairman of the Labour Union of the Company. Mr. Ma started his career in 1996. He served as Secretary of Office of Yanhua Refinery, Secretary and Deputy Director of Yanhua Office of Great Wall Lubricant Oil, Supervisor and Acting Director and Deputy Director of Integrated Corporate Reform Department of China Petrochemical Corporation, and Deputy Director and Director of Structure Reform Sector, Corporate Reform Department of Sinopec Assets Management Co., Ltd., etc. From June 2008 to August 2017, Mr. Ma was Director of Integrated Corporate Reform Department of China Petrochemical Corporation (Sinopec Group). From August 2017, Mr. Ma was the Deputy Secretary of the Communist Party Committee and Secretary of the Communist Party Discipline Supervisory Committee of the Company. He was appointed as Supervisor, Chairman of Supervisory Committee and Chairman of the Labour Union of the Company in October 2017. Mr. Ma graduated from East China University of Science and Technology in July 1996, majoring in petroleum processing, and obtained a Bachelor' s degree in engineering. In June 2006, he obtained a Master' s degree in corporate management from Renmin University of China. Mr. Ma is a senior economist by professional title.

Zhang Feng, born in June 1969, is currently a Supervisor and the Auditing Director of the Company. Mr. Zhang started his career in the Complex in 1991. He served as Assistant of Chief and Deputy Chief of Finance Section of Polyester II Factory, Deputy Chief of Finance Section of Polyester Department, Deputy Chief and Chief of Cost Section of Finance Division of Polyester Department, Deputy Chief and Chief of Finance Division, Director Assistant, Deputy Director, Deputy Director (Hosting Work), Director of Finance Department and Chief of Finance Division, etc. He worked as Auditing Director of the Company from December 2018 to March 2020, and as Supervisor in October 2019. From March 2020, he worked as the Auditing Director of the Company. Mr. Zhang graduated from Shanghai University of Finance and Economics in 1991, majoring in Accounting, and obtained a Bachelor' s degree in Economics. Mr. Zhang is a senior accountant by professional title.

Chen Hongjun, born in January 1971, is currently a Supervisor, Vice-President of Labour Union, Director of the Public Affairs Department and Vice-President of the Association of Science and Technology of the Company. Mr. Chen started his career in the Complex in 1996. He served as Vice Party Branch Secretary of Fibre Polymer Office, Deputy Director of Spinning Office, Director of Simulation Office, Section Manager of Scientific Research Management Department, Deputy Secretary and Secretary of Youth League Committee of the Company, Party Secretary and Deputy Director of the Chemical Engineering Department, Party Secretary and Assistant Manager of Fine Chemicals Department and Director of Public Affairs Department. Mr. Chen was appointed as Vice-President of Labour Union of the Company in November 2013. He was appointed as Vice President of the Association of Science and Technology in December 2017. He served as Director of the Public Affairs Department of the Company from April 2018 to March 2020, and he was elected as Supervisor of the Company in October 2019. He was the Director of Public Affairs of the Company since march 2020. In 1993, Mr. Chen graduated from Chengdu University of Science and Technology, majoring in Dyeing and Finishing Engineering, and obtained a Bachelor' s degree in Engineering. In 1996, he obtained a Master' s degree in Chemical Fibre from Sichuan Unite University. Mr. Chen is a senior engineer by professional title.

Zhang Xiaofeng, born in March 1970, is currently serving as External Supervisor, Deputy General Manager of the Enterprise Reform and Legal Department of Sinopec Group and Deputy Director of the Company' s Commission Office for Public Sector Reform. Mr. Zhang currently holds the position of supervisor of Sinopec Insurance Limited, Sinopec Oilfield Equipment Corporation and Sinopec Petroleum Reserve Company Limited. Starting his career in 1995, Mr. Zhang has served as Deputy chief of the Office Management Division of the Legal Department of Sinopec Group, Deputy chief and chief of the Contract Project Division, chief of the Dispute Management Division and chief of the General Management Division of Legal Department of Sinopec Group. He has served as Deputy Director of the Legal Department of Sinopec Group from January 2018 to December 2019. He has also served as Deputy General Manager of the Enterprise Reform and Legal Department of Sinopec Group and Deputy Director of the Company' s Commission Office for Public Sector Reform since December 2019. Mr. Zhang, majoring in International Economic Law, graduated from China University of Political Science and Law with a Bachelor' s degree in Law in July 1995, and he is a senior economist.

Independent Supervisor

Zheng Yunrui, born in December 1965, is an Independent Supervisor of the Company, a professor in civil and commercial law at the Faculty of Law of the East China University of Political Science and Law in the PRC and Member of Expert Consultation Committee of Shanghai Yangpu District People' s Procuratorate and Mediator of Shanghai Second Intermediate People' s Court. He has served as the Company' s Independent Supervisor since December 2014. He is currently an independent Director of Jiangxi XinyuGuoke Technology Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300722), independent Director of Fuxin Dare Automotive Parts Co, Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300473), Dalian Insulator Group Co., Ltd (listed on the Shenzhen Stock Exchange, stock code: 002606) and Wuxi New Hongtai Electrical Technology Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 603016). Mr. Zheng graduated from the Shangrao Normal University in Jiangxi Province, majoring in English Language. Mr. Zheng obtained a Master' s degree in law and a doctorate' s degree in law from the Faculty of Law of Peking University in July 1993 and July 1998, respectively. Mr. Zheng previously worked at the Education Bureau of Shangrao County, Jiangxi Province, Hainan Airport Limited, China Township Enterprise Investment and Development Company Limited and the Legal Affairs Office of the Shanghai Municipal People' s Government. He has been teaching at East China University of Political Science and Law since August 2001. He was a visiting scholar at the Faculty of Law of National University of Singapore between July 2002 and December 2002. From April 2013 to May 2019, he served as independent director of Hangzhou Xianfeng Electronic Technology Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002767). From 2019 to February 2021, he served as the external supervisor of Zhejiang Weihai Construction Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002586). In November 2019, he served as a member of the second shareholding exercise Expert Committee of China Securities small and Medium Investors Service Center. In September 2020, he was appointed as a legal consultant of Wuxi intermediate people' s court. Mr. Zheng has been engaged in trials, teaching and research relating to civil law, property law, contract law, company law, insurance law, social insurance law and government procurement law. He is experienced in the legal affairs on corporate governance and has great academic achievements. He is also an arbitrator at the Arbitration Commission of

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Xuzhou and Wuxi. Mr. Zheng was appointed as member of Expert Advisory Committee of the People' s Procuratorate of Shanghai Yangpu District and mediator of Shanghai No. 2 intermediate People' s Court on 24 March 2017 and 26 June 2017, respectively.

Cai Tingki, born September 1954, is an Independent Supervisor of the Company and a Fellow of the Hong Kong Institute of Certified Public Accountants. He joined the Company in June 2011. Mr. Choi served as Independent Non-Executive Director of the Company from June 2011 to June 2017 and has been Independent Supervisor since June 2017. Mr. Choi has been an independent non-Executive Director of Yangtzekiang Garment Limited (listed on the Main Board of the Hong Kong Stock Exchange, stock code: 00294) and YGM Trading Limited (listed on the Main Board of the Hong Kong Stock Exchange, stock code: 00375) since December 2012. Mr. Choi graduated from the Department of Accounting, Hong Kong Polytechnic in 1978. He joined KPMG in the same year and has held various positions, including Partner of the audit department of KPMG Hong Kong Office, Executive Partner of KPMG Shanghai Office, Senior Partner of KPMG Huazhen Shanghai Office as well as Senior Partner of KPMG Huazhen in Eastern and Western China. Mr. Choi retired from KPMG Huazhen in April 2010.

Senior Management

Du Jun, Du Jun, born in March 1970, is the Deputy President, Chief Financial Officer of the Company, Chairman of China Jinshan Associated Trading Corporation ("Jinshan Associated Trading") and a Director of the Shanghai Chemical Industry Park Development Co., Ltd.. Mr. Du Jun started his career in 1990 and has successively served the Chief of Second Division of the Secretary of President' s Office of the Sinopec Yangzi Petrochemical Company Ltd., Deputy Director of Finance Office and Deputy Director of Finance Department of Sinopec Yangzi Petrochemical Co., Ltd. From August 2004 to July 2007, he served as Director of Finance Department of Sinopec Yangzi Petrochemical Co., Ltd.. From July 2007 to August 2012, he served as Director of Finance Department of Sinopec Yangzi Petrochemical Company Limited. From August 2012 to August 2016, he served as Chief Accountant of Sinopec Yangzi Petrochemical Company Limited. From December 2015 to September 2020, he served as Supervisor of BASF-YPC Company Limited. From June 2016 to September 2020, he served as Director of Sinopec Yangzi Petrochemical Company Limited. From August 2016 to September 2020, he served as Chief Accountant of Sinopec Yangzi Petrochemical Company Limited. From September 2020, he served as the Deputy General Manager and the Chief Financial Officer of the Company. He served as the Chairman of the Jinshan Associated Trading, and as Director of the Shanghai Chemical Industry Park Development Co., Ltd. since December 2020. Mr. Du Jun graduated from Southeast University with a Bachelor' s degree in Industrial Corporate Management in 1990. He obtained a Master' s degree in Business Administration (MBA) from Southeast University in 2004. He is a Professorate senior accountant by title.

B. Compensation.

The aggregate amount of cash compensation we paid to our directors, supervisors and executive officers during the year ended December 31, 2020 was approximately RMB10.30 million. In addition, directors and supervisors who are also officers or employees receive certain other benefits-in-kind, such as subsidized or free health care services, housing and transportation, which large Chinese enterprises customarily provide to their employees. No benefits are payable to members of the board or the Supervisory Committee or the executive officers upon termination of their relationship with us.

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Name	Position with the Company	Salaries and other benefits (RMB' 000) (before tax)	Retirement scheme contributions* (RMB' 000) (before tax)	Discretionary bonus (RMB' 000) (before tax)	Fees (RMB' 000) (before tax)	Total Remuneration in 2020 (excluding share options) (RMB' 000) (before tax)
Wu Haijun	Chairman & Executive Director	359	44	799	–	1,202
Guan Zemin	Executive Director, Vice Chairman & President	367	41	397	–	805
Jin Qiang	Executive Director & Vice President	354	44	716	–	1,114
Jin Wenmin	Executive Director & Vice President	250	44	721	–	1,015
Huang Xiangyu	Executive Director & Vice President	275	39	440	–	754
Huang Fei	Executive Director, Vice President & Secretary to the Board	217	39	426	–	682
Xie Zhenglin	Independent Director	–	–	–	–	–
Peng Kun	Independent Director	96	25	246	–	367
Li Yuanqin	Independent Director	–	–	–	150	150
Tang Song	Independent Director	–	–	–	75	75
Chen Haifeng	Independent Director	–	–	–	75	75
Yang Jun	Independent Director	–	–	–	75	75
Gao Song	Independent Director	–	–	–	75	75
Ma Yanhui	Chairman of Supervisory Committee	332	42	720	–	1,094
Zhang Feng	Supervisor	148	40	485	–	673
Chen Hongjun	Supervisor	159	38	485	–	682
Zhang Xiaofeng	Supervisor	–	–	–	–	–
Zheng Yunrui	Independent Supervisor	100	–	–	–	100
Choi Tingki	Independent Supervisor	100	–	–	–	100
Du Jun	Vice President & Chief Financial Officer	95	12	48	–	155
Lei Dianwu	Former Independent Director	–	–	–	–	–
Mo Zhenglin	Former Independent Director	–	–	–	–	–
Zhou Meiyun	Former Executive Director, Vice President & Chief Financial Officer	181	33	668	–	882
Zhang Yimin	Former Independent Director	–	–	–	75	75
Liu Yunhong	Former Independent Director	–	–	–	75	75
Du Weifeng	Former Independent Director	–	–	–	75	75
Zhai Yalin	Former Supervisor	–	–	–	–	–

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C. Board Practices.

Board of Directors

Our Board of Directors consists of eleven members. Our Directors are elected at meetings of our shareholders, and, unless they resign at an earlier date, are deceased or removed, will serve three-year terms. The Directors shall be eligible for reelection upon expiry of their terms of office; however, the combined tenure of an Independent Non-executive Director may not exceed a total of six years. The term of our current Board of Directors will expire in June 2023. None of our Directors have entered into any service contracts with us or any of our subsidiaries providing for benefits upon termination of appointment or employment (with the exception of compensation required by Chinese labor law).

Independent Board Committee

We formed an Independent Board Committee on June 18, 2020, which consists of five Independent Non-executive Directors. The current members are Ms. Li Yuanqin, Mr. Tang Song, Mr. Chen Haifeng, Mr. Yang Jun and Mr. Gao Song. The Independent Board Committee advised our shareholders other than Sinopec Corp. and its associates in respect of the terms of the continuing connected transactions under the renewed Mutual Product Supply and Sale Services Framework Agreement with Sinopec Group and Sinopec Corp. and the renewed Comprehensive Services Framework Agreement with Sinopec Group and the proposed caps on annual transaction values thereof for the three years ending December 31, 2022.

Supervisory Committee

The Supervisory Committee is responsible for ensuring that our Directors and senior officers act in the interests of our company or those of our shareholders or employees and that they do not abuse their positions and powers. The Supervisory Committee has no power to overturn the decisions or actions of our Directors or officers and may only recommend that they correct any acts that are harmful to our interests or the interests of our shareholders or employees. The Supervisory Committee is currently composed of seven members appointed for a three year term. The term of the current members will expire in June 2023. Supervisory Committee members have the right to attend meetings of our Board of Directors, inspect our financial affairs and perform other supervisory functions.

Remuneration and Appraisal Committee

We formed a remuneration and appraisal committee on December 25, 2001 which consists of three Directors. As of December 31, 2020, the members of the remuneration committee are Mr. Yang Jun (Chairman of the Committee), Mr. Tang Song and Mr. Gao Song. The key responsibility of the Remuneration Committee is to formulate and review the remuneration policy and plan for the Directors and executive officers, formulate the standards for evaluation of the Directors and executive officers and conduct such evaluations. The members of the remuneration and appraisal committee will hold office for the same term as their directorships which will expire in June 2023.

Audit Committee

We formed an audit committee on June 15, 1999 which consists of three Directors. As of December 31, 2020, the members are Ms. Li Yuanqin (Chairman of the Committee), Mr. Tang Song and Mr. Chen Haifeng. The key responsibility of the Audit Committee is to advise the Board on the appointment, dismissal, remuneration and terms of engagement of external auditors, review and supervise our financial reporting process, internal controls and risk management systems, and review our connected transactions. The members of the audit committee will hold office for the same term as their directorships which will expire in June 2023.

Nomination Committee

We formed a nomination committee on June 27, 2012 which consists of three Directors. As of December 31, 2020, the members are Mr. Yang Jun (Chairman of the Committee), Mr. Chen Haifeng and Mr. Wu Haijun. The key responsibility of the Nomination Committee is to review the Board composition, make recommendations to the Board on the procedures and criteria for the selection and appointment of Directors and senior management and assess the independence of Independent Non-executive Directors. The members of the audit committee will hold office for the same term as their directorships which will expire in June 2023.

Strategy Committee

We formed a strategy committee on June 15, 2017 which consists of four Executive Directors, two Non-executive Directors and one Independent Non-executive Director. As of December 31, 2020, the members are Mr. Wu Haijun (Chairman of the Committee), Mr. Guan Zemin (Vice-Chairman of the Committee), Mr. Xie Zhenglin, Mr. Huang Fei and Mr. Gao Song. The key responsibility of the Strategy Committee is to conduct researches and give recommendations to the Board on major investment decisions, projects and major issues that affect our development, and monitor our long-term development strategic plan. The members of the audit committee will hold office for the same term as their directorships which will expire in June 2023.

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Summary Corporate Governance Differences

There are significant differences between our corporate governance practices and those of U.S. issuers listed on the NYSE. Pursuant to Section 303A.11 of the NYSE listing Manual, we have provided a statement of these differences under Item 16G. Corporate Governance.

D. Human Capital Resources.

As of December 31, 2020, we had 8,466 employees.

The following table shows the approximate number of employees we had at the end of the last three years by the principal business function they performed:

	December 31,		
	2018	2019	2020
Management	1,057	1,081	1,066
Engineers, technicians and factory personnel	5,753	5,430	5,094
Accounting, marketing and others	2,787	2,367	2,306
Total	9,597	8,878	8,466

Approximately 30.75% of our work force are graduates with a bachelor' s degree or higher. In addition, we offer our employees opportunities for education and training based upon our development plans and requirements and the individual performance of each employee.

A system of labor contracts has been adopted in our Company. The contract system imposes discipline, provides incentives to adopt better work habits and gives us greater management control over our work force. We believe that by linking remuneration to productivity, the contract system has also improved employee morale. As of December 31, 2020, almost all of the work force was employed pursuant to labor contracts which specify the employee' s position, responsibilities, remuneration and grounds for termination. The contracts generally have short terms of one to five years and may be renewed with the agreement of both parties. The remaining personnel are employed for an indefinite term.

We have a labor union that protects employees' rights, aims to assist in the fulfillment of our economic objectives, encourages employee participation in management decisions and assists in mediating disputes between us and union members. We have not been subject to any strikes or other labor disturbances which have interfered with our operations, and we believe that our relations with our employees are good.

Total remuneration of our employees includes salary and bonuses. Employees also receive certain benefits in terms of housing, education and health services that we subsidize, and other miscellaneous subsidies. In 2020, we incurred RMB3,143.2 million in employment costs.

In compliance with Shanghai regulations, we and our employees participate in a defined contribution government pension scheme under which all employees upon retirement are entitled to receive pensions. In order to safeguard and properly enhance the living level of retired employees and improve the medium and long term incentive system, the Company established an enterprise annuity plan. According to the plan, to the extent that the employees volunteer for the related payments and have been with the Company for one year or more, such employees are entitled to participate in the enterprise annuity plan. We will make payments to match the payments made by the employees after giving considerations to our profitability, the employee' s work responsibilities, contributions, and treatments post retirement based on the principle of universal benefits. We have 19,095 retired employees under the above retirement insurance plans. During 2020, we terminated employment with 412 persons (including the retired and voluntary leave), accounting for 4.64% of 8,878 employees we had as of January 1, 2020.

In addition to the pension benefits, pursuant to the relevant laws and regulations of the PRC, we and our employees participate in defined social security contributions for employees, such as a housing fund, basic medical insurance, supplementary medical insurance, unemployment insurance, injury insurance and maternity insurance.

E. Share Ownership.

The table below sets forth information regarding the beneficial ownership of our shares held by our directors, supervisors and executive officers as of March 31, 2021:

Name	Position held	Number of Shares held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued A shares (%)
Jin Qiang	Executive Director and Vice President	301,000 A shares (L)	0.002781	0.00411
Jin Wenmin	Executive Director and Vice President	175,000 A shares (L)	0.001617	0.00239
Huang Xiangyu	Executive Director and Vice President	140,000 A shares (L)	0.001293	0.00190
Zhang Feng	Supervisor	10,000 A shares (L)	0.000092	0.00014
Chen Hongjun	Supervisor	31,400 A shares (L)	0.000290	0.00043

(L): Long position

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Share Option Incentive Scheme

The Share Option Incentive Scheme of the Company took effect from 23 December 2014, with a validity period of 10 years until 22 December 2024. The first grant of A-share share options under the Share Option Incentive Scheme was on 6 January 2015. For details, please refer to the relevant announcements uploaded on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 6 January 2015. All the exercise periods of the first grant have ended on 28 December 2018. For details, please refer to the relevant announcements uploaded on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 28 December 2018. At present, the Company has no other granting scheme.

During 2020, the Company did not grant A-share share options under the Share Option Incentive Scheme, nor did the grantees exercise any A-share share options, and no A-share share options were cancelled or lapsed.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS.

A. Major Shareholders.

Sinopec Corp. owns 50.44% of our share capital and is able to exercise all the rights of a controlling shareholder, including the election of directors and voting on amendments to our Articles of Association.

The diagram below sets forth the information on the ownership and controlling relationship between our Company, Sinopec Corp., and Sinopec Group.

* Including 553,150,000 H Shares in Sinopec Corp. held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group, through HKSCC (Nominees) Limited.

The table below sets forth information regarding ownership of our shares as of March 31, 2021 by all persons who we know own more than five percent of our A shares and our H Shares. Our major shareholders listed below do not have voting rights different from those of our other shareholders.

Name of shareholders	Interests held (shares)	Percentage of total issued shares of the Company (%)	Percentage of total issued shares for this category(%)
Sinopec Corp.	5,460,000,000A shares (L)	50.44	74.50
	349,485,220 H shares (L)	3.23	9.99
The Bank of New York Mellon	320,908,300 H shares (S)	2.96	9.18
Corporation	27,803,520 H shares (P)	0.26	0.80
	199,065,902 H shares (L)	1.84	5.70
BlackRock, Inc.	8,434,000 H shares (S)	0.08	0.24
	211,008,000 H shares (L)	1.95	6.04
Hung Hin Fai(1)	200,020,000 H shares (S)	1.85	5.72
Chan Kin Sun(2)	200,020,000 H shares (L)	1.85	5.72

(L): Long position; (S): Short position; (P): Lending Pool

Notes:

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(1) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited, and was deemed to be interested in the shares held by Corn Capital Company Limited.

(2) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited, and was deemed to be interested in the shares held by Yardley Finance Limited.

As of March 31, 2021, a total of 3,495,000,000 H Shares were outstanding, and a total of 7,328,813,500 A Shares were outstanding.

The Bank of New York Mellon has advised us that, as of March 31, 2021, 3,209,083 ADSs, representing the equivalent of 320,908,300 H Shares, were held of record by 78 other registered shareholders domiciles in and outside of the United States. We have no further information as to our shares held, or beneficially owned, by U.S. persons.

To the best of our knowledge, except as disclosed above, we are not directly or indirectly controlled by another corporation, any foreign government, or any other natural or legal person, severally or jointly.

We are not aware of any arrangement that may at a subsequent date result in a change of control of our company.

B. Related Party Transactions.

Intercompany service agreements and business-related dealings

During 2016, pursuant to the Mutual Product Supply and Sales Service Framework Agreement entered into by the Company and Sinopec Corp., we purchased raw materials from, and sold petroleum products and petrochemicals as well as leased properties to, Sinopec Corp. and its associates, and Sinopec Corp. and its associates acted as sales agents for our petrochemical products. Under the Comprehensive Services Framework Agreement entered into by the Company and Sinopec Group, we accepted construction and installation, engineering design, insurance agency and financial services relating to the petrochemical industry provided by Sinopec Group and its associates. The relevant connected transactions were conducted in accordance with the terms of the Mutual Product Supply and Sales Services Framework Agreement and the Comprehensive Services Framework Agreement. The current Mutual Product Supply and Sales Service Framework Agreement and Comprehensive Services Framework Agreement were renewed with Sinopec Corp. and Sinopec Group respectively upon approval and authorization at our 2016 Extraordinary General Meeting held on October 18, 2016. At the 2016 Extraordinary General Meeting, our shareholders also approved certain caps on the annual transaction values of certain ongoing continuing connected transactions for the years ending December 31, 2017, 2018 and 2019.

As the above-mentioned framework agreement expired on December 31, 2019, to ensure that the normal operation of the Company is not affected, we renewed the Mutual Product Supply and Sales Services Framework Agreement with Sinopec Group and Sinopec Corp. and the Comprehensive Services Framework Agreement with Sinopec Group on October 23, 2019, and intended to continue the above-mentioned continuing connected transactions from 2020 to 2022, valid for three years until December 31, 2022. We disclosed the two agreements and the respective continuing connected transactions under the agreements in an announcement dated 23 October 2019 and a circular dated November 13, 2019. These two agreements and the respective continuing connected transactions under the agreements together with the associated annual caps from 2020 to 2022 were considered and approved at the first extraordinary general meeting for 2019 held on December 10, 2019. The transaction amounts of the relevant connected transactions in 2020 did not exceed such caps.

The purchases by us of crude oil and related materials from, and sales of petroleum products by us to, Sinopec Corp. and its associates were conducted in accordance with the State' s relevant policy and applicable State tariffs or State guidance prices. As long as the State does not lift its control over purchases of crude oil, sales of petroleum products and pricing thereof, such connected transactions will continue to occur. We sell petrochemicals to Sinopec Corp. and its associates and Sinopec Corp. and its associates act as agents for the sales of petrochemicals in order to reduce our inventories, expand their trading, distribution and sales networks and improve our bargaining power with our customers. We lease part of the properties to Sinopec Corp. and its associates in consideration of their good financial background and credit standing. We accept construction and installation, engineering design, insurance agency and financial services relating to the petrochemical industry from Sinopec Group and its associates in order to secure steady and reliable services at reasonable prices.

The prices of the continuing connected (*i.e.*, related-party) transactions conducted between the Company and Sinopec Group, Sinopec Corp. and its associates are determined by the parties involved after consultation pursuant to (1) the fixed price of the state; or (2) the guiding price of the state; or (3) market prices, and the conclusion of agreements for the connected transactions are in compliance with the needs of the Company' s production and operation. Therefore the above continuing connected transactions do not cause a material impact on the Company' s independence.

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The table below sets forth certain relevant information regarding our continuing connected transactions with Sinopec Corp. and Sinopec Group under the Mutual Product Supply and Sales Services Framework Agreement and the Comprehensive Services Framework Agreement in 2020.

Type of major transactions	Connected parties	Annual cap for 2020	Transaction Amount during the reporting Period	Unit: RMB' 000 Percentage Of the total Amount of the same type of transaction (%)	
Mutual Product Supply and Sales Services Framework Agreement					
Purchases of raw materials	Sinopec Corp., Sinopec Group and their associates	78,453,000	40,644,615	40.89	%
Sales of petroleum and petrochemical products	Sinopec Corp. and its associates	70,113,000	48,076,872	64.36	%
Property leasing	Sinopec Corp. and its associates	37,000	32,829	40.23	%
Agency sales of petrochemical	Sinopec Corp. and its associates	166,000	104,598	100.00	%
Comprehensive Services Framework Agreement					
Construction, installation and engineering design services	Sinopec Group and its associates	684,000	233,591	26.36	%
Petrochemical industry insurance services	Sinopec Group and its associates	120,000	107,495	100.00	%
Financial services	Sinopec Group and its associates	200,000	2,088	0.48	%

During the 19th meeting of the ninth Session of the Board of Directors of the Company on 27 December 2019, the Company approved the oil tanks lease agreement entered into on 31 December 2019 between the Company and the Sinopec Petroleum Storage and Reserve Limited ("Sinopec Reserve") which is a wholly owned subsidiary of the Sinopec Group (the de facto controller of the Company), and the Baishawan subsidiary of Sinopec Reserve ("Baishawan Branch"). Pursuant to the agreement, Baishawan branch is to provide the storage service for the Company for one year, with the leasing period from 1 January 2020 to 31 December 2020, at an annual storage fee of a maximum of RMB114.0 million (including VAT). Related announcements were published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on 27 December 2019, as well as on the Shanghai Securities News and the China Securities Journal on 28 December 2019. During the Reporting Period, the Company incurred a related service fees in the amount of RMB109 million (including VAT).

As the above oil tanks lease agreement services agreement expired on 31 December 2020, the Company entered into an oil tanks lease agreement with the Sinopec Reserve and the Baishawan Subsidiary on 31 December 2020, pursuant to which the Baishawan Branch provides storage services to the Company for a term of three years commencing from 1 January 2021 to 31 December 2023. The annual aggregate amount payable by the Company to the Baishawan Branch in 2021, 2022 and 2023 shall not exceed RMB114.0 million (VAT inclusive). The oil tanks lease agreement was considered and approved at the fourth meeting of the tenth Session of the Board of Directors held on 8 December 2020. The relevant announcement was published on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company, respectively, on 8 December 2020 and 11 December 2020, and was published on the Shanghai Securities News and the China Securities Journal on 9 December 2020.

On December 28, 2018, the Company entered into a technical service agreement with Petro-CyberWorks Information Technology Co., Ltd. ("PCITC"), a non wholly-owned subsidiary of the Company' s de facto controller, Sinopec Group. Pursuant to the technical service agreement, the Company appointed PCITC to implement the design, construction, operation and maintenance of smart plant project for a total amount of RMB30,580,000 (inclusive of tax). The term of the technical service agreement starts from the date of signing by both parties, and the main function construction has past the completion acceptance in December 2020. Related announcements were published on the official websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company on December 28, 2018, as well as on "Shanghai Securities News" and "China Securities Journal" on December 29, 2018.

HKSE connected transactions rules

We are required by HKSE listing rules to obtain advance shareholder approval for certain transactions with related parties such as Sinopec Group, Sinopec Corp., or its associates. We comply with such HKSE listing rules by obtaining advance shareholder approval at least every three years for the renewal of our framework agreements (*e.g.*, the Mutual Product Supply and Sales Services Framework Agreement and the Comprehensive Services Framework Agreement) with Sinopec Corp. and Sinopec Group for setting maximum aggregated annual values spent on the supply of products and services under these agreements. The independent non-executive directors will need to confirm each year, upon reviewing our continuing connected transaction, that these transactions are conducted in the ordinary and usual course of our business, on normal commercial terms and in accordance with the terms of these agreements.

C. Interests of Experts and Counsel.

Not applicable.

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ITEM 8. FINANCIAL INFORMATION.

A. Consolidated Statements and Other Financial Information.

Please see Item 18. Financial Statements for our audited consolidated financial statements filed as part of this annual report.

Litigation

Neither we nor any of our subsidiaries is a party to, nor is any of our or their property the subject of any legal or arbitration proceedings which may have significant effects on our financial position or profitability or cash flows. We are not aware of any litigation or arbitration proceedings in which any of our directors, any member of our senior management or any of our affiliates is an adverse party or has a material adverse interest.

Dividend Policy

Our Board of Directors may propose dividend distributions subject to the approval of the shareholders. The Articles of Association also provide that, the aggregate profits distributed in cash in the recent three years shall not be less than 30% of the average annual distributable profits within such three-year period. Shareholders receive dividends in proportion to their shareholdings.

The Articles of Association require that cash dividends and other distributions in respect of H Shares be declared in Renminbi and paid by us in Hong Kong Dollars while cash dividends and other distributions in respect of our A Shares be paid in Renminbi. If we record no profit for the year, we may not distribute dividends in such year.

We expect to continue to pay dividends, although there can be no assurance as to the particular amounts that might be paid from year to year. Payment of future dividends will depend upon our revenue, financial condition, future earnings and other factors. See Item 5. Operating and Financial Review and Prospects and Item 3. Key Information – A. Selected Financial Data – Dividends.

B. Significant Changes.

No significant change has occurred since the date of the financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING.

A. Offer and Listing Details

The principal trading market for our H Shares is the HKSE. The ADSs, each representing 100 H Shares, have been issued by The Bank of New York Mellon as a depositary under a Deposit Agreement with us and are listed on the NYSE under the symbol "SHI." We have also listed our A Shares on the Shanghai Stock Exchange. Prior to our initial public offering on July 26, 1993 and subsequent listings on the HKSE and NYSE, there was no market for our H Shares or the ADSs. Public trading in our A Shares commenced on November 8, 1993.

B. Plan of Distribution

Not applicable.

C. Markets

Our H Shares are listed for trading on the HKSE (Code: 00338), our ADSs are listed for trading on the NYSE under the symbol "SHI" and our A Shares are listed for trading on the Shanghai Stock Exchange (Code: 600688).

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issuer

Not applicable.

ITEM 10. ADDITIONAL INFORMATION.

A. Share Capital

Not applicable.

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B. Memorandum and Articles of Association.

We are a joint stock limited company established in accordance with the PRC Company Law and certain other laws and regulations of the PRC. We are registered with the Shanghai Administration of Industry and Commerce with business license number 91310000132212291W.

The following is a summary based upon provisions of our Articles of Association as currently in effect, the PRC Company Law (1993) (as amended) and other selected laws and regulations applicable to us. You should refer to the text of the Articles of Association and to the texts of applicable laws and regulations for further information.

Our Articles of Association provide, at article 12, that our purpose is:

to build and operate a diversified industrial company which will be one of the world' s leading petrochemical companies;

to promote the development of the petrochemical industry in China through the production of a broad variety of outstanding products; and

to practice advanced, scientific management and apply flexible business principles, and to develop overseas markets for our products so that we and our shareholders receive reasonable economic benefits.

Our scope of business is limited to matters approved by Chinese authorities. Article 13 provides that our primary business scope includes:

Refining crude oil, petroleum products, petrochemical products, synthetic fibers and monomers, plastic products, raw materials for knitting and textile products, preparation of catalysts and recover waste catalysts, power, heat, water and gas supply, water treatment, railway cargo loading and unloading, inland water transport, wharf operation, warehousing, design, research and development, technology development, transfer, consultancy and other services, property management, lease of self-owned premises, internal staff training, design and fabrication of various advertisements, release of advertisements on self-owned media and quality technology services (administrative license should be obtained when required). We may adjust these subject to approval by governmental authorities.

The following discussion primarily concerns our shares and the rights of our shareholders. Holders of our ADSs will not be treated as our shareholders and will be required to surrender their ADSs for cancellation and withdrawal from the depositary facility in which the H Shares are held in order to exercise shareholder rights in respect of H Shares.

A Shares and overseas-listed foreign invested H Shares are both ordinary shares in our share capital. A Shares are shares we issue to domestic Chinese investors for subscription in Renminbi, while H Shares are shares we issue for subscription in other currencies to investors from Hong Kong, Macau, Taiwan and outside of China.

Sources of Shareholders' Rights

China' s legal system is based on written statutes and is a system in which decided legal cases have little precedent value. China' s legal system is similar to civil law systems in this regard. In 1979, China began the process of developing its legal system by undertaking to promulgate a comprehensive system of laws. In December 1993, the Standing Committee of the 8th National People' s Congress adopted the PRC Company Law. Although the PRC Company Law is expected to serve as the core of a body of regulatory measures, which will impose a uniform standard of corporate behavior on companies and their directors and shareholders, only a limited portion of this body of regulatory measures has so far been promulgated.

Currently, the primary sources of shareholder rights are the Articles of Association, the PRC Company Law and the HKSE listing rules, which, among other things, impose standards of conduct, fairness and disclosure on us, our directors and our controlling shareholder. To facilitate the offering and listing of shares of Chinese companies overseas, and to regulate the behavior of companies whose shares are listed overseas, the former State Council Securities Committee and the former State Commission for Restructuring the Economic System issued the Mandatory Provisions for articles of association of Companies Listing Overseas on August 27, 1994. These provisions have been incorporated into our Articles of Association and any amendment to those provisions will only become effective after approval by the companies approval department authorized by the State.

In addition, upon the listing of and for so long as the H Shares are listed on the HKSE, we will be subject to those relevant ordinances, rules and regulations applicable to companies listed on the HKSE, the Securities and Futures Ordinance and the Codes on Takeovers and Mergers and Share Repurchases.

Unless otherwise specified, all rights, obligations and protections discussed below derive from our Articles of Association and/or the PRC Company Law.

Enforceability of Shareholders' Rights

There has not been any public disclosure in relation to the enforcement by holders of H Shares of their rights under the charter documents of joint stock limited companies or the PRC Company Law or in the application or interpretation of the Chinese or Hong Kong regulatory provisions applicable to Chinese joint stock limited companies.

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In most states of the United States, shareholders may sue a corporation "derivatively." A derivative suit involves the commencement by a shareholder of a corporate cause of action against persons who have allegedly wronged the corporation, where the corporation itself has failed to enforce the claims directly. This would include suits against corporate officers, directors, or the controlling shareholder. This type of action is brought based upon a primary right of the corporation, but is asserted by a shareholder on behalf of the corporation. In accordance with the PRC Company Law, if a company incurs losses due to the violation of any provision of laws, administrative regulations or the Company' s articles of association by any of its directors, supervisors and officers during his/her discharge of duties entrusted by the Company, or due to any other person' s infringement of the Company' s legal rights or interests, the shareholders of the Company may take legal action before a court under the PRC Company Law.

Our Articles of Association provide that all differences or claims

between a holder of H Shares and us;

between a holder of H Shares and any of our directors, supervisors, manager or other senior officers; or

between a holder of H Shares and a holder of A Shares,

involving any right or obligation provided in the Articles of Association, the PRC Company Law or any other relevant law or administrative regulation which concerns our affairs must, with certain exceptions, be referred to arbitration at either the China International Economic and Trade Arbitration Commission in China or the Hong Kong International Arbitration Center. Our Articles of Association also provide that the arbitration will be final and conclusive. On June 21, 1999, an arrangement was made between Hong Kong and China for the summary mutual enforcement of each other' s arbitration awards in a manner consistent with the United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards and practices that occurred before the handover of Hong Kong to China. This arrangement was approved by the Supreme Court of China and the Hong Kong Legislative Council, and became effective on February 1, 2000.

All of our directors and officers reside outside the United States (principally in China) and substantially all of our assets and of those persons are located outside the United States. Therefore, you may not be able to effect service of process within the United States against any of those persons. In addition, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts within the United States or most other countries that are members of the Organization for Economic Cooperation and Development. This means that administrative actions brought by regulatory authorities such as the SEC, and other actions which result in foreign court judgments could only be enforced in China if the judgments or rulings do not violate the basic principles of the law of China or the sovereignty, security and social public interest of the society of China, as determined by a People' s Court of China which has jurisdiction for recognition and enforcement of judgments. We have been advised by our Chinese counsel, Haiwen & Partners, that there is doubt as to the enforceability in China of any actions to enforce judgments of United States courts arising out of or based on the ownership of our H Shares or ADSs, including judgments arising out of or based on the civil liability provisions of United States federal or state securities laws.

Restrictions on Transferability and the Share Register

All fully paid up H Shares will be freely transferable in accordance with the Articles of Association unless otherwise prescribed by law and/or administrative regulations. Under current laws and regulations, H Shares may be traded only among investors who are not Chinese persons, and may not be sold to Chinese investors. Consequences under Chinese law of a purported transfer of H Shares to Chinese investors are unclear.

As provided in our Articles of Association, we may refuse to register a transfer of H Shares without providing any reason unless:

all relevant transfer fees and stamp duties are paid;

the instrument of transfer is accompanied by the share certificates to which it relates and any other evidence reasonably required by our board to prove the transferor' s right to make the transfer;

there are no more than four joint holders as transferees; and

the H Shares are free from any lien of ours.

Additionally, no transfers of shares may be registered within the 30 days prior to a shareholders' general meeting or within five days before we decide on the distribution of dividends.

We are required to keep a register of our shareholders which shall be comprised of various parts, including one part which is to be maintained in Hong Kong in relation to H Shares listed on the HKSE. Shareholders have the right to inspect the share register. For a reasonable fee, shareholders may copy any part of the share register, obtain background information regarding our directors, supervisors, manager and other senior officers, minutes of shareholder general meetings and reports regarding our share capital and any share repurchases in the prior year.

Dividends

Upon approval by ordinary resolution at a shareholders' meeting, our Board of Directors may propose dividend distribution at any time. The Articles of Association permits dividends issued in the form of cash or shares. Special resolution of the shareholders' general meeting is required for dividends issued in the form of shares.

Dividends may only be distributed, however, after allowance has been made for:

recovery of losses, if any;

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allocations to the statutory common reserve fund; and

allocations to a discretionary common reserve fund.

The Articles of Association require us to appoint on behalf of the holders of H Shares a receiving agent which is registered as a trust corporation under the Trustee Ordinance of Hong Kong to receive dividends we declare in respect of the H Shares on behalf of the H shareholders. The Articles of Association require that cash dividends and other distributions in respect of H Shares be declared in Renminbi and paid by us in Hong Kong Dollars while cash dividends and other distributions of the A Shares shall be paid in Renminbi.

If we record no profit for the year, we may not normally distribute dividends for the year.

Dividend payments may be subject to Chinese withholding tax. See Item 10. Additional Information – E. Taxation.

Voting Rights and Shareholders' Meetings

Our Board of Directors must convene a shareholders' annual general meeting once every year within six months from the end of the preceding financial year. Our board must convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

where the number of directors is less than five as required by the PRC Company Law or two-thirds of the number specified in our Articles of Association;

where our unrecovered losses reach one-third of the total amount of our share capital;

where shareholder(s) holding 10% or more of our issued and outstanding voting shares request(s) in writing; or

whenever our board deems necessary or our Supervisory Committee so requests.

Meetings of a special class of shareholders must be called in specified situations when the rights of the holders of that class of shares may be varied or abrogated, as discussed below. The Board of Directors, the Supervisory Committee, and shareholders individually or collectively holding 3% or more of our total voting shares are entitled to make written proposals to a shareholders' meeting. Shareholders individually or collectively holding more than 3% of our total shares may submit written interim proposals to the convener of a shareholders' meeting ten days before the meeting.

All shareholders' meetings must be convened by our board by notice given to shareholders by personal service, mail or announcement in the newspaper not less than 45 days before the meeting. Based on the written replies we receive 20 days before a shareholders' meeting, we will calculate the number of voting shares represented by shareholders who have indicated that they intend to attend the meeting. We can convene the shareholders' general meeting if the number of voting shares represented by those shareholders is more than one-half of our total voting shares. Otherwise, we shall, within five days, inform the shareholders again of the motions to be considered and the date and venue of the meeting by way of public announcement. After the announcement is made, the shareholders' meeting may be convened. Our accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, a shareholder will not invalidate the proceedings at that shareholders' meeting. However, an extraordinary shareholders meeting cannot conduct any business not contained in the notice of meeting.

Shareholders at meetings have the power, among other things, to decide on our operational policies and investment plans, to approve or reject our proposed annual budget, approve our profit distribution plans, an increase or decrease in share capital, the issuance of debentures, our merger or liquidation and any amendment to our Articles of Association. Shareholders also have the right to review any proposals by a shareholder owning 3% or more of our shares.

In general, holders of H Shares and A Shares vote together as a single class at all meetings and on all matters. However, the rights of a class of shareholders may not be varied or abrogated, unless approved by both a special resolution of all shareholders at a general shareholders' meeting and by a special resolution of shareholders of that class of shares at a separate meeting. Our Articles of Association specify, without limitation, that the following amendments would be deemed to be a variation or abrogation of the rights of a class of shareholders:

increasing or decreasing the number of shares of a class or of a class having voting or distribution rights or privileges equal or superior to that class;

removing or reducing rights to receive dividends in a particular currency;

creating shares with voting or distribution rights superior to shares of that class;

restricting or adding restrictions to the transfer of ownership of shares of that class;

allotting and issuing rights to subscribe for, or to convert into, shares of that class or another class;

increasing the rights or privileges of any other class; or

modifying the provision of our Articles of Association that specifies which amendments would be deemed a variation or abrogation of the rights of a class of shareholder.

For votes on any of these matters, or any other matter that would vary or abrogate the rights of the A Shares or H Shares, the holders of A Shares and H Shares are deemed to be separate classes and vote separately. However, "Interested Shareholders" are not entitled to vote at class meetings. The meaning of "Interested Shareholder" depends on the proposal to be voted on at the class meeting:

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If the proposal is for us to repurchase our shares either from all shareholders proportionately or by purchasing share on a stock exchange, an "Interested Shareholder" is our controlling shareholder;

If the proposal is for us to repurchase our shares from a shareholder by a private contract, an "Interested Shareholder" is the shareholder whose shares would be repurchased;

If the proposal is for our restructuring, an "Interested Shareholder" is any shareholder that has an interest in the restructuring different from the other shareholders of the class or who bears a burden under the proposed restructuring that is less than proportionate to his shareholdings of the class.

Our Articles of Association specifically provide that an issue of up to 20% of A and H Shares would not be a variation or abrogation of the rights of A shareholders or H shareholders, therefore, separate approval of the A shareholders or H Shareholders would not be required.

Each share is entitled to one vote on all matters submitted to a vote of our shareholders at all shareholders' meetings, except for meetings of a special class of shareholders where only holders of shares of the affected class are entitled to vote on the basis of one vote per share of the affected class.

Shareholders are entitled to attend and vote at meetings either in person or by proxy. Proxy authorization forms must be in writing and deposited at our company' s principal offices, or at such other place specified in the notice of shareholders meeting not less than 24 hours before the time that such meeting will be held or the time appointed for passing upon the relevant resolutions. If a proxy authorization form is signed by a third party on behalf of the relevant shareholder, then such proxy authorization form must be accompanied by the signature authorization letter or other such document authorizing such third party to sign on behalf of the shareholder.

Except for those actions discussed below, which require supermajority votes, or special resolutions, resolutions of the shareholders are passed by a simple majority of the voting shares held by shareholders who are present in person or by proxy. Special resolutions must be passed by more than two-thirds of the voting rights represented by shareholders who are present in person or by proxy.

The following decisions must be adopted by special resolution:

an increase or reduction of our share capital or the issue of shares of any class, warrants and other similar securities;

the issue of our debentures;

our division, merger, dissolution and liquidation;

amendments to our Articles of Association;

significant acquisition or disposal of material assets or provision of guarantees conducted within the period of one year with a value exceeding 30% of our latest audited total assets;

share incentive schemes; and

any other matters considered by the shareholders in a general meeting and which they have resolved by way of an ordinary resolution to be material and should be adopted by special resolution.

All other actions taken by the shareholders, including the appointment and removal of our directors and independent auditors and the declaration of normal dividend payments, will be decided by an ordinary resolution of the shareholders.

Our listing agreement with the HKSE provides that we may not permit amendments to certain sections of our Articles of Association that are subject to the Mandatory Provisions. These sections include provisions relating to (i) varying the rights of existing classes of shares, (ii) voting rights, (iii) our ability to purchase our own shares, (iv) rights of minority shareholders and (v) procedures on liquidation. In addition, certain amendments to the Articles of Association require the approval and assent of Chinese authorities.

Board of Directors

Our Articles of Association authorize 11 to 15 directors. Directors are elected by shareholders at a general meeting for a three year term from among candidates nominated by the Board of Directors or by shareholders holding 3% or more of our shares (Independent Directors may be nominated by shareholders each holding 1% or more of our shares). Because our directors do not serve staggered terms, the entire Board of Directors will stand for election, and could be replaced, every three years. Our directors are not required to hold any shares in us, and there is no age limit requirement for the retirement or non- retirement of our directors.

In addition to obligations imposed by laws, administrative regulations or the listing rules of the stock exchanges on which our shares are listed, the Articles of Association place on each of our directors, supervisors, manager and any other senior officers a duty to each shareholder, in the exercise of our functions and powers entrusted to them:

not to cause us to exceed the scope of business stipulated in our business license;

to act honestly in what he considers our best interests;

not to expropriate our assets in any way, including (without limitation) usurpation of opportunities which may benefit us; and

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not to expropriate the individual rights of shareholders, including (without limitation) rights to distributions and voting rights, except according to a restructuring which has been submitted to the shareholders for their approval in accordance with the Articles of Association.

Our Articles of Association further place on each of our directors, supervisors, manager and other senior officers:

a duty, in the exercise of their powers and discharge of their duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;

a fiduciary obligation, in the discharge of his duties, not to place himself or herself in a position where his or her interests may conflict with his or her duty to us; and

a duty not to cause a person or an organization related or connected to him or her in specified relationships to do what they are prohibited from doing.

We pay all expenses that our directors incur for their services as directors. Directors also receive compensation for their services under service contracts that are negotiated by the Board of Directors and approved by the shareholders.

Subject to the stipulations of relevant laws and regulations, the shareholders in a general meeting may by ordinary resolution remove any director before the expiration of his term of office. Except for the restrictions placed on the controlling shareholder, discussed below, our shareholders in general meeting have the power to relieve a director or supervisor from liability for specific breaches of duty.

Cumulative voting is required for a meeting of shareholders held for the election of two or more of our directors or supervisors as long as more than 30% of our outstanding shares are held by a single shareholder. Cumulative voting allows shareholders to cast a number of votes for a candidate equal to the number of shares held multiplied by the number of directors being elected at the shareholders' meeting. If a shareholder attempts to cast more votes than he is entitled to under this system, all of the shareholder' s votes will be invalid and will be deemed an abstention.

More than one third of our directors of board must be independent from our shareholders and not hold any office with us (each, "Independent Director"). At least one Independent Director must be an accounting professional and all Independent Directors must possess a basic knowledge of the operations of a listed company and be familiar with relevant laws and rules and have at least five years working experience in law, economics or other area required for the fulfillment of responsibilities as an Independent Director. Independent Directors may not serve for terms exceeding six years. In addition, there are specific persons who are disqualified from acting as Independent Director. These include:

immediate family members of persons who work for us or our associated entities;

persons or their immediate family who hold one percent or more of our shares or are among our ten largest shareholders;

any persons that satisfied the foregoing conditions within the past one year;

persons providing financial, legal, consultation or other services to us or our associated entities;

persons who already serve as Independent Director for five other listed companies; and

anyone identified by the CSRC as unsuitable for serving as an Independent Director.

If the resignation of an Independent Director would cause our Board of Directors to have less than one third Independent Directors, the resignation will only become effective after a new Independent Director has been appointed.

Our Board will be required to meet at least four times each year. Directors who miss two consecutive Board meetings without appointing an alternate director to attend on their behalf will be proposed for removal at the next shareholders' meeting, provided that Independent Directors may miss three consecutive meetings in person before being proposed for removal.

Directors may not vote on any matter in which he has a material interest, nor will he be counted for purposes of forming a quorum on such a matter.

Board resolutions are passed by a simple majority of the Directors except for the following matters which require the consent of more than two thirds of the Directors:

proposals for our financial policies;

the increase or reduction of our registered capital;

the issue of securities of any kind and their listing;

any repurchase of our shares;

significant acquisitions or disposals;

our merger, division or dissolution; and

any amendment to our Articles of Association.

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Our Board of Directors or Supervisory Committee may nominate candidates for our Board of Directors and Supervisory Committee. In addition, shareholders holding one percent or more of our shares have the right to nominate candidates for Independent Director or Independent Supervisor and shareholders holding three percent or more of our shares have the right to nominate other candidates for Director or Supervisor. For candidates for Director, the nominator and candidates will be responsible for providing truthful and complete information about the candidate for disclosure. Candidates for Independent Director must publicly declare that there does not exist any relationship between himself and us that may influence his independent, objective judgment. The CSRC may veto any candidate for Independent Director.

Any material connected transactions are subject to prior approval by our Independent Directors. Connected transactions are those defined by the HKSE and by Chinese rules and regulations, but would generally include transactions with any of the following:

any company that, directly or indirectly, controls us or is under common control with us;

any shareholders owning 5% or more of our shares;

our directors, supervisors and other senior management;

any of our key technical personnel or key technology suppliers; and

any close relative or associate of any of the above.

Our Independent Directors can also propose to the Board of Directors the appointment or removal of our auditors, the convening of a Board meeting, independently appoint external auditors, solicit votes from shareholders and report circumstances directly to shareholders, Chinese securities regulatory authorities or other government departments. Two or more may request that the Board convene an extraordinary meeting of shareholders.

Our Independent Directors will have to express their opinion on specified matters to the Board or to the shareholders at a shareholders' meeting, either by a single unanimous statement or individually. These matters are:

the nomination, removal and remuneration of directors or senior management;

any major loans or financial transactions with our shareholders or related enterprises and whether we have taken adequate steps to ensure repayment;

matters that the Independent Director believes may harm the rights and interests of minority shareholders; and

any other matter that they are required to opine on by applicable law or rules.

These opinions must be expressed as either, agree, qualified agreement, opposition or unable to form an opinion. All but agreement must also be accompanied by a supporting explanation. If public disclosure of the matter is required, we must also disclose the opinions of our Independent Directors.

Any Independent Director may engage independent institutions to provide independent opinions as the basis of their decision. We must arrange the engagement and bear any costs.

Supervisory Committee

The Supervisory Committee is responsible for supervising our directors and senior officers and preventing them from abusing their positions and powers or infringing upon the rights and interests of our company or those of our shareholders and employees. The Supervisory Committee has no power over the decisions or actions of our directors or officers except for requesting the directors or officers to correct any acts that are harmful to our interests. The Supervisory Committee is composed of six members appointed for a three year term. It has the right to:

attend the meetings of our Board of Directors;

inspect our financial affairs;

supervise and evaluate the conduct of our directors, general manager and other senior officers in order to determine whether they violate any laws, regulations or the Articles of Association in performing their duties;

require our directors, general manager or other senior officers to correct any act harmful to our interests and those of our shareholders and employees;

verify financial reports, accounting reports, business reports, profit distribution plans and other financial information proposed to be tabled at the shareholders' general meeting, and entrust registered accountants and practicing accountants to re-review such documents upon its discovery of any problems;

require the Board of Directors to convene an extraordinary general meeting of shareholders;

represent us in negotiations with directors or in initiating legal proceedings against a director on our company' s behalf;

conduct investigation into any identified irregularities in our operations, and where necessary, to engage accountants, legal advisers or other professionals to assist in the investigation; and

any other matters authorized by the Articles of Association.

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One third of our Supervisory Committee members must be employee representatives appointed by our employees. The remaining members are appointed by the shareholders in a general meeting, provided that our directors, general manager and senior officers are not eligible to serve as supervisors. The Supervisory Committee must meet at least four times a year. Decisions of the Supervisory Committee can be passed by the consents of over two thirds of all the supervisors. We will pay all reasonable expenses incurred by the Supervisory Committee in appointing professional advisors, such as lawyers, accountants or auditors.

Liquidation Rights

In the event of our liquidation, payment of borrowings out of our remaining assets will be made in the order of priority prescribed by applicable laws and regulations. After payment of borrowings, we will distribute the remaining property to shareholders according to the class and proportion of their shareholdings. For this purpose, the H Shares will rank equally with the A Shares.

Obligation of Shareholders

Shareholders are not obligated to make any further contributions to our share capital other than as agreed by the subscriber of the relevant shares on subscription. This provision means that holders of ADSs will also not be obligated to make further contributions to our share capital.

Duration

We are organized as a stock limited company of indefinite duration.

Increase in Share Capital

The Articles of Association require that approval by a resolution of the shareholders be obtained prior to issuing new shares. New issues of shares must also be approved by the relevant Chinese authorities.

Reduction of Share Capital and Purchase by Us of Our Shares

We may reduce our registered share capital only upon obtaining the approval of the shareholders and, when applicable, relevant Chinese authorities. Repurchases may be made either by way of a general offer to all shareholders in proportion to their shareholdings, by purchasing our shares on a stock exchange or by an off-market contract with shareholders.

Restrictions on Large or Controlling Shareholders

Our Articles of Association provide that, in addition to any obligation imposed by laws and administrative regulations or required by the listing rules of the stock exchanges on which our shares are listed, a controlling shareholder cannot exercise voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders:

to relieve a director or supervisor from his or her duty to act honestly in our best interest;

to approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person) of our assets in any way, including, without limitation, opportunities which may benefit us; or

to approve the expropriation by a director or supervisor (for his or her own benefit or for the benefit of another person) of the individual rights of other shareholders, including, without limitation, rights to distributions and voting rights (but not according to a restructuring of our company which has been submitted for approval by the shareholders in a general meeting in accordance with our Articles of Association).

A controlling shareholder, however, will not be precluded by our Articles of Association or any laws and administrative regulations or the listing rules of the stock exchanges on which our shares are listed from voting on these matters.

A controlling shareholder is defined by our Articles of Association as any person who, acting alone or together with others:

has the power to elect more than one-half of the Board of Directors;

has the power to exercise, or to control the exercise of, 30% or more of our voting rights;

holds 30% or more of our issued and outstanding shares; or

has *de facto* control of us in any other way.

Minutes, Accounts and Annual Report

Our shareholders may inspect copies of the minutes of the shareholders' general meetings during our business hours free of charge. Shareholders are also entitled to receive copies of these minutes within seven days of receipt of the reasonable charges we may require.

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Our fiscal year is the calendar year ending December 31. Each fiscal year, we must mail our financial report to shareholders not less than 21 days before the date of the shareholders' annual general meeting. These and any interim financial statements must be prepared in accordance with Chinese accounting standards and, for so long as H Shares are listed on the HKSE, must also be prepared in accordance with or reconciled to either Hong Kong accounting standards or international accounting standards. The financial statements must be approved by an ordinary resolution of the shareholders at the annual general meeting.

Independent auditors are appointed each year by the shareholders at the annual meeting.

C. Material Contracts.

We have not entered into any material contracts in the last two years other than in the ordinary course of business and other than those described in Item 4. Information on the Company or elsewhere in this annual report on Form 20-F.

D. Exchange Controls.

Our Articles of Association require that cash dividends on our H Shares be declared in Renminbi and paid in HK Dollars. The Articles of Association further stipulate that unless otherwise provided in law and administrative regulations, such dividends must be converted to HK Dollars at a rate equal to the average of the closing exchange rates for HK Dollars as announced by the Chinese Foreign Exchange Trading Center for the calendar week preceding the date on which the dividends are declared.

The Renminbi currently is not a freely convertible currency. SAFE, under supervision of the People' s Bank of China ("PBOC"), controls the conversion of Renminbi into foreign currency. Chinese governmental policies were introduced in 1996 to reduce restrictions on the convertibility of Renminbi into foreign currency for current account items. In recent years, the Chinese government has gradually simplified and improved the foreign exchange administration policies in relation to capital items, such as the cancellation of foreign exchange registration and approval for domestic and overseas foreign direct investment. However, foreign exchange control over the capital items is not completely abolished. The limitations on foreign exchange could affect our ability to obtain foreign exchange through borrowings or equity financing, or to obtain foreign exchange for capital expenditures.

On July 21, 2005, the Chinese government changed its policy of pegging the Renminbi to the U.S. Dollar. Under the new policy, the Renminbi is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. Since the adoption of this new policy, the value of the Renminbi has fluctuated daily within a narrow band, but overall has appreciated against the U.S. Dollar. Nevertheless, the Chinese government continues to receive significant international pressure to further liberalize its currency policy which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. Dollar. The value of the Renminbi depreciated by 5.15% against the U.S. Dollar in the year of 2018.

While the impact of the foregoing developments is not entirely clear, it appears that the trend in the Chinese government' s foreign exchange policy is toward easier convertibility of the Renminbi.

The holders of the ADSs will receive the HK Dollar dividend payments in U.S. Dollars at conversion rates related to market rates and subject to fees as set forth in our Deposit Agreement with The Bank of New York Mellon, as Depositary. The HK Dollar is currently linked to and trades within a narrow band against the U.S. Dollar at a rate that does not deviate significantly from HK$7.80 = U.S.$1.00. The Hong Kong government has stated its intention to maintain such link, although there can be no guarantee that such link will be maintained.

E. Taxation

PRC Taxation

The following is a summary of those taxes, including withholding provisions, to which United States security holders are subject under existing Chinese laws and regulations. The summary is subject to changes in Chinese law, including changes that could have retroactive effect. The summary does not take into account or discuss the tax laws of any country other than China, nor does it take into account the individual circumstances of a security holder. This summary does not purport to be a complete technical analysis or an examination of all potential tax effects under such laws and regulations.

Tax on Dividends

For an Individual Investor

According to the Individual Income Tax Law of the People' s Republic of China, as amended on August 31, 2018 and effective on January 1, 2019 (the "Individual Income Tax Law") dividends paid by Chinese companies to individual investors are subject to Chinese withholding tax at a flat rate of 20%. As for a foreign individual investor that neither has a domicile nor resides in China, or that has no domicile and has resided in China for no more than one year, the dividends received by such an investor in China are generally subject to a withholding tax at a flat rate of 20% under the individual income tax law, subject to exemption or reduction by an applicable income tax treaty. According to the State Administration of Taxation' s tax treatments with regard to the dividends of H Shares paid by onshore non-foreign invested enterprises listed on the HKSE, we will withhold and pay the individual income tax at the tax rate of 10% for individual shareholders who are residents of Hong Kong, Macau, or countries which have entered into tax treaties with China, which provide for a 10% dividends tax rate, and we will temporarily withhold and pay the individual income tax at the tax rate of 10% for individual shareholders who are residents of countries which have entered into tax treaties with China, which provide for a less than 10% dividends tax rate. Shareholders of H Shares may directly or through our Company apply to the in-charge tax authority for the preferential treatments provided by the relevant tax treaties.

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Upon the approval by the in-charge tax authority, the excessive amount being paid will be refunded. For individual shareholders who are residents of countries which have entered into tax treaties with China providing for a more than 10% but less than 20% dividends tax rate, we will withhold and pay the individual income tax at the specific tax rate required therein. We will withhold and pay the individual income tax at the dividends tax rate of 20% for individual shareholders who are residents of countries which have not entered into any forms of tax treaties with China or in circumstances other than above described.

For a Corporation

According to the Enterprise Income Tax Law of the People' s Republic of China ("Enterprise Income Tax Law") and its implementation rules, as amended on December 29, 2018, dividends by Chinese resident enterprises to non-resident enterprises are ordinarily subject to a Chinese withholding tax levied at a flat rate of 10%. For purposes of the Enterprise Income Tax Law, a "Chinese resident enterprise" is an enterprise which is either (i) set up in China in accordance with PRC laws or (ii) set up in accordance with the laws of a foreign country (region) but whose actual administrative headquarters is in China. For purposes of the Enterprise Income Tax Law, a "non-resident enterprise" is an enterprise which is set up in accordance with the laws of a foreign country (region) and whose actual administrative headquarters is located outside China but which has either (i) set up a legal presence in China or (ii) has income originating from China despite not having formally set up a legal presence in China. The State Administration of Taxation issued a *Circular on Issues Relating to the Withholding of Enterprise Income Tax for Dividends Distributed by Resident Enterprises in China to Non-resident Enterprises Holding H-shares of the Enterprises* (Guo Shui Han [2008] No. 897) on November 6, 2008, which further clarifies that Chinese resident enterprises should, in distributing dividends for 2008 or any year hereafter to non-resident enterprises holding H-shares of the Chinese resident enterprise, withhold enterprise income tax for such dividends at a tax rate of 10%. After receiving dividends, non-resident enterprises holding H-shares of any Chinese resident enterprise can, on their own or through an agent, file an application to the relevant taxation authorities for such dividends to be covered by any applicable tax treaty (or other arrangement). The relevant taxation authorities should, upon reviewing and verifying the application and supporting materials to be correct, refund the difference between the tax levied and the tax payable calculated at a tax rate specified by the applicable tax treaty (or other arrangement).

Capital Gains Tax

For an Individual Investor

So far as we are aware, in practice, capital gains derived by a foreign individual investor from the sale of overseas-listed shares are temporarily exempted from individual income tax.

For a Corporation

According to the Enterprise Income Tax Law and its implementation rules, a non-resident enterprise is subject to a 10% withholding tax for capital gains derived from the disposal of overseas-listed shares unless such payment is exempted or deducted pursuant to applicable double taxation treaties or otherwise. According to the Circular issued by the State Administration of Taxation on Issues regarding Income Tax Payable by Foreign Invested Enterprises, Foreign Enterprises and Individuals for Capital Gains Derived from the Disposal of Shares (Equity Interests) and Dividends (Guoshuifa [1993] No. 45), capital gains derived by a non-resident enterprise from the disposal of overseas-listed shares are temporarily exempted from withholding tax in China. However, this circular has been revoked in 2011. Therefore, technically, PRC withholding tax should be applied to non-resident enterprises on capital gains derived from the disposal of overseas-listed shares unless it is tax exempted under the applicable double tax treaty. So far as we are aware, practically, there is no consistent enforcement of the collection of such withholding tax in China at current stage. However, we are aware of cases where the PRC tax authorities try to levy PRC withholding tax when they became aware of the disposal of the overseas-listed shares that the profits from the disposal of shares are derived from China.

Tax Treaties

China has an income tax treaty with the United States that currently limits the rate of Chinese withholding tax to 10% for dividends paid to individuals and corporations that qualify for treaty benefits. However, this treaty does not offer reduced tax rates for capital gains.

However, if certain conditions under the double tax treaty are satisfied (*e.g.*, the shareholding in H-shares is less than 25% and the H-share company is not 'land rich'), the capital gains may be exempted from the 10% PRC withholding tax.

Stamp Tax

While no express exemption exists for the imposition of Chinese stamp tax on transfers of Overseas Shares pursuant to the Provisional Regulations of the People' s Republic of China Concerning Stamp Tax, as amended on January 8, 2011, we are not aware of any circumstance under which Chinese stamp tax has actually been imposed on the transfer of Overseas Shares.

Estate or Gift Tax

China does not currently impose any estate or gift tax.

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U.S. Taxation

The following is a summary of the material U.S. federal income tax consequences of the ownership and disposition of H Shares or ADSs to U.S. Holders (as defined below). The following discussion is not exhaustive of all possible tax considerations. This summary is based upon the Internal Revenue Code of 1986, as amended (the "Code"), regulations promulgated under the Code by the U.S. Treasury Department (including proposed and temporary regulations), rulings, current administrative interpretations and official pronouncements of the Internal Revenue Service ("IRS"), and judicial decisions, all as currently available and all of which are subject to differing interpretations or to change, possibly with retroactive effect. Such change could materially and adversely affect the tax consequences described below. No assurance can be given that the IRS will not assert, or that a court will not sustain, a position contrary to any of the tax consequences described below.

This discussion does not address state, local, or foreign tax consequences, or the net investment income tax consequences, of the ownership and disposition of H Shares or ADSs. (See "PRC Taxation" above).

This summary is for general information only and does not address all aspects of U.S. federal income taxation that may be important to a particular holder in light of its investment or tax circumstances or to holders subject to special tax rules, such as: banks; financial institutions; insurance companies; dealers in stocks, securities, or currencies; entities treated as partnerships for U.S. federal income taxes or partners therein; traders in securities that elect to use a mark-to-market method of accounting for their securities holdings; tax-exempt organizations; real estate investment trusts; regulated investment companies; qualified retirement plans, individual retirement accounts, and other tax-deferred accounts; expatriates of the United States; individuals subject to the alternative minimum tax; persons holding H Shares or ADSs as part of a straddle, hedge, conversion transaction, or other integrated transaction; persons who acquired H Shares or ADSs pursuant to the exercise of any employee stock option or otherwise as compensation for services; persons actually or constructively holding 10% or more of the voting power or value of our stock; U.S. Holders (as defined below) whose functional currency is other than the U.S. Dollar; and persons holding our H Shares or ADSs in connection with a trade or business conducted outside the United States.

This discussion is not a comprehensive description of all of the U.S. federal tax consequences that may be relevant with respect to the ownership and disposition of H Shares or ADSs. We urge you to consult your own tax advisor regarding your particular circumstances and the U.S. federal income and estate tax consequences to you of owning and disposing of H Shares or ADSs, as well as any tax consequences arising under the laws of any state, local, or foreign or other tax jurisdiction and the possible effects of changes in U.S. federal or other tax laws.

This summary is directed solely to U.S. Holders (defined below) who hold their H Shares or ADSs as capital assets within the meaning of Section 1221 of the Code, which generally means as property held for investment. For purposes of this discussion, the term "U.S. Holder" means a beneficial owner of H Shares or ADSs that is any of the following:

a citizen or resident of the United States or someone treated as a U.S. citizen or resident for U.S. federal income tax purposes;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof, or the District of Columbia; or

a trust or estate, the income of which is subject to U.S. federal income taxation regardless of its source.

ADSs

As it relates to the ADSs, this discussion is based in part upon the representations of the depositary and the assumption that each obligation in the Deposit Agreement and any related agreement will be performed in accordance with its terms.

Generally, a holder of ADSs will be treated as the owner of the underlying H Shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if the holder exchanges ADSs for the underlying H Shares represented by those ADSs. The holder' s adjusted tax basis in the H Shares will be the same as the adjusted tax basis of the ADSs surrendered in exchange therefor, and the holding period for the H Shares will include the holding period for the surrendered ADSs.

TAXATION OF U.S. HOLDERS

The discussion in "Distributions on H Shares or ADSs" and "Dispositions of H Shares or ADSs" below is based on the assumption that we will not be treated as a PFIC for U.S. federal income tax purposes. For a discussion of the rules that apply if we are treated as a PFIC, see the discussion in "Passive Foreign Investment Company" below.

Distributions on H Shares or ADSs

General. Subject to the discussion in "Passive Foreign Investment Company" below, if you actually or constructively receive a distribution on H Shares or ADSs, you must include the distribution in gross income as a taxable dividend on the date of your (or in the case of ADSs, the depositary' s) receipt of the distribution, but only to the extent of our current or accumulated earnings and profits, as calculated under U.S. federal income tax principles. Such amount must be included without reduction for any foreign taxes withheld. Dividends paid by us will not be eligible for the dividends received deduction allowed to corporations with respect to dividends received from certain domestic corporations. Dividends paid by us may or may not be eligible for preferential rates applicable to qualified dividend income, as described below.

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To the extent a distribution exceeds our current and accumulated earnings and profits, it will be treated first as a non-taxable return of capital to the extent of your adjusted tax basis in the H Shares or ADSs, and thereafter as capital gain. Preferential tax rates for long term capital gain may be applicable to non-corporate U.S. Holders.

We do not intend to calculate our earnings and profits under U.S. federal income tax principles. Therefore, you should expect that a distribution generally will be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Qualified Dividend Income. With respect to non-corporate U.S. Holders (*i.e.*, individuals, trusts, and estates), dividends that are treated as qualified dividend income ("QDI") are taxable at a maximum tax rate of 20%. Among other requirements, dividends generally will be treated as QDI if either (i) our H Shares or ADSs are readily tradable on an established securities market in the United States, or (ii) we are eligible for the benefits of a comprehensive income tax treaty with the United States which includes an information exchange program and which is determined to be satisfactory by the U.S. Treasury. It is expected that our ADSs will be "readily tradable" as a result of being listed on the NYSE.

In addition, for dividends to be treated as QDI, we must not be a PFIC (as discussed below) for either the taxable year in which the dividend was paid or the preceding taxable year. Please see the discussion under "Passive Foreign Investment Company" below. Additionally, in order to qualify for QDI treatment, you generally must have held the H Shares or ADSs for more than 60 days during the 121-day period beginning 60 days prior to the ex-dividend date. However, your holding period will be reduced for any period during which the risk of loss is diminished.

Moreover, a dividend will not be treated as QDI to the extent you are under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property. Since the QDI rules are complex, you should consult your own tax advisor regarding the availability of the preferential tax rates for dividends paid on H Shares or ADSs.

Foreign Currency Distributions. A dividend paid in foreign currency (*e.g.*, Hong Kong Dollars or Chinese Renminbi) must be included in your income as a U.S. Dollar amount based on the exchange rate in effect on the date such dividend is received, regardless of whether the payment is in fact converted to U.S. Dollars. If the dividend is converted to U.S. Dollars on the date of receipt, you generally will not recognize a foreign currency gain or loss. However, if you convert the foreign currency to U.S. Dollars on a later date, you must include in income any gain or loss resulting from any exchange rate fluctuations. The gain or loss will be equal to the difference between (i) the U.S. Dollar value of the amount you included in income when the dividend was received and (ii) the amount that you receive on the conversion of the foreign currency to U.S. Dollars. Such gain or loss generally will be ordinary income or loss and U.S. source for U.S. foreign tax credit purposes.

Foreign Tax Credits. Subject to certain conditions and limitations, any foreign taxes paid on or withheld from distributions from us and not refundable to you may be credited against your U.S. federal income tax liability or, alternatively, may be deducted from your taxable income. This election is made on a year-by-year basis and applies to all foreign taxes paid by you or withheld from you that year.

Distributions will constitute foreign source income for foreign tax credit limitation purposes. The foreign tax credit limitation is calculated separately with respect to specific classes of income. For this purpose, distributions characterized as dividends distributed by us generally will constitute "passive category income" or, in the case of certain U.S. Holders, "general category income." Special limitations may apply if a dividend is treated as QDI (as defined above).

Since the rules governing foreign tax credits are complex, you should consult your own tax advisor regarding the availability of foreign tax credits in your particular circumstances.

Dispositions of H Shares or ADSs

Subject to the discussion in "Passive Foreign Investment Company" below, you generally will recognize taxable gain or loss realized on the sale or other taxable disposition of H Shares or ADSs equal to the difference between the U.S. Dollar value of (i) the amount realized on the disposition (*i.e.*, the amount of cash plus the fair market value of any property received), and (ii) your adjusted tax basis in the H Shares or ADSs. Such gain or loss will be a capital gain or loss. Capital gain from the sale or other taxable disposition of H Shares or ADSs held by certain non-corporate U.S. Holders will be taxed at preferential rates if such H Shares or ADSs have been held for more than one year and certain other requirements are met. The deductibility of capital losses is subject to limitations. Any gain or loss recognized generally will be treated as gain or loss from sources within the United States for U.S. foreign tax credit limitation purposes.

If you receive currency other than U.S. Dollars upon the disposition of H Shares or ADSs, the tax consequences will generally be as described under "–Foreign Currency Distributions" above.

Passive Foreign Investment Company

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, we would be characterized as a passive foreign investment company ("PFIC") for U.S. federal income tax purposes. Since PFIC status depends on the composition of our income and the composition and value of our assets from time to time, there can be no assurance that we will not be considered a PFIC for the current year until its close, or for any future taxable year. If we are characterized as a PFIC, U.S. investors may suffer adverse tax consequences, including increased U.S. tax liabilities and reporting requirements. For further discussion of the adverse U.S. federal income tax consequences of our possible classification as a PFIC, see Item 10. Additional Information – E. Taxation – U.S. Taxation.

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Certain "look through" rules apply for purposes of the income and asset tests described above. If we own, directly or indirectly, 25% or more of the total value of the outstanding shares of another corporation, we generally will be treated as if we (a) held directly a proportionate share of the other corporation' s assets, and (b) received directly a proportionate share of the other corporation' s income. In addition, passive income does not include any interest, dividends, rents, or royalties that are received or accrued by us from a "related person" (as defined in Section 954(d)(3) of the Code), to the extent such items are properly allocable to income of such related person that is not passive income.

Under the income and asset tests, our PFIC status must be determined annually at the end of each year based upon the composition of our income and the composition and valuation of our assets, all of which are subject to change. In determining whether we are a PFIC, we rely on a current valuation of our assets including goodwill, not reflected in our financial statements, and our projection of our income for the current year. We determine the value of our assets in large part by reference to the market value of our ordinary shares at the end of each quarter. We believe this valuation approach is reasonable. However, the IRS may successfully challenge our valuation of our assets, and the market price of our ordinary shares may fluctuate.

Because the PFIC determination is highly fact intensive and made at the end of each taxable year, there can be no assurance that we will not be a PFIC for the current or any future taxable year or that the IRS will not challenge our determination concerning our PFIC status.

Default PFIC Rules under Section 1291 of the Code. If we are treated as a PFIC with respect to a U.S. Holder, the U.S. federal income tax consequences to the U.S. Holder of the ownership and disposition of ordinary shares will depend on whether such U.S. Holder makes an election to treat us as a qualified electing fund ("QEF") under Section 1295 of the Code (a "QEF Election") or a mark-to-market election under Section 1296 of the Code (a "Mark-to-Market Election"). A U.S. Holder owning ordinary shares while we were or are a PFIC that has not made either a QEF Election or a Mark-to-Market Election will be referred to in this summary as a "Non-Electing U.S. Holder."

If you are a Non-Electing U.S. Holder, you will be subject to the default tax rules of Section 1291 of the Code with respect to:

- any "excess distribution" paid on ordinary shares, which means the excess (if any) of the total distributions received by you during the current taxable year over 125% of the average distributions received by you during the three preceding taxable years (or during the portion of your holding period for the ordinary shares prior to the current taxable year, if shorter); and
- any gain recognized on the sale or other taxable disposition (including a pledge) of ordinary shares.

Under these default tax rules:

- any excess distribution or gain will be allocated ratably over your holding period for the ordinary shares,
- the amount allocated to the current taxable year and any period prior to the first day of the first taxable year in which we were a PFIC will be treated as ordinary income in the current year,
- the amount allocated to each of the other years will be treated as ordinary income and taxed at the highest applicable tax rate in effect for that year, and
- the resulting tax liability from any such prior years will be subject to the interest charge applicable to underpayments of tax.

In addition, notwithstanding any election you may make, dividends that you receive from us will not be eligible for the preferential tax rates applicable to QDI (as discussed above in "Distributions on H Shares or ADSs") if we are a PFIC either in the taxable year of the distribution or the preceding taxable year, but will instead be taxable at rates applicable to ordinary income.

Special rules for Non-Electing U.S. Holders will apply to determine U.S. foreign tax credits with respect to foreign taxes imposed on distributions on H Shares or ADSs.

If we are a PFIC for any taxable year during which you hold H Shares or ADSs, we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold H Shares or ADSs, regardless of whether we actually continue to be a PFIC.

If we are treated as a PFIC in any year with respect to you, you will be required to file an annual return on IRS Form 8621 regarding distributions received on H Shares or ADSs and any gain realized on the disposition of H Shares or ADSs.

QEF Election. We currently do not intend to prepare or provide you with certain tax information that would permit you to make a QEF Election to mitigate the adverse tax consequences associated with owning PFIC stock.

Mark-to-Market Election. U.S. Holders may make a Mark-to-Market Election, but only if the H Shares or ADSs are marketable stock. The mark-to-market election is available only for "marketable stock," which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in the applicable U.S. Treasury regulations. There can be no assurances, however, that our H Shares or ADSs will be treated, or continue to be treated, as marketable stock.

If you own (or owned) H Shares or ADSs while we are (or were) a PFIC and you make a Mark-to-Market Election, you generally will not be subject to the default rules of Section 1291 of the Code discussed above. Rather, you generally will be required to recognize ordinary income for any increase in the fair market value of the H Shares or ADSs for each taxable year that we are a PFIC. You will also be allowed to deduct as an ordinary loss any decrease in the fair market value to the extent of net marked-to-market gain previously included in prior years. Your adjusted tax basis in the H Shares or ADSs will be adjusted to reflect the amount included or deducted.

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The Mark-to-Market Election will be effective for the taxable year for which the election is made and all subsequent taxable years, unless the H Shares or ADSs cease to be marketable stock or the IRS consents to the revocation of the election. You should consult your own tax advisor regarding the availability of, and procedure for making, a Mark-to-Market Election.

Since the PFIC rules are complex, you should consult your own tax advisor regarding them and how they may affect the U.S. federal income tax consequences of the ownership and disposition of H Shares or ADSs.

Information reporting regarding specified foreign financial assets

Certain U.S. Holders who are individuals (and under proposed regulations, certain entities) may be required to report information relating to an interest in our H Shares or ADSs, subject to certain exceptions (including an exception for shares held in accounts maintained by U.S. financial institutions). U.S. Holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of our H Shares or ADSs. In the event a U.S. Holder does not file such required reports, the statute of limitations on the assessment and collection of U.S. federal income taxes of such U.S. holder for the related tax year will not close before such report is filed.

If you are a U.S. Holder, you are urged to consult with your own tax advisor regarding the application of the specified foreign financial assets information reporting requirements and related statute of limitations tolling provisions with respect to our H Shares and ADSs.

Information Reporting and Backup Withholding

Generally, information reporting requirements will apply to distributions on H Shares or ADSs or proceeds from the disposition of H Shares or ADSs paid within the United States (and, in certain cases, outside the United States) to a U.S. Holder unless such U.S. Holder is an exempt recipient, such as a corporation. Furthermore, backup withholding (currently at 24%) may apply to such amounts unless such U.S. Holder (i) is an exempt recipient that, if required, establishes its right to an exemption, or (ii) provides its taxpayer identification number, certifies that it is not currently subject to backup withholding, and complies with other applicable requirements.

A U.S. Holder may generally avoid backup withholding by furnishing a properly completed IRS Form W-9.

Backup withholding is not an additional tax. Rather, amounts withheld under the backup withholding rules may be credited against your U.S. federal income tax liability. Furthermore, you may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

F. Dividends and Paying Agents.

Not applicable.

G. Statement by Experts.

Not applicable.

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H. Documents on Display.

We are subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file annually a Form 20-F no later than four months after the close of each fiscal year, which is December 31 of each year. The SEC also maintains a Web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system. As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short- swing profit recovery provisions contained in Section 16 of the Exchange Act.

I. Subsidiary Information.

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Our market risk exposures primarily consist of fluctuations in oil and gas prices, exchange rates and interest rates.

Commodity Price Risk

We are exposed to commodity price risk related to price volatility of crude oil and refined oil products.

At the end of July 2019, crude oil inventories were below normal levels. In order to ensure market supply, 1.42 million barrels of Saudi Crude oil were borrowed from Sinopec Group Petroleum Commercial Reserve Co., Ltd. according to the actual production demand of oil, and the monthly weighted balance price was $ 62.63/ barrel. The price of the international crude oil market dropped sharply at the beginning of 2020, and to lock in the cost of oil, in February and March, the Company bought 1.42 million barrels of Dubai oil swaps in May and November. The operation has no risk exposure, and the maximum possible loss is RMB0 and the comprehensive income is RMB238 million.

In May 2020, the price of crude oil was at a low level rarely seen in history. It was estimated that the price of crude oil in the second half of 2020 would rebound substantially with the stabilization of the epidemic situation, and tend to the normal price level. In order to avoid the risk of rising crude oil purchase price, we bought 400 thousand barrels of Dubai oil swaps in November and December at an average price of about $33/barrel. The operation has no risk exposure, and the maximum possible loss is RMB0, and the comprehensive income is RMB33.6614 million.

See Item 3. Key Information – D. Risk Factors–Our operations may be adversely affected by the cyclical nature of the petroleum and petrochemical markets and by the volatility of prices of crude oil and petrochemical products.

Interest Rate Risk

We are subject to risk resulting from fluctuations in interest rates. Our borrowings are fixed and variable rate bank and other borrowings, with original maturities ranging from 1 to 5 years. Accordingly, fluctuations in interest rates can lead to significant fluctuations in the fair value of such debt instruments. We had no program of interest rate hedging activities and did not engage in any such activities in 2019 or 2020.

The following table provides information, by maturity date, regarding our interest rate sensitive financial instruments, which consist of fixed and variable rate short term and long term debt obligations, as of December 31, 2020 and 2019.

	As of December 31, 2020						
	2021	2022	2023	2024	2025	Total Recorded Amount	Fair Value
	(RMB equivalent in thousands, except interest rates)						
Fixed rate bank and other loans							
In U.S. Dollars	–	–	–	–	–	–	–
Average interest rate	–	–	–	–	–	–	–
In RMB	1,500,000	–	–	–	–	1,500,000	1,500,000
Average interest rate(1)	2.60%	–	–	–	–	2.60%	2.60%
Variable rate bank and other loans							
In U.S. Dollars	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–
In RMB	48,000	–	–	–	–	48,000	48,000
Average interest rate(1)	3.70%	–	–	–	–	3.70%	3.70%

(1) The average interest rates for variable rate bank and other loans are calculated based on the year end indices.

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	As of December 31, 2019						
	2020	2021	2022	2023	2024	Total Recorded Amount	Fair Value
	(RMB equivalent in thousands, except interest rates)						
Fixed rate bank and other loans							
In U.S. Dollars	–	–	–	–	–	–	–
Average interest rate	–	–	–	–	–	–	–
In RMB	1,500,000	–	–	–	–	1,500,000	1,500,000
Average interest rate(1)	3.30%	–	–	–	–	3.30%	3.30%
Variable rate bank and other loans							
In U.S. Dollars	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–
In RMB	47,600	–	–	–	–	47,600	47,600
Average interest rate(1)	4.52%	–	–	–	–	4.52%	4.52%

(1) The average interest rates for variable rate bank and other loans are calculated based on the year end indices.

Exchange Rate Risk

We are also exposed to foreign currency exchange rate risk as a result of our foreign currency denominated short term borrowing and, to a limited extent, cash and cash equivalents denominated in foreign currencies. The following table provides information, by maturity date, regarding our foreign currency exchange rate sensitive financial instruments, which consist of cash and cash equivalents, short term debt obligations as of December 31, 2020 and 2019.

	As of December 31, 2020							
	2021	2022	2023	2024	2025	Thereafter	Total Recorded Amount	Fair Value
	(RMB equivalent in thousands, except interest rates)							
On-balance sheet financial instruments								
Cash and cash equivalents:								
In Hong Kong Dollars	–	–	–	–	–	–	–	–
In U.S. Dollars	207,727	–	–	–	–	–	207,727	207,727
In Euro	–	–	–	–	–	–	–	–
In Japanese Yen	–	–	–	–	–	–	–	–
In Swiss Frank	–	–	–	–	–	–	–	–
Debt:								
Fixed rate bank and other loans in U.S. Dollars	–	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–	–
Variable rate bank and other loans in U.S. Dollars	–	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–	–

(1) The average interest rates for variable rate bank and other loans are calculated based on the year end indices.

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	As of December 31, 2019							
	2020	2021	2022	2023	2024	Thereafter	Total Recorded Amount	Fair Value
	(RMB equivalent in thousands, except interest rates)							
On-balance sheet financial instruments								
Cash and cash equivalents:								
In Hong Kong Dollars	–	–	–	–	–	–	–	–
In U.S. Dollars	336,078	–	–	–	–	–	336,078	336,078
In Euro	–	–	–	–	–	–	–	–
In Japanese Yen	–	–	–	–	–	–	–	–
In Swiss Frank	–	–	–	–	–	–	–	–
Debt:								
Fixed rate bank and other loans in U.S. Dollars	–	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–	–
Variable rate bank and other loans in U.S. Dollars	–	–	–	–	–	–	–	–
Average interest rate(1)	–	–	–	–	–	–	–	–

(1) The average interest rates for variable rate bank and other loans are calculated based on the year end indices.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES.

A. Debt Securities.

Not applicable.

B. Warrants and Rights.

Not applicable.

C. Other Securities.

Not applicable.

D. American Depositary Shares.

In connection with our ADR program, a holder of our ADSs may have to pay, either directly or indirectly, certain fees and charges, as described in Item 12.D.3. In addition, we receive fees and other direct and indirect payments from The Bank of New York Mellon that are related to our ADS as described in Item 12.D.4.

12.D.3 Fees and Charges that a holder of our ADSs May Have to Pay

The Bank of New York Mellon collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The Bank of New York Mellon also collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The Bank of New York Mellon may collect its annual fee for depositary services by deductions from cash distributions.

Persons depositing or withdrawing shares must pay:	For:
$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)	Issuance and withdrawal of ADSs, including issuances resulting from a distribution of shares or rights or other property
A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs	Distribution of securities distributed to holders of deposited securities which are distributed by The Bank of New York Mellon to ADS registered holders
A fee of $.05 (or less) per ADS (or portion thereof) Registration or transfer fees	Any cash distribution made pursuant to the Deposit Agreement Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares
Expenses of The Bank of New York Mellon	Cable, telex and facsimile transmissions (when expressly provided in the Deposit Agreement); Converting foreign currency to U.S. Dollars
Taxes and other governmental charges The Bank of New York Mellon or the custodian have to pay on any ADS or share underlying an ADS, for example, stock transfer taxes, stamp duty or withholding taxes	As necessary
Any charges incurred by The Bank of New York Mellon or its agents for servicing the deposited securities	As necessary

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12.D.4 Fees and Other Payments Made by the Bank of New York Mellon

From January 1, 2020 through March 31, 2021, a total of U.S.$0 was paid by the Bank of New York Mellon on our behalf for our ADSs program.

The standard out-of-pocket maintenance costs for our ADSs program were U.S.$138,516.75, which have been waived by the Bank of New York Mellon.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES.

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS.

On May 11, 2011, we entered into an Amended and Restated Deposit Agreement with The Bank of New York Mellon, as Depositary (the " Restated Deposit Agreement"), and updated the form of American Depositary Receipt (the "ADR") evidencing the ADSs issued under the terms of the Restated Deposit Agreement. The Restated Deposit Agreement restates our original Deposit Agreement with The Bank of New York (the predecessor of The Bank of New York Mellon), dated as of July 23, 1993 (as amended, the "1993 Deposit Agreement"), in its entirety.

We and The Bank of New York Mellon entered into the Restated Deposit Agreement to modify the ADSs voting process and to bring our arrangements with The Bank of New York Mellon in line with the current customary market practice regarding depositary arrangements.

By the Restated Deposit Agreement, subject to the Depositary' s obligation to notify the owner of ADSs of any meeting of holders of our shares or other deposited securities, and subject further to certain exceptions as provided therein, to the extent that no instructions are received by the Depositary from an owner of ADSs on or before the date established by the Depositary, the Depositary may deem instructions by the owner of the ADS have been given to give a discretionary proxy to a person designated by us to exercise voting rights in the meeting of holders of our shares or other deposited securities.

In addition, the Restated Deposit Agreement amends the 1993 Deposit Agreement, among other things, to (i) provide the American Depositary Shares may be uncertificated securities or certificated securities evidenced by ADRs, and (ii) change the fees and charges of the Depositary, see Item 12D.3 Fees and Charges that a holder of our ADSs May Have to Pay.

The foregoing descriptions of the Restated Deposit Agreement and the ADR do not purport to be complete and are qualified in their entirety by reference to the complete Restated Deposit Agreement and ADR which are incorporated herein by reference to Exhibit 2 and the forms filed on Form F-6 (File number 033-65616) on May 4, 2011.

ITEM 15. CONTROLS AND PROCEDURES.

(a). Disclosure Controls And Procedures.

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act. These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported within required time periods. This includes controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to our management, including our principal executive officer or officers and principal financial officer or officers, to allow timely decisions regarding required disclosure.

We maintain a written policy adopted by our Board of Directors that governs the collection, coordination and disclosure of information to our shareholders, the public and to governmental and other regulatory bodies. All such disclosures are coordinated by the Secretary to our Board of Directors and subject to execution by either the Chairman of our Board of Directors or, for disclosures by our Supervisory Committee, the Chairman of the Supervisory Committee. Under the policy, all material issues must be disclosed and our disclosures must be true, accurate, complete and timely without any false or misleading statements. Each of our departments and subsidiaries has their own supplemental policies which may be both written and unwritten.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the fiscal year covered by this annual report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the fiscal year covered by this annual report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports we file under the Exchange Act is accumulated and communicated to the management to allow timely decisions to be made regarding required disclosures, and is recorded, processed, summarized and reported as and when required.

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(b). Management's Report on Internal Control over Financial Reporting.

Our management is accountable for establishing and maintaining effective internal control over financial reporting (as defined in Rules 13a-15(f) of the Securities Exchange Act of 1934). The Company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become ineffective because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting based upon the criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) as of December 31, 2020. Based on that evaluation, our management has concluded that our internal control over financial reporting was effective as of December 31, 2020 based on these criteria.

PricewaterhouseCoopers Zhong Tian LLP ("PwC"), an independent registered public accounting firm, has audited the consolidated financial statements included in this annual report on Form 20-F and, as part of the audit, has issued a report, included herein, on the effectiveness of our internal control over financial reporting.

(c). Report of Independent Registered Public Accounting Firm.

Our independent auditors have issued an audit report on the effectiveness of our internal control over financial reporting. This report appears on page F-2.

(d). Changes in Internal Control over Financial Reporting.

For the year ended December 31, 2020, there have been no changes to our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT.

Our Board of Directors has determined that Ms. Li Yuanqin who is currently serving on our audit committee, is an audit committee financial expert and is an Independent Director (under the standards set forth in the NYSE rules and Rule 10A-3 of the Exchange Act).

ITEM 16B. CODE OF ETHICS.

Sinopec Group, the controlling shareholder of Sinopec Corp., adopted a Staff Code in 2014 to provide disciplines and requirements for its staff' s conducts, including legal and ethical matters as well as the sensitivities involved in reporting illegal and unethical matters. The Staff Code covers such areas as health, safety and environment, conflict of interests, anti-corruption, protection and proper use of our assets and properties, as well as reporting requirements. The Staff Code also applies to all directors, officers and employees of each subsidiary of Sinopec Group, including us. We have provided all our directors and senior officers with a copy of the Staff Code and required them to comply with in it order to ensure our operations are proper and lawful. We have posted the Staff Code on the following website: http://www.sinopec.com/listco/en/Resource/Pdf/ygsz2014b.pdf.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The following table summarizes the fees charged by PwC, our principal accountant, for certain services rendered to us during 2019 and 2020.

	For the year ended December 31, (in thousands of RMB)	
	2019	2020
Audit fees (1)	7,800	7,800
All other fees (2)	–	–
Total	7,800	7,800

(1) "Audit fees" means the aggregate fees billed in each of the fiscal years listed for professional services rendered by our principal auditors for the audit of our annual financial statements.

(2) "All other fees" means the aggregate fees billed in each of the fiscal years listed for products and services provided by the our principal accountant, other than the services reported under audit fees, audit-related fees and tax fees.

Audit Committee Pre-approval Policies and Procedures

Our audit committee has adopted procedures which set forth the manner in which the committee will review and approve all audit and non-audit services to be provided by PwC. The pre-approval procedures are as follows:

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Any audit or non-audit service to be provided to us by the independent accountant must be (i) pre-approved by the audit committee; or (ii) pre-approved by one or several committee members designated by the committee and rectified by the audit committee.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES.

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS.

None.

ITEM 16F. CHANGE IN REGISTRANT' S CERTIFYING ACCOUNTANT.

On March 24, 2021, the board of directors of the Company resolved, as recommended by our audit committee, to propose to change our independent registered public accounting firm, PricewaterhouseCoopers Zhong Tian LLP, after the completion of the audit of our consolidated financial statements as of and for the year ended December 31, 2020 and the effectiveness of our internal control over financial reporting as of December 31, 2020. Such change in our independent registered public accounting firm is due to the relevant regulations issued by the Ministry of Finance and the State-Owned Assets Supervision and Administration Commission of the State Council of the PRC. According to the relevant regulations, there are restrictions in respect of the number of years of audit services that an accounting firm can continuously provide to a central state-owned enterprise and its subsidiaries. As a result, PricewaterhouseCoopers Zhong Tian LLP will be dismissed at completion of their term as the independent registered public accounting firm in connection with the relevant regulations with effect from the conclusion of the forthcoming annual general meeting of the Company and will not be re-appointed.

During the two most recent fiscal years and through April 28, 2021, there have been no disagreements (as defined in Item 16F(a)(1)(iv) of Form 20-F and related instructions to Item 16-F of Form 20-F) with PricewaterhouseCoopers Zhong Tian LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements if not resolved to the satisfaction of PricewaterhouseCoopers Zhong Tian LLP would have caused it to make reference thereto in their report on the consolidated financial statements for such years.

During the two most recent fiscal years and through April 28, 2021, there have been no "reportable events" (hereinafter defined) requiring disclosure pursuant to Item 16F(a)(1)(v) of Form 20-F. As used herein, the term "reportable event" means any of the items listed in paragraphs (a)(1)(v)(A)-(D) of Item 16F of Form 20-F.

The audit reports of PricewaterhouseCoopers Zhong Tian LLP on the consolidated financial statements of Sinopec Shanghai Petrochemical Company Limited as of and for the years ended December 31, 2019 and 2020 did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope, or accounting principles.

We provided a copy of this disclosure to PricewaterhouseCoopers Zhong Tian LLP and requested that PricewaterhouseCoopers Zhong Tian LLP furnish a letter addressed to the SEC stating whether it agrees with the above statements, and if not, stating the respects in which it does not agree. A copy of the letter from PricewaterhouseCoopers Zhong Tian LLP addressed to the SEC, dated April 28, 2021, is filed as Exhibit 15.1.

On March 24, 2021, our board of directors resolved, as recommended by our audit committee, to propose to appoint KPMG as our independent registered public accounting firm, which appointment is subject to approval by the shareholders of the Company at the annual general meeting for the year 2020. During the two most recent fiscal years and through April 28, 2021, neither we nor anyone on our behalf consulted KPMG regarding either (i) the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on the registrant' s financial statements, or (ii) any matter that was either the subject of a "disagreement" (as defined in Item 16F(a)(1)(iv) of Form 20-F and related instructions to Item 16-F of Form 20-F) with KPMG or a "reportable event" (as described in Item 16F(a)(1)(v) of Form 20-F). Also, during the two most recent fiscal years and through April 28, 2021, we have not obtained any written report or oral advice from KPMG that KPMG concluded was an important factor considered by us in reaching a decision as to an accounting, auditing or financial reporting issue.

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ITEM 16G. CORPORATE GOVERNANCE.

Set forth below is a summary of the significant differences between the corporate governance rules of the NYSE and those of the People' s Republic of China for listed companies:

	NYSE Corporate Governance Rules	**The Company' s Corporate Governance Practices** (which conform with the corporate governance rules for companies organized and listed in the People' s Republic of China)
Director Independence	A listed company must have a majority of independent directors on its board of directors. The board of directors needs to affirmatively determine that the director has no material relationship with the listed company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the company). In addition, a director must meet certain standards to be deemed independent.	It is required in China that no less than 1/3rd of the board members of any listed company must be independent directors, and the listed company must set forth specific requirements for the qualification and election of independent directors in compliance with PRC laws. For example, an independent director shall not hold any other position in the listed company other than being a director and shall not be influenced by the main shareholders or the controlling persons of the listed company, or by any other entities or persons with whom the listed company has a significant relationship. The Company has complied with the relevant Chinese corporate governance rules and has implemented internal rules governing the independence and responsibilities of independent directors. The Company determines the independence of independent directors every year.
	The non-management directors of each listed company must meet at regularly scheduled executive sessions without management.	No similar requirements.

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Nominating/Corporate Governance Committee	Listed companies must have a nominating/ corporate governance committee composed entirely of independent directors.	The board of directors can establish a nominating committee if the shareholders pass resolutions to establish such a committee. A majority of the directors on the committee shall be independent directors, who shall act asthe convener. The board of directors, which formulates relevant written guidelines with respect to the nomination of directors, has established a nominating committee with a majority of the members being independent directors.
	The nominating/corporate governance committee must have a written charter that addresses: (i) the committee' s purpose and responsibilities−which, at minimum, must be to: identify individuals qualified to become board members, consistent with criteria approved by the board, and to select, or to recommend that the board select, the director nominees for the next annual meeting of shareholders; develop and recommend to the board a set of corporate governance guidelines applicable to the corporation; and oversee the evaluation of the board and management; and (ii) an annual performance evaluation of the committee.	Relevant responsibilities of the nominating committee are similar to those stipulated by the NYSE rules, but the main responsibilities do not include the research and recommendation of corporate governance guidelines, the supervision of the evaluation of the board of directors and management, or the annual evaluation of the committee.
Compensation Committee	Listed companies must have a compensation committee composed entirely of independent directors.	The board of directors can establish a compensation and assessment committee if the shareholders pass resolutions to establish such a committee. A majority of the directors on the committee shall be independent directors, who shall act as the convener.

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	The purposes and responsibilities of the compensation committee stated in its charter must include: (1) reviewing and approving the corporate goals and objectives associated the with the CEO' s compensation, evaluate the performance of the CEO in fulfilling these goals and objectives, and, either as a committee or together with the other independent directors (as directed by the board), determine and approve the CEO' s compensation level based on such evaluation; (2) making recommendations to the board with respect to non-CEO executive officer compensation, and incentive-compensation and equity-based plans that are subject to board approval; and (3) producing a committee report on executive compensation as required by the SEC to be included in the annual proxy statement or annual report filed with the SEC. The charter must also include the requirement for an annual performance evaluation of the compensation committee.	The responsibilities of the compensation and assessment committee include: (1) reviewing the standards for the evaluation of directors and management, evaluate directors and management and report the results of such evaluation to the board of directors; and (2) reviewing compensation policies and benefit plans for directors and executive officers. Unlike the NYSE rules, the PRC rules do not require the committee to produce a report on the executive compensation or make an annual performance evaluation of the committee. In addition, the compensation committee evaluates and reviews the compensation of directors as well as executive officers. The board of directors of the Company has established a compensation evaluation committee with a majority of the members being independent directors who act as the convener, and the committee has established a written charter complying with the domestic corporate governance rules.
Audit Committee	Listed companies must have an audit committee that satisfies the requirements of Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). It must have a minimum of three members, and all audit committee members must satisfy the requirements for independence set forth in Section 303A.02 of the NYSE Corporate Governance Rules and , in the absence of an applicable exemption, Rule 10A-3b(1) of the Exchange Act. The written charter of the audit committee must specify that the purpose of the audit committee is to assist the board oversight of the integrity of financial statements, the company' s compliance with legal and regulatory requirements, the qualifications and independence of the independent auditors, the performance of the listed company' s internal audit function and independent auditors. The written charter must also require the audit committee to prepare an audit committee report as required by the SEC to be included in the listed company' s annual proxy statement as well as an annual performance evaluation of the audit committee. The written charter must also address the duties and responsibilities of the audit committee as required under Section 303A.07 of the NYSE Corporate Governance Rules.	The board of directors of a listed company must, through the resolution of the shareholders' meeting, establish an audit committee composed entirely of directors, of which the independent directors are the majority and act as the convener, and, at minimum, one independent director is an accounting professional. The purpose, authority and responsibilities of the audit committee are similar to those stipulated by the NYSE rules, but according to customary practices in China, the Company is not required to make an annual performance evaluation of the audit committee, and the audit committee is not required to prepare an audit report to be included in the Company' s annual proxy statement. The board of directors of the Company has established an audit committee that satisfies Rule 10A-3 under the Securities Exchange Act of 1934, as amended and relevant domestic requirements. The audit committee has a written charter.

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Strategy Committee	N/A	The board of directors of a listed company can, through the resolution of the shareholders' meeting, establish a strategy committee composed entirely of directors. We formed a strategy committee on June 15, 2017. The key responsibility of the Strategy Committee is to conduct researches and give recommendations to the Board on major investment decisions, projects and major issues that affect our development, and monitor our long-term development strategic plan.
	Each listed company must maintain an internal audit function to provide management and the audit committee with ongoing assessments of the listed company' s risk management processesand system of internal controls.	China has a similar regulatory provision, and the Company has an internal audit department.
Equity Compensation	Shareholders must be given the opportunity to vote on all equity compensation plans and material revisions thereto, except for employment inducement awards, certain grants, plans and amendments in the context of mergers and acquisitions, and certain specific types of plans as described under Section 303A.08 of the NYSE Corporate Governance Rules.	The relevant regulations of China require the board of directors propose plans on the amount and types of director compensation for the shareholders' meeting to approve. The compensation plan of executive officers shall be approved by the board and announced at the shareholders' meeting and disclosed to the public upon the approval of the board of directors.
Corporate Governance Guidelines	Listed companies must adopt and disclose corporate governance guidelines involving director qualification standards, director responsibilities, director compensation, director access to management and, as necessary and appropriate, independent advisors, director orientation and continuing education and management succession. The board should conduct a self-evaluation at least annually to determine whether it and its committees are functioning effectively. A listed company must make its corporate governance guidelines available on or through its website.	The CSRC has issued the Corporate Governance Rules, prescribing detailed guidelines on directors of the listed companies, including director selection, the structure of the board of directors and director performance evaluation. The Company has complied with the above mentioned rules.
Code of Ethics for Directors, Officers and Employees	Listed companies must adopt and disclose a code of business conduct and ethics for directors, officers and employees, and promptly disclose any waivers of the code for directors or executive officers. Each listed company may determine its own policies, but all listed companies should address the most important topics, including, among others, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of listed company assets, compliance with laws, rules and regulations (including insider trading laws),and encouraging the reporting of any illegal or unethical behavior.	There is no such requirement for a code for ethics in China. As the directors and officers of the Company have all signed a Director Service Agreement, however, they are bound by their fiduciary duties to the Company. In addition, the directors and officers must perform their legal duties in accordance with the PRC Company Law, relevant requirements of CSRC and Mandatory Provisions to the Charter of Companies Listed Overseas.
	Each listed company CEO must certify to the NYSE each year that he or she is not aware of any violation by the company of NYSE corporate governance listing standards and he or she must promptly notify the NYSE in writing of any non-compliance with any applicable provisions of Section 303A.	No similar requirements.

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ITEM 16H. MINE SAFETY DISCLOSURE.

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS.

SECCO was deemed a significant equity investee under Rule 3-09 of Regulation S-X for the fiscal years ended December 31, 2019 and December 31, 2020. As such, the financial statements of SECCO required by Rule 3-09 of Regulation S-X are provided as Exhibit 99.1 to this Annual Report on Form 20-F.

ITEM 18. FINANCIAL STATEMENTS.

See pages F1 to F91.

ITEM 19. EXHIBITS.

No.	Exhibit
1.1	Translation of the amended and restated Articles of Association of Sinopec Shanghai Petrochemical Company Limited as approved in the First Extraordinary General Meeting of Sinopec Shanghai Petrochemical Company Limited for 2018 on November 8, 2018 (incorporated by reference to our Form 6-K (File No.001-12158) filed with the Commission on November 8, 2018).
2.	Amended and Restated Deposit Agreement between Sinopec Shanghai Petrochemical Company Limited and The Bank of New York Mellon dated May 11, 2011(incorporated by reference to Exhibit 2 of our annual report on Form 20-F (File No. 001-12158) filed with the Commission on April 30, 2012).
4.1	Translation of the renewed Product Supply and Sales Services Framework Agreement among Sinopec Shanghai Petrochemical Company Limited, China Petroleum & Chemical Corporation and China Petrochemical Corporation as approved in the First Extraordinary General Meeting of Sinopec Shanghai Petrochemical Company Limited for 2016 on October 18, 2016 (incorporated by reference to Exhibit 4.1 of our annual report on Form 20-F Amendment No.1 (File No.001-12158) filed with the Commission on September 14, 2017).
4.2	Translation of the renewed Comprehensive Services Framework Agreement between Sinopec Shanghai Petrochemical Company Limited and China Petrochemical Corporation as approved in the First Extraordinary General Meeting of Sinopec Shanghai Petrochemical Company Limited for 2016 on October 18, 2016 (incorporated by reference to Exhibit 4.2 of our annual report on Form 20-F Amendment No.1 (File No.001-12158) filed with the Commission on September 14, 2017).
4.3	Translation of the Property Right Transaction Agreement with Sinopec Sales Company Limited as approved in the eighteenth meeting of the seventh session of the board of directors of Sinopec Shanghai Petrochemical Company Limited on December 5, 2013 (incorporated by reference to Exhibit 4.3 of our annual report on Form 20-F (File No.001-12158) filed with the Commission on April 30, 2014).
4.4	English summary of principal terms of the Share Option Scheme as adopted at the second meeting of the eighth session of the board of directors of Sinopec Shanghai Petrochemical Company Limited on August 15, 2014 (incorporated by reference to Appendix I of our Form 6-K (File No.001-12158) filed with the Commission on November 6, 2014).
8*	A list of subsidiaries of Sinopec Shanghai Petrochemical Company Limited.
12.1*	Certification of President Required by Rule 13a-14(a).
12.2*	Certification of Chief Financial Officer Required by Rule 13a-14(a).
13.1*	Certification of President Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
13.2*	Certification of Chief Financial Officer Required by Rule 13a-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code.
15.1*	Letter from PricewaterhouseCoopers Zhong Tian LLP regarding Item 16F of this annual report.
99.1*	Financial statements of SECCO and Report of Independent Auditor
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF *	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

* Filed with this annual report on Form 20-F

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SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on Form 20-F on its behalf.

SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

Date: April 28, 2021

/s/ DU JUN

Du Jun, Chief Financial Officer

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Report of Independent Registered Public Accounting Firm

To the **Board of Directors and Shareholders of Sinopec Shanghai Petrochemical Company Limited**

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Sinopec Shanghai Petrochemical Company Limited and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated income statements, statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company' s internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principle

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for leases in 2019.

Basis for Opinions

The Company' s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management' s Report on Internal Control over Financial Reporting appearing under Item 15(b). Our responsibility is to express opinions on the Company' s consolidated financial statements and on the Company' s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

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Basis for Opinions (Continued)

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company' s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company' s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company' s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

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Critical Audit Matters (Continued)

Net realizable value (NRV) of raw materials, work in progress and finished goods

As described in Notes 2.16, 5 and 22 to the consolidated financial statements, the gross balances of raw materials, work in progress and finished goods were RMB 3,856,848 thousands, against which NRV provisions of RMB 168,733 thousands were set aside as at December 31, 2020. The Company is principally engaged in processing of crude oil into petroleum products and other chemical products. The crude oil can be processed into various finished goods by different processing procedures. Inventories are stated at the lower of cost and NRV. The NRV was determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and related taxes. Determination of estimated selling prices of work in progress and finished goods, estimated costs to completion, other costs necessary to make the sale and related taxes required significant management judgements, taking into consideration of historical information and future market trend.

The principal considerations for our determination that performing procedures relating to the NRV of raw materials, work in progress and finished goods is a critical audit matter are there were significant judgments by management in the determination of estimated selling prices of work in progress and finished goods, estimated costs to completion, and other costs necessary to make the sale and the related taxes. This in turn led to a high degree of auditor judgement, subjectivity and audit effort in performing procedures and evaluating audit evidence related to the estimated selling prices, estimated costs to completion, other costs necessary to make the sale and the related taxes, taking into consideration of management' s judgements and estimates on historical information and future market trend factors.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the determination of NRV of the raw materials, work in progress and finished goods. These procedures also included, among others, testing management' s process for determining the NRV of raw materials, work in progress and finished goods; evaluating the reasonableness of management' s estimates of costs to completion, other costs necessary to make the sale and related taxes by considering the relevant historical actual performance; and evaluating the reasonableness of management' s significant assumptions in determining estimated selling prices. Evaluating management' s assumptions in determining estimated selling prices on a test basis involved comparing the estimated selling prices to applicable actual selling prices and market price information; evaluating the assumptions relating to future market trend considering changes in market supplies, customer demands, technology developments and relevant industry policies by corroborating with public data or research information and referencing to the industry knowledge.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People' s Republic of China
April 28, 2021

We have served as the Company' s auditor since 2013.

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Income Statement
For the years ended 31 December 2018, 2019 and 2020

	Note	Year ended 31 December 2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Revenue	6	107,688,907	100,269,667	74,623,575
Sales taxes and surcharges		(12,075,424)	(12,213,927)	(13,062,710)
Net sales		95,613,483	88,055,740	61,560,865
Cost of sales	11	(89,838,977)	(86,467,995)	(61,901,114)
Gross profit		5,774,506	1,587,745	(340,249)
Selling and administrative expenses	11	(536,114)	(549,885)	(486,323)
Net impairment losses on financial assets	4.1(c)	(39)	59	120,916
Other operating income	7	202,617	150,714	148,676
Other operating expenses	8	(32,548)	(21,925)	(24,686)
Other gains - net	9	176,690	153,864	115,430
Operating profit		5,585,112	1,320,572	(466,236)
Finance income	10	443,661	416,747	431,228
Finance expenses	10	(106,249)	(53,784)	(98,954)
Finance income - net		337,412	362,963	332,274
Share of net profit of associates and joint ventures accounted for using the equity method	21	885,597	972,593	724,740
Profit before income tax		6,808,121	2,656,128	590,778
Income tax (expense)/credit	13	(1,471,903)	(428,963)	65,620
Profit for the year		5,336,218	2,227,165	656,398
Profit attributable to:				
- Owners of the Company		5,336,331	2,215,728	645,072
- Non-controlling interests		(113)	11,437	11,326
		5,336,218	2,227,165	656,398
Earnings per share attributable to owners of the Company for the year (expressed in RMB per share)				
Basic earnings per share	14	RMB0.493	RMB0.205	RMB0.060
Diluted earnings per share	14	RMB0.493	RMB0.205	RMB0.060
Earnings per ADS attributable to owners of the Company for the year (expressed in RMB per ADS)				
Basic earnings per ADS	14	RMB 49.303	RMB 20.452	RMB5.96
Diluted earnings per ADS	14	RMB 49.303	RMB 20.452	RMB5.96

The above consolidated income statement should be read in conjunction with the accompanying notes.

Wu Haijun
Chairman

Du Jun
Vice General Manager and Chief Financial Officer

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Statement of Comprehensive Income
For the years ended 31 December 2018, 2019 and 2020

	Note	Year ended 31 December 2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit for the year		5,336,218	2,227,165	656,398
Other comprehensive (loss)/income				
Items that may be reclassified to profit or loss				
Share of other comprehensive (loss)/income of associates and joint ventures accounted for using the equity method	28	(7,014)	7,449	(11,512)
Other comprehensive (loss)/income for the year, net of tax		(7,014)	7,449	(11,512)
Total comprehensive income for the year		5,329,204	2,234,614	644,886
Attributable to:				
- Owners of the Company		5,329,317	2,223,177	633,560
- Non-controlling interests		(113)	11,437	11,326
Total comprehensive income for the year		5,329,204	2,234,614	644,886

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Wu Haijun
Chairman

Du Jun
Vice General Manager and Chief Financial Officer

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Balance Sheet
As at 31 December 2019 and 2020

	Note	As at 31 December 2019 RMB' 000	2020 RMB' 000
Assets			
Non-current assets			
Property, plant and equipment	17	11,300,797	11,713,022
Right-of-use assets	16	343,860	410,801
Investment properties	18	367,468	367,586
Construction in progress	19	1,815,549	1,710,124
Investments accounted for using the equity method	21	5,208,758	5,387,834
Deferred tax assets	13	150,832	252,121
Financial assets at fair value through other comprehensive income	23(d)	5,000	5,000
Time deposits with banks	23(c)	3,511,234	7,042,840
Other non-current assets	15	481,414	424,959
		23,184,912	27,314,287
Current assets			
Inventories	22	6,754,434	3,888,746
Financial assets at fair value through other comprehensive income	23(d)	1,540,921	1,207,114
Financial assets at fair value through profit or loss	23(e)	3,318,407	–
Derivative financial assets	4.1(a)	263	–
Trade receivables	23(a)	120,739	113,163
Other receivables	23(a)	26,101	18,101
Prepayments	24	23,767	19,552
Amounts due from related parties	23(a), 24, 29(c)	1,565,993	1,092,316
Cash and cash equivalents	23(b)	7,449,699	6,916,408
Time deposits with banks	23(c)	1,508,839	4,049,443
		22,309,163	17,304,843
Total assets		45,494,075	44,619,130

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Balance Sheet (Continued)
As at 31 December 2019 and 2020

	Note	As at 31 December 2019 RMB' 000	2020 RMB' 000
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	27	10,823,814	10,823,814
Reserves	28	19,039,474	18,374,176
		29,863,288	29,197,990
Non-controlling interests		130,560	136,985
Total equity		29,993,848	29,334,975
Liabilities			
Non-current liabilities			
Lease liabilities	16	10,593	3,119
Deferred tax liabilities	13	–	35,357
Deferred income	26	10,005	13,433
		20,598	51,909
Current liabilities			
Borrowings	23(f)	1,547,600	1,548,000
Short-term bonds	23(g)	–	3,017,811
Lease liabilities	16	11,450	9,352
Derivative financial liabilities	4.1(a)	799	–
Contract liabilities	25	655,117	495,404
Trade and other payables	23(h)	3,563,435	2,820,083
Amounts due to related parties	23(h), 29(c)	5,708,394	3,656,841
Current tax liabilities		3,577,018	3,420,824
Staff salaries and welfares payable		189,547	244,506
Income tax payable		226,269	19,425
		15,479,629	15,232,246
Total liabilities		15,500,227	15,284,155
Total equity and liabilities		45,494,075	44,619,130

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Wu Haijun
Chairman

Du Jun
Vice General Manager and Chief Financial Officer

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Statement of Changes in Equity
For the years ended 31 December 2018, 2019 and 2020

		Attributable to owners 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 1 January 2018		10,814,177	4,287,799	13,128,257	28,230,233	285,307	28,515,540
Profit/(loss) for the year		–	–	5,336,331	5,336,331	(113)	5,336,218
Other comprehensive loss	28	–	(7,014)	–	(7,014)	–	(7,014)
Total comprehensive (loss)/income for the year		–	(7,014)	5,336,331	5,329,317	(113)	5,329,204
Dividends proposed and approved		–	–	(3,247,144)	(3,247,144)	–	(3,247,144)
Forfeit of share option scheme		–	(13,004)	–	(13,004)	–	(13,004)
Exercise of share option		9,637	27,465	–	37,102	–	37,102
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(6,457)	(6,457)
Appropriation of safety production fund	28	–	57,135	(57,135)	–	–	–
Transactions with non-controlling interests		–	9,559	–	9,559	(162,359)	(152,800)
Balance at 31 December 2018		10,823,814	4,361,940	15,160,309	30,346,063	116,378	30,462,441

		Attributable to owners 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 1 January 2019		10,823,814	4,361,940	15,160,309	30,346,063	116,378	30,462,441
Profit for the year		–	–	2,215,728	2,215,728	11,437	2,227,165
Other comprehensive income	28	–	7,449	–	7,449	–	7,449
Total comprehensive income for the year		–	7,449	2,215,728	2,223,177	11,437	2,234,614
Dividends proposed and approved		–	–	(2,705,952)	(2,705,952)	–	(2,705,952)
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(3,266)	(3,266)
Appropriation of safety production fund	28	–	2	(2)	–	–	–
Non-controlling interests of disposed subsidiary		–	–	–	–	6,011	6,011
Balance at 31 December 2019		10,823,814	4,369,391	14,670,083	29,863,288	130,560	29,993,848

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Statement of Changes in Equity (Continued)
For the years ended 31 December 2018, 2019 and 2020

	Note	Attributable to owners of the Company				Non-controlling interests RMB' 000	Total equity RMB' 000
		Share capital RMB' 000	Other reserves RMB' 000	Retained earnings RMB' 000	Total RMB' 000		
Balance at 1 January 2020		10,823,814	4,369,391	14,670,083	29,863,288	130,560	29,993,848
Profit for the year		–	–	645,072	645,072	11,326	656,398
Other comprehensive loss	28	–	(11,512)	–	(11,512)	–	(11,512)
Total comprehensive (loss)/income for the year		–	(11,512)	645,072	633,560	11,326	644,886
Dividends proposed and approved	30	–	–	(1,298,858)	(1,298,858)	–	(1,298,858)
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(4,901)	(4,901)
Appropriation of safety production fund	28	–	88,460	(88,460)	–	–	–
Balance at 31 December 2020		10,823,814	4,446,339	13,927,837	29,197,990	136,985	29,334,975

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Wu Haijun
Chairman

Du Jun
Vice General Manager and Chief Financial Officer

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Sinopec Shanghai Petrochemical Company Limited
Consolidated Statement of Cash Flows
For the years ended 31 December 2018, 2019 and 2020

	Note	Year ended 31 December 2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cash flows from operating activities				
Cash generated from operations	31	8,501,499	5,655,676	1,995,087
Interest paid to related parties		(1,326)	(2,126)	(213)
Interest paid		(34,339)	(61,304)	(71,156)
Income tax paid		(1,806,400)	(534,467)	(243,870)
Net cash generated from operating activities		6,659,434	5,057,779	1,679,848
Cash flows from investing activities				
Dividends received from joint ventures and associates		811,473	594,868	561,755
Interest received from related parties		610	1,295	2,088
Interest received from banks excluded structured deposits		393,671	445,105	275,626
Interest received from structured deposits		23,149	86,848	132,690
Net proceeds/(losses) from settlement of derivative financial instrument		16,540	(15,316)	(912)
Net proceeds from disposal of property, plant and equipment	31(b)	210,122	67,503	59,642
Proceeds from disposal of a subsidiary		9,600	–	–
Cash held by the subsidiary before acquisition	20	–	–	54
Cash received from entrusted lending		12,000	–	–
Cash received from structured deposits		–	3,200,000	10,900,000
Cash received from time deposits within one year		4,000,000	4,100,000	500,000
Cash payment for time deposits above one year		–	(3,500,000)	(3,500,000)
Cash payment for time deposits within one year		(3,500,000)	(4,100,000)	(3,000,000)
Cash payment for structured deposits		(2,700,000)	(3,800,000)	(7,600,000)
Cash payment for acquisition of an associate	21	–	(248,184)	(27,603)
Cash payment for acquisition of a subsidiary	20	–	–	(340,369)
Cash payment for equity instruments		–	(5,000)	–
Payments for sale of financial assets at fair value through other comprehensive income		–	(19,513)	(9,513)
Cash held by the subsidiary before disposal		(18,529)	(404)	–
Purchases of property, plant and equipment and other long-term assets from related parties		(143,554)	(83,447)	(178,324)
Purchases of property, plant and equipment and other long-term assets from third parties		(1,043,451)	(1,346,964)	(1,662,662)
Net cash used in investing activities		(1,928,369)	(4,623,209)	(3,887,528)
Cash flows from financing activities				
Proceeds from borrowings from related parties		50,000	–	–
Proceeds from borrowings from banks		2,486,759	4,755,100	3,458,100
Proceeds from short-term bonds		–	–	2,998,469
Proceeds from exercising share option scheme		37,102	–	–
Repayments of borrowings to related parties		(50,000)	–	–
Repayments of borrowings to banks		(2,596,157)	(3,695,208)	(3,460,556)
Cash payment of acquisition of non-controlling interests		(152,800)	–	–
Dividends paid to the Company' s shareholders		(3,275,656)	(2,704,864)	(1,293,736)
Dividends paid by subsidiaries to non-controlling interests		(6,457)	(3,266)	(4,901)
Principal elements of lease payments	31(a)	–	(89,124)	(15,586)
Net cash (used in)/generated from financing activities		(3,507,209)	(1,737,362)	1,681,790
Net increase/(decrease) in cash and cash equivalents		1,223,856	(1,302,792)	(525,890)
Cash and cash equivalents at beginning of the year	23(b)	7,504,266	8,741,893	7,449,699
Exchange gains/(losses) on cash and cash equivalents		13,771	10,598	(7,401)
Cash and cash equivalents at end of the year	23(b)	8,741,893	7,449,699	6,916,408

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Wu Haijun
Chairman

Du Jun
Vice General Manager and Chief Financial Officer

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Sinopec Shanghai Petrochemical Company Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1 General information

Sinopec Shanghai Petrochemical Company Limited ("the Company"), formerly known as Shanghai Petrochemical Company Limited, was established in the People' s Republic of China ("the PRC") on 29 June 1993 as a joint stock limited company to hold the assets and liabilities of the production divisions and certain other units of Shanghai Petrochemical Complex ("SPC"), a state-owned enterprise. The Company was under the direct supervision of China Petrochemical Corporation ("Sinopec Group") at that time.

The Company completed its initial public offerings in 1993. Its shares were listed on the Stock Exchange of Hong Kong Limited ("H shares") and the New York Stock Exchange in the form of American Depositary Shares ("ADS") on 26 July 1993, and were also listed on the Shanghai Stock Exchange ("ordinary A shares") on 8 November 1993.

Sinopec Group completed its reorganization on 25 February 2000. After the reorganization, China Petroleum & Chemical Corporation ("Sinopec Corp.") was established. As part of the reorganization, 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..

The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000, and Sinopec Corp. was the largest shareholder of the Company.

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 non-circulating 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.

The 15th meeting of the 7th term of Board of Directors was held on 28 August 2013 and the Company proposed and passed a resolution regarding interim cash dividend for the first half of 2013 and the conversion of share premium and surplus reserve to share capital. The resolution included a distribution of 5 shares and a cash dividend distribution of RMB 0.5 (tax included) for every 10 shares based on the 7,200,000 thousands ordinary shares as at 30 June 2013. Among the 5 shares distributed, 3.36 shares were converted from share premium of RMB 2,420,841 thousands and 1.64 shares were converted from surplus reserves of RMB 1,179,159 thousands. The resolution was approved by the extraordinary general meeting of shareholders, A share class shareholders meeting and H share class shareholders meeting on 22 October 2013, respectively.

The first tranche of the Share Option Incentive Scheme was exercised on 29 August 2017, and the Company received cash payment of RMB 54,580 thousands from 199 grantees. As a result, ordinary A shares of 14,177 thousands were registered on 27 September 2017.

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1 General information (continued)

The second tranche of the Share Option Incentive Scheme was exercised on 12 January 2018, and the Company received cash payment of RMB 37,102 thousands from 185 grantees, led to an increase of RMB 9,637 thousands in share capital.

According to the board resolution of the Company on 28 December 2018, the third tranche was not exercised due to the failure on satisfying the non-market exercise conditions.

As at 31 December 2020, total shares of the Company were 10,823,814 thousands (31 December 2019: 10,823,814 thousands).

The Company and its subsidiaries ("the Group") are principally engaged in processing crude oil into synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products.

These consolidated financial statements are presented in thousands of Renminbi Yuan (RMB), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 April 2021.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group' s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Definition of Material – Amendments to IAS 1 and IAS 8

Definition of a Business – Amendments to IFRS 3

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

Revised Conceptual Framework for Financial Reporting

Covid-19-related Rent Concessions – Amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

2.1.1 Changes in accounting policy and disclosures (continued)

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group:

IFRS 17 'Insurance Contracts' , effective for the accounting period beginning on or after 1 January 2023;

Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for the accounting period beginning on or after 1 January 2023;

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16, effective for the accounting period beginning on or after 1 January 2022;

Reference to the Conceptual Framework – Amendments to IFRS 3, effective for the accounting period beginning on or after 1 January 2022;

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37, effective for the accounting period beginning on or after 1 January 2022;

Annual Improvements to IFRS Standards 2018 – 2020 Cycle, effective for the accounting period beginning on or after 1 January 2022;

Interest rate benchmark (IBOR) reform – phase 2, effective for the accounting period beginning on or after 1 January 2021, and

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, effective date has not been finalized.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

fair values of the assets transferred

liabilities incurred to the former owners of the acquired business

equity interests issued by the Group

fair value of any asset or liability resulting from a contingent consideration arrangement, and

fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest' s proportionate share of the acquired entity' s net identifiable assets.

Acquisition-related costs are expensed as incurred.

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2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

The excess of the:

consideration transferred,

amount of any non-controlling interest in the acquired entity, and

acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity' s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer' s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated income statement, statement of comprehensive income and changes in equity respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

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2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee' s net assets including goodwill.

Investments in joint ventures and associates are accounted for using the equity method of accounting.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor' s share of the profit or loss of the investee after the date of acquisition. The Group' s investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group' s share of the net fair value of the associate' s identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group' s share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group' s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of net profit of associates and joint ventures accounted for using the equity method in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group' s financial statements only to the extent of unrelated investor' s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the income statement.

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2 Summary of significant accounting policies (continued)

2.4 Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group' s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group' s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group' s share of the net fair value of the joint venture' s identifiable assets and liabilities is accounted for as goodwill. When the Group' s share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group' s interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group' s entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company' s functional and the Group' s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within Finance income or expenses. All other foreign exchange gains and losses are presented in the income statement within Other gains - net.

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2 Summary of significant accounting policies (continued)

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset' s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	12-40 years
Plant and machinery	12-20 years
Vehicles and other equipment	4-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset' s carrying amount is written down immediately to its recoverable amount if the asset' s carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other gains – net in the income statement.

2.8 Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less government grants that compensate the Company for the cost of construction, and impairment losses. Cost comprises direct costs of construction as well as interest charges, and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the period of construction. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

2.9 Investment properties

Investment properties are properties which are owned either to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (Note 2.11). Depreciation is provided over their estimated useful lives on a straight-line basis, after taking into account their estimated residual values. Estimated useful lives of the Group' s investment properties are 30-40 years.

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2 Summary of significant accounting policies (continued)

2.10 Other non-current assets

Other non-current assets mainly represent patents and catalysts used in production. These assets are carried at cost less accumulated amortization and impairment losses. Other non-current assets are amortized on a straight-line basis over the respective periods of the rights and the estimated useful lives of the catalysts, as follows:

Patents	10-28 years
Catalyst	2-5 years

2.11 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset' s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Investments and financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

those to be measured at amortized cost.

The classification depends on the Group' s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

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2 Summary of significant accounting policies (continued)

2.12 Investments and financial assets (continued)

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group' s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement and presented in Other gains - net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI is reclassified from equity to the income statement and recognized in Other gains - net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in Other gains - net and impairment expenses are presented as separate line item in the consolidated income statement.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the income statement and presented net within Other gains - net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group' s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group' s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in Other gains - net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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2 Summary of significant accounting policies (continued)

2.12 Investments and financial assets (continued)

2.12.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial instruments that have low credit risk at the balance sheet date, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month expected credit losses. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 4.1(b) for further details.

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14 Derivative and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

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2 Summary of significant accounting policies (continued)

2.14 Derivative and hedging activities (continued)

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 4.1(a). Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, within Other gains－net.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the income statement, as follows:

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in the income statement as the hedged item affects profit or loss (for example through cost of sales).

The gain or loss relating to the effective portion of the interest rate swaps hedging variable borrowings is recognized in the income statement within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to Other gains－net.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement and are included in Other gains－net.

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2 Summary of significant accounting policies (continued)

2.15 Assets classified as held for sale

Assets, including non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset that is classified as held for sale (or disposal group) is recognized at the date of derecognition.

The assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately in current assets of the balance sheet.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and the related taxes.

2.17 Trade receivables and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. See Note 2.12.4 for a description of the Group’ s impairment policies.

2.18 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the balance sheet.

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2 Summary of significant accounting policies (continued)

2.19 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Safety production fund

Under China' s law and regulation, the Group is required to accrue safety production fund at a certain percentage of the sales of dangerous goods. The fund is earmarked for improving the safety of production. The fund is accrued from retained earnings to other reserves and converted back to retained earnings when used.

2.21 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

2.22 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.23 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

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2 Summary of significant accounting policies (continued)

2.24 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company' s subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate' s undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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2 Summary of significant accounting policies (continued)

2.25 Employee benefits

(a) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group' s future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.26 Share-based payment

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

including any market performance conditions such as an entity' s share price;

excluding the impact of any service and non-market performance vesting conditions such as profitability, sales growth targets and remaining an employee of the entity over a specified time period; and

including the impact of any non-vesting conditions such as the requirement for employees to save or holding shares for a specified period of time.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(b) Share-based payment transactions among Group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

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2 Summary of significant accounting policies (continued)

2.27 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

2.28 Revenue recognition

(i) Sales of petroleum and chemical products

The Group manufactures and sells petroleum and chemical products. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Advance from customers but goods not yet delivered is recorded as contract liabilities and is recognized as revenues when a customer obtains control over the relevant goods.

Revenue excludes value added tax and is after deduction of any estimated trade discounts.

The Group has elected to apply the practical expedient that contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred. The Group also applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(b) Overseas shipping services

The Group arranges overseas shipping services for the customer and revenue is recognized over time and based on the actual shipping service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual passages of time (days) relative to the total expected shipping days.

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2 Summary of significant accounting policies (continued)

2.29 Interest income

Interest income from financial assets at FVPL is included in Other gains - net, see Note 9 below. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as Finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

2.30 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.31 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in the income statement over the useful life of the asset by way of reduced depreciation expense.

2.32 Leases

The Group has changed its accounting policy for leases from 1 January 2019. The impact of the change is described in Note 3.

The Group leases various land, buildings, equipment, vehicles and others. Rental contracts of buildings, equipment, vehicles and others are typically made for fixed periods of 1 to 30 years. Rental contracts of land use rights are typically made for fixed periods of 30 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as either finance leases or operating leases. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

fixed payments (including in-substance fixed payments), less any lease incentives receivable,

variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,

amounts expected to be payable by the Group under residual value guarantees,

the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

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2 Summary of significant accounting policies (continued)

2.32 Leases (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee' s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

the amount of the initial measurement of lease liability,

any lease payments made at or before the commencement date less any lease incentives received,

any initial direct costs, and

restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset' s useful life and the lease term on a straight-line basis, as follows:

Land use rights	30-50 years
Buildings	1-30 years
Equipment	1-2 years
Vehicles and others	1-5 years

Payments associated with short-term leases of equipment and vehicles are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. A single discount rate was applied to the portfolio of the leases with reasonably similar characteristics.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The respective leased assets are included in the balance sheet bases on their nature.

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2.33 Dividend distribution

Dividend distribution to the Company' s shareholders is recognized as a liability in the Group' s financial statements in the period in which the dividends are approved by the Company' s shareholders.

2.34 Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

it is technically feasible to complete the research and development project so that it will be available for use or sale;

management intends to complete the research and development project, and use or sell it;

it can be demonstrated how the research and development project will generate economic benefits;

there are adequate technical, financial and other resources to complete the development and the ability to use or sell the research and development project; and

the expenditure attributable to the research and development project during its development phase can be reliably measured.

Other research and development expenditure that do not meet these criteria are recognized as an expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.35 Related parties

(a) A person, or a close member of that person' s family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group' s parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (i).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.36 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

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3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group' s financial statements.

The Group has adopted IFRS 16 'Leases' retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019. The accounting policies are disclosed in Note 2.32 above.

3.1 Impact of adoption

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases' . These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee' s incremental borrowing rate as of 1 January 2019. The lessee' s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was from 4.35% to 4.90%.

(a) Measurement of lease liabilities

	RMB' 000
Operating lease commitments disclosed as at 31 December 2018	84,746
Discounted using the lessee' s incremental borrowing rate of at the date of initial application	77,046
(Less): short-term leases recognized on a straight-line basis as expense	(315)
Lease liability recognized as at 1 January 2019	76,731
Of which are:	
Current lease liabilities	74,093
Non-current lease liabilities	2,638

(b) Measurement of right-of-use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(c) Adjustments recognized in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

right-of-use assets – increase by RMB 411,878 thousands

lease prepayment and other non-current assets – decreased by RMB 335,026 thousands

prepayments – decrease by RMB 121 thousands

lease liabilities – increase by RMB 76,731 thousands

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3 Changes in accounting policies (continued)

3.1 Impact of adoption (continued)

(d) Impact on segment disclosures

As at 31 December 2019 and 31 December 2020, allocated assets and allocated liabilities increased as a result of the change in accounting policy. Right-of-use assets and lease liabilities are now included in segment assets and liabilities. The following segments were affected by the change in policy:

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Addition to allocated assets		
Synthetic fibres	9,047	168
Resins and plastics	50,006	12,252
Intermediate petrochemicals	46,320	1,886
Petroleum products	236,531	291,723
Trading of petrochemical products	13	102,296
Others	1,943	2,476
	343,860	410,801
Addition to allocated liabilities		
Synthetic fibres	536	155
Resins and plastics	5,177	3,423
Intermediate petrochemicals	2,738	1,719
Petroleum products	13,371	4,618
Trading of petrochemical products	–	–
Others	221	2,556
	22,043	12,471

3.2 Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

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4 Financial risk management

4.1 Financial risk factors

The Group' s activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and commodity price risk), credit risk and liquidity risk. The Group' s overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group' s financial performance.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing inventory at the fixed foreign currency rate for the hedged purchases.

(a) Derivatives

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Current derivative financial instrument assets		
Foreign exchange options	263	–
Current derivative financial instrument liabilities		
Foreign exchange options	799	–

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group' s accounting policy for its cash flow hedges is set out in Note 2.14.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 4.3.

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Derivatives (continued)

(iii) Hedging reserves

The Group' s cash flow hedging reserve disclosed in Note 28 relate to the following hedging instruments:

	Swaps contracts RMB' 000
As at 31 December 2019	–
Add: Change in fair value of hedging instrument recognized in OCI	(63,840)
Less: Reclassified to the cost of inventory - not included in OCI	63,840
As at 31 December 2020	–

(iv) Amounts recognized in the income statement

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognized in the income statement in relation to derivatives:

	2019 RMB' 000	2020 RMB' 000
Net losses on foreign exchange options not qualifying as hedges included in Other gains - net (Note 9)	(12,315)	(376)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into commodity swaps contracts that have similar critical terms as the hedged item, such as reference rate, payment dates, transaction price, crude oil variety and crude oil quantity.

Hedge ineffectiveness for commodity swaps contracts may occur due to the changes in value of the hedged item. There was no recognized ineffectiveness during the year ended 31 December 2020 in relation to the commodity swaps.

(b) Market risk

(i) Foreign exchange 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 exchange risk arising from the recognized assets and liabilities (mainly trade receivables and payables), and future transactions denominated in foreign currencies, primarily with respect to US dollar. The Group' s finance department at its headquarter is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize the foreign exchange risk. For the years ended 31 December 2019 and 2020, the Group uses foreign exchange option contracts to mitigate its exposure to foreign exchange risk respect to US dollar. As at 31 December 2020, there were no foreign exchange options that had not been matured. As at 31 December 2019, the nominal amount of US dollar foreign exchange options amounted to RMB 40,754 thousands, which would be matured within six months.

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Market risk (continued)

(i) Foreign exchange risk (continued)

As at 31 December 2020, if US dollar had weakened/strengthened by 5% against RMB with all other variables held constant, the Group' s net profit for the year would have been RMB 2,401 thousands decreased/increased (31 December 2019: RMB 13,699 thousands increased/decreased in net profit) before considering the impact of foreign exchange option contracts as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables and payables.

The aggregate net foreign exchange gains/(losses) recognized in the income statement were:

	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains included in Other gains - net (Note 9)	2,648	12,248
Net foreign exchange gains/(losses) included in Finance income/(expenses) (Note 10)	18,571	(5,514)
Total net foreign exchange recognized in profit before income tax for the year	21,219	6,734

(ii) Cash flow and fair value interest rate risk

The Group' s interest rate risk arises from short-term interest bearing borrowings and short-term bonds. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2020, the Group' s short-term borrowings denominated with floating rates amounted to RMB 48,000 thousands, which represented 3% of total borrowing balance (31 December 2019: RMB 47,600 thousands, representing 3% of total borrowing balance).

The Group' s finance department at its headquarter continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group' s outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group' s financial position. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the years ended 31 December 2019 and 2020, the Group did not enter into any interest rate swap agreements.

As at 31 December 2020, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group' s net profit would have decreased/increased by approximately RMB 180 thousands (31 December 2019: RMB 179 thousands), mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Commodity price risk

The Group principally engages in processing crude oil into synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products. The selling price of petroleum products is periodically adjusted by government department based on the market price adjustment mechanism, and generally in connection with the crude oil price. The selling prices of synthetic fibers, resins and plastics and intermediate petrochemicals are market prices. For the year ended 31 December 2020, the Group used swaps contracts to manage a portion of this risk as the fluctuation of crude oil price could have significant impact on the Group.

As at 31 December 2020, the Group had no unexpired commodity contracts of crude oil designed as hedging instruments for cash flow hedges (31 December 2019: Nil).

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk

(i) Risk management

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents, time deposits with banks, structured deposits, trade receivables, other receivables, bills receivable, etc.

Group expects that there is no significant credit risk associated with cash at bank (including time deposits and structured deposits) and bills receivable since they are deposits and bank acceptance bills at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on trade receivables, other receivables and bills receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

internal credit rating;

external credit rating (as far as available);

actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;

actual or expected significant changes in the operating results of the debtors;

significant increases in credit risk on other financial instruments of the same debtors;

significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;

significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors, etc.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

It has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and costumers.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and forward-looking information. The management believe that there is no material credit risk inherent in the Group' s outstanding balance of other receivable.

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk (continued)

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

Trade receivables for sales of goods and from the providing services,

Other financial assets carried at amortised cost, and

Debt instruments carried at FVOCI

While cash and cash equivalents, time deposits with banks and bills receivable are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including trade receivables with related parties) and financial assets at fair value through other comprehensive income.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 and 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on trade receivables are presented as Net reversal of impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortized cost include other receivables.

As at 31 December 2019 and 31 December 2020, the internal credit rating of other receivables were all performing. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method.

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk (continued)

(ii) Impairment of financial assets (continued)

Management considered the internal credit risk of other receivable including receivables from related parties were performing as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

The provision/(reversal) for loss allowance were recognized in the income statement in Net reversal of impairment losses on financial assets.

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments carried at FVOCI

Debt instruments carried at FVOCI include trade receivables and bills receivable with a business model which is achieved both by collecting contractual cash flows and selling of these assets. The loss allowance for debt instruments is recognized in the income statement and reduces the fair value loss otherwise recognized in OCI.

As at 31 December 2019 and 31 December 2020, no loss allowance was provided for financial assets at FVOCI.

(iii) Net reversal of impairment losses on financial assets recognized in the income statement

During the year, the following recoveries/(losses) were recognized in Net reversal of impairment losses on financial assets in relation to impaired financial assets:

	2019 RMB' 000	2020 RMB' 000
Impairment losses		
- movement in loss allowance for trade receivables	–	(634)
Recoveries on previously written off receivables (Note 23(a))	–	121,550
Reversal of previous impairment losses	59	–
Net reversal of impairment losses on financial assets	59	120,916

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(c) Credit risk (continued)

(iv) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to investments such as structured deposits and derivative financial instruments, which are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(d) Liquidity risk

Cash flow forecast is performed by the operating entities 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.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations, the renewal of its short-term bank loans and its ability to obtain adequate external financing to support its working capital and meet its debt obligation when they become due. As at 31 December 2020, the Group had credit facilities with several PRC financial institutions which provided the Group to draw down or to guarantee the issuance of the bills of lading to RMB 32,516,787 thousands, within which amounted to RMB 27,350,766 thousands were unused. The maturity dates of the unused facility amounted to RMB 14,167,750 thousands will be after 31 December 2021. Management assessed that all the facilities could be renewed upon the expiration dates.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. As at 31 December 2020, the Group held cash and cash equivalents of RMB 6,916,408 thousands (31 December 2019: RMB 7,449,699 thousands) (Note 23(b)) and trade receivables (including trade receivables with related parties and those carried at FVOCI) of RMB 1,469,431 thousands (31 December 2019: RMB 2,376,098 thousands), that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group' s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

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4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

Contractual maturities of financial liabilities 31 December 2019	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,575,176	–	–	–	1,575,176
Lease liabilities	11,700	8,846	2,435	495	23,476
Bills payables	673,900	–	–	–	673,900
Trade payables	2,142,402	–	–	–	2,142,402
Other payables	747,133	–	–	–	747,133
Amounts due to related parties	5,702,728	–	–	–	5,702,728
	10,853,039	8,846	2,435	495	10,864,815
Derivatives					
Derivative financial instruments	799	–	–	–	799

Contractual maturities of financial liabilities 31 December 2020	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,558,702	–	–	–	1,558,702
Short-term bonds	3,023,614	–	–	–	3,023,614
Lease liabilities	9,373	2,136	1,090	103	12,702
Bills payables	26,196	–	–	–	26,196
Trade payables	1,294,138	–	–	–	1,294,138
Other payables	1,498,503	–	–	–	1,498,503
Amounts due to related parties	3,655,724	–	–	–	3,655,724
	11,066,250	2,136	1,090	103	11,069,579

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4 Financial risk management (continued)

4.2 Capital management

The Group' s objectives when managing capital are to safeguard the Group' s ability to continue as a going concern in order 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and short-term bonds less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

As cash and cash equivalents exceed total borrowings and short-term bonds, which was resulted primarily from profitability, there was no net debt as at 31 December 2019 and 31 December 2020.

4.3 Fair value estimation

The table below analyses the Group' s financial instruments carried at fair value as at 31 December 2019 and 31 December 2020 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 market 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.

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4 Financial risk management (continued)

4.3 Fair value estimation (continued)

Recurring fair value measurements As at 31 December 2019	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets				
Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,540,921	–	1,540,921
Equity investments	–	–	5,000	5,000
Structured deposits	–	–	3,318,407	3,318,407
Foreign exchange options	–	263	–	263
	–	1,541,184	3,323,407	4,864,591
Financial liabilities				
Foreign exchange options	–	799	–	799

Recurring fair value measurements As at 31 December 2020	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets				
Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,207,114	–	1,207,114
Equity investments	–	–	5,000	5,000
	–	1,207,114	5,000	1,212,114

The Group uses discounted cash flow model with inputted interest rate, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the structured deposits classified as Level 3 financial assets.

Fair value measurements using significant unobservable inputs (level 3).

The following table presents the changes in level 3 items for the periods ended 31 December 2020:

	Equity investments RMB' 000	Structured deposits RMB' 000	Total RMB' 000
As at 31 December 2018	–	2,719,811	2,719,811
Acquisitions	5,000	3,800,000	3,805,000
Disposals	–	(3,200,000)	(3,000,000)
Fair value change	–	(1,404)	(1,404)
As at 31 December 2019	5,000	3,318,407	3,323,407
Acquisitions	–	7,600,000	7,600,000
Disposals	–	(10,900,000)	(10,900,000)
Fair value change	–	(18,407)	(18,407)
As at 31 December 2020	5,000	–	5,000

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4 Financial risk management (continued)

4.3 Fair value estimation (continued)

Financial assets and financial liabilities not measured at fair value mainly represent time deposits, trade receivables and other receivables, trade and other payables (except for the staff salaries and welfare payables and taxes payables) and borrowings. As at 31 December 2019 and 31 December 2020, these financial assets are expected to be collected in one year or less and these financial liabilities are due within one year or less. As a result, the carrying amounts of these financial assets and liabilities not measured at fair value are a reasonable approximation of their fair value.

5 Critical accounting estimates and assumptions

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Net realizable value ("NRV") of inventories

The NRV is determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and the related taxes. Determination of estimated selling prices requires significant management judgement, taking into consideration of historical selling prices and future market trend. 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 the estimate.

(b) Impairments for non-financial assets

In determining the value in use, expected cash flows generated by the non-financial assets or the cash-generating unit are discounted to their present value. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

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

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

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6 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 five reportable segments. No operating segments have been aggregated to form the following reportable segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments accounted for using the equity method, deferred income tax assets, cash and cash equivalents, time deposits, structured deposits, entrusted lending and incomes relating to these assets (such as share of profit of investments accounted for using equity method and interest income) and borrowings and interest expenses.

The Group principally operates in five operating segments: synthetic fibers, resins and plastics, intermediate petrochemicals, petroleum products and trading of petrochemical products. Synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products are produced through intermediate steps from the principal raw material of crude oil. The specific products of each segment are as follows:

(i) The synthetic fibers segment produces primarily polyester, acrylic fibers and carbon fibers, which are mainly used in the textile and apparel industries.

(ii) The resins and plastics segment produces primarily polyester chips, polyethylene resins, polypropylene resins and PVA granules. The polyester chips are used to produce polyester fibers, coating and containers. Polyethylene resins and plastics are used to produce insulated cable, mulching films and molded products such as housewares and toys. Polypropylene resins are used for films, sheets and molded products such as housewares, toys, consumer electronics and automobile parts.

(iii) The intermediate petrochemicals segment primarily produces p-xylene, benzene and ethylene oxide. The intermediate petrochemicals produced by the Group are both served as raw materials in the production of other petrochemicals, resins, plastics and synthetic fibers, and sold to external customers.

(iv) The petroleum products segment is equipped with crude oil refinery facilities used to produce qualified refined gasoline, fuel, diesel oil, heavy oil and liquefied petroleum gas, and provide raw materials for the Group' s downstream petrochemical processing facilities.

(v) The trading of petrochemical products segment is primarily engaged in importing and exporting of petrochemical products. The products are sourced from international and domestic suppliers.

(vi) Other operating segments represent the operating segments which do not meet the quantitative threshold for determining reportable segments. These include investment property leasing, service provision and a variety of other commercial activities.

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6 Segment information (continued)

2018	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,225,594	10,868,758	26,327,039	66,009,608	27,650,410	1,488,856	134,570,265
Inter - segment revenue	–	(138,481)	(13,923,959)	(11,037,010)	(1,090,056)	(691,852)	(26,881,358)
Revenue from external customers	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Timing of revenue recognition							
At a point in time	2,225,594	10,730,277	12,403,080	54,972,598	26,537,983	797,004	107,666,536
Over time	–	–	–	–	22,371	–	22,371
	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Total gross (loss)/profit	(537,590)	1,081,206	2,135,060	2,936,678	149,236	9,916	5,774,506

2019	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,200,229	10,304,812	24,698,643	66,754,731	21,881,214	1,502,840	127,342,469
Inter - segment revenue	–	(141,101)	(14,187,500)	(11,868,026)	(175,200)	(700,975)	(27,072,802)
Revenue from external customers	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Timing of revenue recognition							
At a point in time	2,200,229	10,163,711	10,511,143	54,886,705	21,695,864	801,865	100,259,517
Over time	–	–	–	–	10,150	–	10,150
	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Total gross (loss)/profit	(501,062)	542,015	649,435	750,850	121,193	25,314	1,587,745

2020	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	1,480,576	9,576,944	19,777,574	49,711,547	12,023,744	1,583,236	94,153,621
Inter - segment revenue	–	(101,057)	(11,526,322)	(6,631,343)	(438,634)	(832,690)	(19,530,046)
Revenue from external customers	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Timing of revenue recognition							
At a point in time	1,480,576	9,475,887	8,251,252	43,080,204	11,583,709	750,546	74,622,174
Over time	–	–	–	–	1,401	–	1,401
	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Total gross (loss)/profit	(338,633)	1,435,079	724,152	(2,232,013)	88,004	(16,838)	(340,249)

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6 Segment information (continued)

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Segment result - profit/(loss) from operations			
Petroleum products	2,910,063	705,469	(2,198,705)
Resins and plastics	900,440	401,454	1,262,029
Intermediate petrochemicals	1,934,926	413,914	581,597
Trading of petrochemical products	104,900	53,214	42,039
Synthetic fibers	(573,503)	(540,280)	(364,211)
Others	308,286	286,801	211,015
Profit/(loss) from operations	5,585,112	1,320,572	(466,236)
Net finance income	337,412	362,963	332,274
Share of profit of investments accounted for using the equity method	885,597	972,593	724,740
Profit before income tax	6,808,121	2,656,128	590,778

Other profit and loss disclosures

	2018			2019			2020		
	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write-down RMB' 000
Synthetic fibers	(68,428)	(47,937)	(35,945)	(68,589)	7	(48,844)	(78,030)	88,550	(39,657)
Resins and plastics	(139,447)	(9)	(19,219)	(125,464)	6	(12,073)	(138,204)	–	(26,382)
Intermediate petrochemicals	(575,025)	(34,695)	(8,630)	(497,469)	(478)	(9,094)	(465,425)	(55,204)	(15,418)
Petroleum products	(862,659)	(50)	(22,209)	(972,688)	38	(167)	(917,637)	–	(138,537)
Trading of petrochemical products	(111)	–	–	(211)	–	–	(19,938)	–	(788)
Others	(161,943)	–	–	(174,367)	–	–	(207,905)	–	(106)
	(1,807,613)	(82,691)	(86,003)	(1,838,788)	(427)	(70,178)	(1,827,139)	33,346	(220,888)

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6 Segment information (continued)

	As at 31 December 2019 Total assets RMB' 000	As at 31 December 2020 Total assets RMB' 000
Allocated assets		
Synthetic fibers	997,650	986,391
Resins and plastics	1,802,681	1,654,920
Intermediate petrochemicals	3,721,337	3,176,092
Petroleum products	14,014,403	11,344,760
Trading of petrochemical products	1,492,405	1,357,884
Others	2,294,668	2,432,339
Allocated assets	24,323,144	20,952,386
Unallocated assets		
Investments accounted for using the equity method	5,208,758	5,387,834
Cash and cash equivalents	7,449,699	6,916,408
Time deposits with banks	5,020,073	11,092,283
Deferred tax assets	150,832	252,121
Financial assets at fair value through profit or loss	3,318,407	–
Derivative financial assets	263	–
Others	22,899	18,098
Unallocated assets	21,170,931	23,666,744
Total assets	45,494,075	44,619,130

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6 Segment information (continued)

	As at 31 December	
	2019 Total liabilities RMB' 000	2020 Total liabilities RMB' 000
Allocated liabilities		
Synthetic fibers	340,034	209,621
Resins and plastics	1,372,574	1,233,286
Intermediate petrochemicals	1,736,967	1,267,313
Petroleum products	8,482,596	6,669,419
Trading of petrochemical products	1,946,530	1,224,420
Others	73,127	78,928
Allocated liabilities	13,951,828	10,682,987
Unallocated liabilities		
Borrowings	1,547,600	1,548,000
Short-term bonds	–	3,017,811
Deferred tax liabilities	–	35,357
Derivative financial liabilities	799	–
Unallocated liabilities	1,548,399	4,601,168
Total liabilities	15,500,227	15,284,155

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Synthetic fibers	124,188	294,515	496,125
Resins and plastics	112,638	74,633	139,212
Intermediate petrochemicals	246,857	204,021	278,788
Petroleum products	806,833	1,024,626	779,392
Trading of petrochemical products	–	89	378,292
Others	98,737	103,418	222,080
	1,389,253	1,701,302	2,293,889

Entity-wide information

The Group' s revenue from external customers are mainly within Mainland China in 2018, 2019 and 2020. As at 31 December 2019 and 31 December 2020, assets are also mainly within Mainland China.

Revenue of approximate RMB 38,651,385 thousands (2019: RMB 42,657,975 thousands, 2018: RMB 42,492,816 thousands) are derived from a single customer. These revenues are attributable to the petroleum products and others segments.

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7 Other operating income

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Government grants (i)	116,330	69,678	61,296
Rental income from investment property (Note 18)	76,001	76,381	81,608
Others	10,286	4,655	5,772
	202,617	150,714	148,676

(i) Government grants

Grants related to R&D, other tax refund and subsidies of RMB 60,859 thousands (2019: RMB 69,241 thousands, 2018: RMB 115,893 thousands) are included in the government grants line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Deferral and presentation of government grants

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. For the year ended 31 December 2020, RMB 437 thousands were included in the government grants line item (2019: RMB 437 thousands, 2018: RMB 437 thousands).

8 Other operating expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost related to lease of investment properties	(19,367)	(16,199)	(15,625)
Others	(13,181)	(5,726)	(9,061)
	(32,548)	(21,925)	(24,686)

9 Other gains – net

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net gains/(losses) on disposal of land, property, plant and equipment	172,508	158,551	(1,212)
Gains from structured deposits	19,811	85,444	114,283
Gains/(losses) from disposal of subsidiaries (Note 20)	1,622	(60,951)	–
Net foreign exchange (losses)/gains	(31,770)	2,648	12,248
Net gains/(losses) on foreign exchange option contracts	14,519	(12,315)	(376)
Losses on sale of FVOCI	–	(19,513)	(9,513)
	176,690	153,864	115,430

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10 Finance income and expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains	–	18,571	–
Interest income	443,661	398,176	431,228
Finance income	443,661	416,747	431,228
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(84,425)	(59,378)	(101,732)
Less: amounts capitalized on qualifying assets	5,179	5,594	8,292
Net interest expense	(79,246)	(53,784)	(93,440)
Net foreign exchange loss	(27,003)	–	(5,514)
Finance expenses	(106,249)	(53,784)	(98,954)
Finance income - net	337,412	362,963	332,274

11 Expense by nature

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost of raw material	56,601,977	57,101,961	42,082,307
Cost of trading products	26,392,366	21,566,364	11,467,420
Employee benefit expenses (Note 12)	2,888,572	3,147,372	3,143,219
Depreciation and amortization (Note 15, 17, 18)	1,807,613	1,736,790	1,794,486
Repairs and maintenance expenses	1,265,919	1,089,829	1,060,624
Other expenses	771,401	1,107,017	1,030,020
Change of goods in process and finished goods	(277,403)	446,779	862,652
Transportation costs	326,553	297,416	274,002
Inventory write-down (Note 22)	86,003	70,178	220,888
External processing fee	185,164	215,288	215,467
Sales commissions (Note 29)	139,954	125,641	104,598
Impairment loss (Note 17, 19)	82,652	486	87,570
Depreciation charge of right-of-use assets (Note 16)	–	101,998	32,653
Auditors' remuneration - audit services	7,800	7,800	7,800
Leasing expenses	96,520	2,961	3,731
Total cost of sales, selling and administrative expenses	90,375,091	87,017,880	62,387,437

12 Employee benefit expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Wages and salaries	1,814,991	1,931,121	2,009,645
Social welfare costs	712,556	782,789	714,484
Others	374,029	433,462	419,090
Share-based payments granted to directors and employees	(13,004)	–	–
Total employee benefit expense	2,888,572	3,147,372	3,143,219

(i) Five highest paid individuals

For the years ended 31 December 2018, 2019 and 2020, all 5 individuals with the highest emoluments are directors and supervisors whose emoluments are disclosed in Note 35(i).

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13 Income tax

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
- Current income tax	(1,471,671)	(460,720)	(37,027)
- Deferred taxation	(232)	31,757	102,647
Income tax (expense)/credit	(1,471,903)	(428,963)	65,620

A reconciliation of the expected income tax calculated at the applicable tax rate and total profit, with the actual income tax is as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Expected PRC income tax at the statutory tax rate of 25%	(1,702,032)	(664,032)	(147,695)
Tax effect of share of profit of investments accounted for using the equity method	218,024	239,562	178,685
Tax effect of other non-taxable income	14,770	7,459	54,379
Tax deductions for R&D expenses	2,500	7,500	11,863
Tax effect of non-deductible loss, expenses and costs	(20,123)	(42,906)	(51,543)
True up for final settlement of enterprise income taxes in respect of previous years	(12,678)	2,618	9,188
Tax losses for which no deferred income tax asset was recognized	(10,017)	(9,578)	(2,821)
Utilization of previously unrecognized tax losses	37,653	30,414	13,564
Actual income tax (expense)/credit	(1,471,903)	(428,963)	65,620

The provision for PRC income tax is calculated at the rate of 25% (2019 and 2018: 25%) on the estimated taxable income of the year ended 31 December 2020 determined in accordance with relevant income tax rules and regulations. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

(i) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2019 RMB' 000	2020 RMB' 000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	219,557	246,900
- Deferred tax asset to be recovered within 12 months	117,625	255,646
	337,182	502,546
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(166,183)	(275,174)
- Deferred tax liabilities to be recovered within 12 months	(20,167)	(10,608)
	(186,350)	(285,782)
Deferred tax assets - net	150,832	252,121
Deferred tax liabilities - net	–	(35,357)

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13 Income tax (continued)

(ii) Movements in deferred tax assets and liabilities are as follows:

	Balance as at 1 January 2019 RMB' 000	(Charged)/ deducted to profit or loss RMB' 000	Balance as at 31 December 2019 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	39,606	(705)	38,901
Provision for impairment losses in property, plant and equipment and construction in progress	219,610	(11,978)	207,632
Others	9,417	81,232	90,649
	268,633	68,549	337,182
Deferred tax liabilities			
Gains of financial assets at fair value	–	(4,604)	(4,604)
Difference in depreciation	(145,709)	(33,091)	(178,800)
Capitalization of borrowing costs	(3,849)	903	(2,946)
	(149,558)	(36,792)	(186,350)
Deferred tax assets - net	119,075	31,757	150,832

	Balance as at 1 January 2020 RMB' 000	Deducted/ (charged) to profit or loss RMB' 000	Balance as at 31 December 2020 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	38,901	18,425	57,326
Provision for impairment losses in property, plant and equipment and construction in progress	207,632	18,803	226,435
Tax losses	1,986	85,813	87,799
Others	88,663	42,323	130,986
	337,182	165,364	502,546
Deferred tax liabilities			
Gains of financial assets at fair value	(4,604)	4,604	–
Difference in depreciation	(178,800)	(104,939)	(283,739)
Capitalization of borrowing costs	(2,946)	903	(2,043)
	(186,350)	(99,432)	(285,782)
Deferred tax assets - net	150,832	101,289	252,121
Deferred tax liabilities - net	–	(35,357)	(35,357)

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13 Income tax (continued)

(ii) Movements in deferred tax assets and liabilities are as follows (continued):

The Group recognizes deferred tax assets only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Based on the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets will be utilized, management believes that it is probable the Group will realize the benefits of these temporary differences for which deferred tax assets have been recognized.

(iii) Deferred tax assets not recognized

As at 31 December 2020, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of the impairment losses on property, plant and equipment amounting to RMB 29,969 thousands (31 December 2019: RMB 29,969 thousands), because it was not probable that the related tax benefit would be realized.

As at 31 December 2020, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of unused tax losses of RMB 72,699 thousands (31 December 2019: RMB 121,723 thousands) carried forward for PRC income tax purpose because it was not probable that the related tax benefit would be realized.

Tax losses carried forward that are not recognized as deferred tax assets will expire in the following years:

	2019 RMB' 000	2020 RMB' 000
2020	17,775	–
2021	12,880	–
2022	12,687	12,687
2023	40,069	10,415
2024	38,312	38,312
2025	–	11,285
	121,723	72,699

14 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net profit attributable to owners of the Company	5,336,331	2,215,728	645,072
Weighted average number of ordinary shares in issue (thousands of shares)	10,823,497	10,823,814	10,823,814
Basic earnings per share (RMB per share)	RMB 0.493	RMB 0.205	RMB 0.060
Basic earnings per ADS (RMB per ADS)	RMB 49.303	RMB 20.452	RMB 5.96

(b) Diluted

There were no dilutive potential ordinary shares, therefore diluted earnings per share is the same as basic earnings per share.

(i) "ADSs" are references to our American Depositary Shares, which are listed and traded on the New York Stock Exchange. Each ADS represents 100 H Shares.

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15 Other non-current assets

	Intangible assets RMB' 000	Long-term prepaid expense RMB' 000	Total RMB' 000
As at 1 January 2019			
Cost	84,093	502,689	586,782
Accumulated amortization	(63,525)	–	(63,525)
Net book amount	20,568	502,689	523,257
Year ended 31 December 2019			
Opening net book amount	20,568	502,689	523,257
Additions	1,762	170,687	172,449
Charge for the year	(4,695)	(209,597)	(214,292)
Closing net book amount	17,635	463,779	481,414
As at 31 December 2019			
Cost	85,855	463,779	549,634
Accumulated amortization	(68,220)	–	(68,220)
Net book amount	17,635	463,779	481,414
Year ended 31 December 2020			
Opening net book amount	17,635	463,779	481,414
Additions	53	169,755	169,808
Charge for the year	(2,919)	(223,344)	(226,263)
Closing net book amount	14,769	410,190	424,959
As at 31 December 2020			
Cost	85,908	410,190	496,098
Accumulated amortization	(71,139)	–	(71,139)
Net book amount	14,769	410,190	424,959

For the year ended 31 December 2020, the amortization of RMB 226,263 thousands (2019: RMB 214,292 thousands, 2018: RMB 242,162 thousands) has been charged in Cost of sales.

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16 Leases

(a) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Right-of-use assets		
Land use rights	320,212	397,808
Buildings	22,205	11,221
Equipment	168	879
Others	1,275	893
	343,860	410,801
Lease liabilities		
Current	11,450	9,352
Non-current	10,593	3,119
	22,043	12,471

For the year ended 31 December 2020, additions to the right-of-use assets were RMB 109,238 thousands (2019: RMB 33,980 thousands, 2018: Nil), including RMB 102,283 thousands generated by the acquisition of a subsidiary (Note 20(a)).

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	2019 RMB' 000	2020 RMB' 000
Depreciation charge of right-of-use assets		
Land use rights	(14,814)	(15,965)
Buildings	(12,541)	(15,481)
Equipment	(74,025)	(449)
Others	(618)	(758)
	(101,998)	(32,653)
Interest expense (included in Finance expenses)	(2,570)	(887)
Expense relating to short-term leases (included in Cost of sales)	(2,961)	(3,731)

The total cash outflow for leases in 2020 was RMB 20,204 thousands (2019: RMB 94,441 thousands, 2018: Nil).

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17 Property, plant and equipment

	Buildings RMB' 000	Plant and machinery RMB' 000	Vehicles and other equipment RMB' 000	Total RMB' 000
As at 1 January 2019				
Cost	3,229,642	41,007,229	1,785,889	46,022,760
Accumulated depreciation	(2,142,540)	(29,905,377)	(1,451,131)	(33,499,048)
Impairment loss	(53,872)	(815,329)	(8,121)	(877,322)
Net book amount	1,033,230	10,286,523	326,637	11,646,390
Year ended 31 December 2019				
Opening net book amount	1,033,230	10,286,523	326,637	11,646,390
Additions	–	99,041	15,578	114,619
Disposals	(4,114)	(60,503)	(5,988)	(70,605)
Reclassification	16,395	(82,604)	66,209	–
Transferred from construction in progress (Note 19)	26,655	999,412	97,553	1,123,620
Transferred from investment properties (Note 18)	6,924	–	–	6,924
Transferred to investment properties (Note 18)	(12,347)	–	–	(12,347)
Charge for the year	(92,123)	(1,346,725)	(68,956)	(1,507,804)
Closing net book amount	974,620	9,895,144	431,033	11,300,797
As at 31 December 2019				
Cost	3,336,375	41,455,159	1,871,684	46,663,218
Accumulated depreciation	(2,310,970)	(30,793,083)	(1,432,530)	(34,536,583)
Impairment loss	(50,785)	(766,932)	(8,121)	(825,838)
Net book amount	974,620	9,895,144	431,033	11,300,797
Year ended 31 December 2020				
Opening net book amount	974,620	9,895,144	431,033	11,300,797
Additions	707	228,153	65,380	294,240
Disposals	(7,020)	(42,246)	(2,866)	(52,132)
Impairment loss	(3,007)	(84,035)	(528)	(87,570)
Reclassification	22,878	(25,571)	2,693	–
Transferred from construction in progress (Note 19)	24,199	1,440,695	85,419	1,550,313
Acquisition of subsidiary (Note 20(a))	124,849	146,172	4,694	275,715
Transferred to investment properties (Note 18)	(15,302)	–	–	(15,302)
Charge for the year	(91,070)	(1,367,861)	(94,108)	(1,553,039)
Closing net book amount	1,030,854	10,190,451	491,717	11,713,022
As at 31 December 2020				
Cost	3,481,210	42,742,330	1,958,220	48,181,760
Accumulated depreciation	(2,396,564)	(31,700,912)	(1,457,854)	(35,555,330)
Impairment loss	(53,792)	(850,967)	(8,649)	(913,408)
Net book amount	1,030,854	10,190,451	491,717	11,713,022

For the year ended 31 December 2020, the amount of depreciation expense charged to Cost of sales and Selling and administrative expense were RMB 1,543,891 thousands and RMB 9,148 thousands, respectively (2019: RMB 1,498,625 thousands and RMB 9,179 thousands, respectively; 2018: RMB 1,541,799 thousands and RMB 9,125 thousands, respectively).

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17 Property, plant and equipment (continued)

For the year ended 31 December 2020, impairment loss of RMB 87,570 thousands has been recognized in Cost of sales for the excess of carrying amount over its recoverable amount.

For the year ended 31 December 2019, the written off of impairment loss of the Group amounted to RMB 51,484 thousands due to the disposal of property, plant and equipment.

For the year ended 31 December 2018, the Group made impairment provision of RMB 58,652 thousands against these property, plant and equipment with schemes of technology upgrades and replacement in the coming years.

18 Investment properties

	RMB' 000
As at 1 January 2019	
Cost	594,135
Accumulated depreciation	(217,396)
Net book amount	376,739
Year ended 31 December 2019	
Opening net book amount	376,739
Transferred from property plant and equipment (Note 17)	12,347
Transferred to property plant and equipment (Note 17)	(6,924)
Charge for the year	(14,694)
Closing net book amount	367,468
As at 31 December 2019	
Cost	602,659
Accumulated depreciation	(235,191)
Net book amount	367,468
Year ended 31 December 2020	
Opening net book amount	367,468
Transferred from property plant and equipment (Note 17)	15,302
Charge for the year	(15,184)
Closing net book amount	367,586
As at 31 December 2020	
Cost	627,488
Accumulated depreciation	(259,902)
Net book amount	367,586

As at 31 December 2020, the Group had no contractual obligations for future repairs and maintenance (31 December 2019: Nil).

Investment properties represent certain floors of an office building leased to other entities including related parties.

(a) The fair value of the investment properties of the Group as at 31 December 2020 was estimated by the directors to be approximately RMB 1,202,626 thousands by reference to market values of similar properties in the nearby area (31 December 2019: RMB 1,230,191 thousands). This fair value estimation was at level 3 of fair value hierarchy by using market observable inputs. The investment properties have not been valued by external independent appraisers.

(b) Rental income of RMB 81,608 thousands was recognized in Other operating income by the Group for the year ended 31 December 2020 (2019: RMB 76,381 thousands, 2018: RMB 76,001 thousands).

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18 Investment properties (continued)

(c) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	2019 RMB' 000	2020 RMB' 000
Within 1 year	43,322	51,396
Between 1 and 2 years	1,517	4,343
Above 2 years	–	629

19 Construction in progress

	2019 RMB' 000	2020 RMB' 000
As at 1 January	1,559,401	1,815,549
Additions	1,380,254	1,444,888
Transferred to property plant and equipment (Note 17)	(1,123,620)	(1,550,313)
Impairment loss	(486)	–
As at 31 December	1,815,549	1,710,124

As at 31 December 2020, the impairment loss in construction in progress were RMB 24,486 thousands (31 December 2019: RMB 34,661 thousands).

For the year ended 31 December 2020, the impairment write-off of the Group amounted to RMB 10,175 thousands due to the disposal of construction in progress (2019 and 2018: Nil).

For the year ended 31 December 2020, the Group capitalized borrowing costs amounting to RMB 8,292 thousands (2019: RMB 5,594 thousands, 2018: RMB 5,179 thousands) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 2.79% (2019: 3.35%, 2018: 3.63%).

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20 Subsidiaries

The following list contains the particulars of major subsidiaries of the Group, all of which are limited companies established and operated in the PRC.

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities
As at 31 December 2020					
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	RMB 1,000,000	100.00	100.00	–	Investment management
China Jinshan Associated Trading Corporation ("Jinmao")	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	USD 50,000	–	100.00	–	Production of polyethylene products
Shanghai Jinshan Trading Corporation ("JMGJ")	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") (a)	RMB 400,000	–	100.00	–	Trading of petrochemical products

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities
As at 31 December 2019					
Toufa	RMB 1,000,000	100.00	100.00	–	Investment management
Jinmao	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Jinchang	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Jinfei	USD 50,000	–	100.00	–	Production of polyethylene products
JMGJ	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products

The total comprehensive income attributable to non-controlling interests for the year ended 31 December 2020 is RMB 11,326 thousands (2019: comprehensive loss amounted RMB 11,437 thousands, 2018: comprehensive loss amounted RMB 113 thousands).

On 23 August 2019, the Group disposed 75% share of Zhejiang Jin Yong Acrylic Fiber Company Limited, a former subsidiary of the Group, due to its bankruptcy and liquidation. The disposal loss amounted RMB 60,951 thousands was included in Other gains - net (Note 9) for the year ended 31 December 2019.

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20 Subsidiaries (continued)

(a) On 30 June 2020, one of the Company' s subsidiaries, Toufa acquired 100% share of Zhejiang Zhonghang Oil Petrochemical Storage and Transportation Co., Ltd., renamed as Jinlian, from China Aviation Oil Group Logistics Co., Ltd., with the total purchase consideration of RMB 340,369 thousands.

The assets and liabilities recognized as a result of the acquisition as at 30 June 2020 are as follows:

	Fair value RMB' 000
Cash and cash equivalents	54
Property, plant and equipment (Note 17)	275,715
Trade and other receivables	5
Right-of-use assets (Note 16)	102,283
Trade and other payables	(867)
Deferred tax liabilities	(36,715)
Net identifiable assets acquired	340,475
Add: Other operating income	(106)
Purchase consideration	340,369

The acquired business contributed revenue of RMB 293,197 thousands and net loss of RMB 11,024 thousands to the Group for the period from 1 July 2020 to 31 December 2020.

21 Investments accounted for using the equity method

The amounts recognized in the balance sheet are as follows:

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Associates		
-Share of net assets	4,973,464	5,146,160
Joint ventures		
-Share of net assets	235,294	241,674
	5,208,758	5,387,834

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21 Investments accounted for using the equity method (continued)

Investment in associates (continued)

The amounts recognized in the share of profit of investments accounted for using the equity method are as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Associates	839,425	927,814	678,077
Joint ventures	46,172	44,779	46,663
	885,597	972,593	724,740

Investment in associates

	2019 RMB' 000	2020 RMB' 000
As at 1 January	4,297,265	4,973,464
Additions (a)	320,000	27,603
Share of profit	904,265	678,077
Other comprehensive income/(loss)	7,449	(11,512)
Cash dividends distribution	(555,515)	(521,472)
As at 31 December	4,973,464	5,146,160

Set out below are the material associates of the Group as at 31 December 2020. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Principal activities of material associates as at 31 December 2020.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method
Shanghai Secco Petrochemical Company Limited ("Shanghai Secco")	PRC	20.00	Manufacturing and distribution of chemical products	Equity
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Shanghai Jinsen Hydrocarbon Resins Company Limited ("Jinsen")	PRC	40.00	Production of resins products	Equity
Shanghai Azbil Automation Company Limited ("Azbil")	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shanghai Shidian Energy Company Limited ("Shidian Energy") (b)	PRC	40.00	Electric power supply	Equity

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21 Investments accounted for using the equity method (continued)

Investment in associates (continued)

Principal activities of material associates as at 31 December 2019.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method
Shanghai Secco	PRC	20.00	Manufacturing and distribution of chemical products	Equity
Chemical Industry	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Jinsen	PRC	40.00	Production of resins products	Equity
Azbil	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shidian Energy (b)	PRC	40.00	Electric power supply	Equity

Shanghai Secco, Chemical Industry, Jinsen, Azbil and Shidian Energy are private companies and there are no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group' s interest in the associates.

(a) In 2020, Toufa invested RMB 27,603 thousands to acquire 29% share of Pinghu China Aviation Oil Port Co., Ltd.("Pinghu Port").

(b) In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

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21 Investments accounted for using the equity method (continued)

Investment in associates (continued)

Summarized financial information for material associates

Set out below are the summarized financial information for the above associates.

Summarized balance sheet for material associates

As at 31 December 2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	11,858,124	4,356,339	85,302	204,965	745,425
- Current liabilities	(3,196,334)	(1,468,162)	(18,114)	(75,572)	(9,849)
Non-current					
- Non-current assets	5,020,292	3,153,858	69,154	3,049	69,588
- Non-current liabilities	(12,730)	(485,735)	–	–	–
Net Assets	13,669,352	5,556,300	136,342	132,442	805,164

As at 31 December 2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	10,430,726	4,618,722	74,170	227,172	790,069
- Current liabilities	(2,783,216)	(1,761,431)	(10,481)	(73,450)	(20,650)
Non-current					
- Non-current assets	6,099,126	3,523,528	64,421	3,984	72,441
- Non-current liabilities	(32,482)	(528,237)	–	–	–
Net Assets	13,714,154	5,852,582	128,110	157,706	841,860

Summarized statement of comprehensive income for material associates

2018	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000
Revenue	26,319,957	1,880,004	208,901	255,554
Post-tax profit/(loss) from continuing operations	3,228,682	472,804	(12,845)	30,119
Other comprehensive loss	–	(18,331)	–	–
Total comprehensive income/(loss)	3,228,682	454,473	(12,845)	30,119
Dividends declared by associate	3,675,840	61,001	–	25,900

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21 Investments accounted for using the equity method (continued)

Investment in associates (continued)

Summarized statement of comprehensive income for material associates (continued)

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	28,341,032	1,936,537	197,199	297,694	112,143
Post-tax profit/(loss) from continuing operations	3,383,582	609,540	(16,996)	38,448	5,166
Other comprehensive income	–	19,470	–	–	–
Total comprehensive income/(loss)	3,383,582	629,010	(16,996)	38,448	5,166
Dividends declared by associate	2,537,000	79,000	–	30,000	–

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	21,626,059	1,683,096	187,580	340,905	472,640
Post-tax profit/(loss) from continuing operations	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Total comprehensive income/(loss)	2,412,802	374,028	(8,232)	48,264	36,696
Dividends declared by associate	2,368,000	85,000	–	23,000	–

The information above reflects the amounts presented in the financial statements of the associates (and not the Group' s share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interest in material associates

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	12,822,770	5,057,821	153,338	123,994	–
Profit/(loss) for the year	3,383,582	609,540	(16,996)	38,448	5,166
Increase in share capital	–	–	–	–	800,000
Other comprehensive Income	–	19,470	–	–	–
Decrease in reserves	–	(51,535)	–	–	–
Declared dividends	(2,537,000)	(79,000)	–	(30,000)	–
Closing net assets	13,669,352	5,556,296	136,342	132,442	805,166
% of ownership interest	20.00 %	38.26 %	40.00 %	40.00 %	40.00 %
Interest in associates	2,733,872	2,125,839	54,537	52,977	322,066
Unrealized upstream and downstream transaction	(9,512)	–	–	–	(22,708)
Unentitled portion (Note a)	–	(328,629)	–	–	–
Carrying value	2,724,360	1,797,210	54,537	52,977	299,358

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21 Investments accounted for using the equity method (continued)

Investment in associates (continued)

Reconciliation of summarized financial information (continued)

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	13,669,352	5,556,296	136,342	132,442	805,164
Profit/(loss) for the year	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Increase in reserves (Note a)	–	7,258	–	–	–
Declared dividends	(2,368,000)	(85,000)	–	(23,000)	–
Closing net assets	13,714,154	5,852,582	128,110	157,706	841,860
% of ownership interest	20.00%	38.26%	40.00%	40.00%	40.00%
Interest in associates	2,742,832	2,239,198	51,244	63,083	336,744
Unrealized upstream and downstream transaction	(11,285)	–	–	–	(19,343)
Unentitled portion (Note a)	–	(331,407)	–	–	–
Carrying value	2,731,547	1,907,791	51,244	63,083	317,401

Note a: Unentitled portion represented the earnings from sales of the lands injected by Government in Chemical Industry that cannot be shared by other shareholders.

Summarized financial information for other associates

	2019 RMB' 000	2020 RMB' 000
Aggregate carrying value of investments at 31 December	45,022	75,094
Aggregate amounts of the group' s share of:		
Profit for the year	6,400	8,619
Total comprehensive income	6,400	8,619

Investment in joint ventures

	2019 RMB' 000	2020 RMB' 000
As at 1 January	229,868	235,294
Share of profit	44,779	46,663
Cash dividends distribution	(39,353)	(40,283)
As at 31 December	235,294	241,674

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group as at 31 December 2019 and 31 December 2020.

As at 31 December 2020 and 31 December 2019	Place of business/country of incorporation	% of ownership interest	Principal activities	Measure-ment method
BOC	PRC	50.00	Production and sales of industrial gases	Equity
Shanghai Petrochemical Pressure Vessel Testing Center("JYJC")	PRC	50.00	Provide inspection and testing service	Equity
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	PRC	50.00	Production and sales of industrial gases	Equity

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21 Investments accounted for using the equity method (continued)

Investment in joint ventures (continued)

Summarized financial information for other associates (continued)

BOC, JYJC and Yangu Gas are private companies and there are no quoted market prices available for their shares.

Summarized financial information for joint ventures

Set out below are the summarized financial information for joint ventures which are accounted for using the equity method.

Summarized balance sheet for joint ventures

As at 31 December 2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	182,548	11,200	51,386
Other current assets (excluding cash)	64,837	9,557	12,565
Total current assets	247,385	20,757	63,951
Total current liabilities	(37,444)	(3,993)	(3,460)
Non-current			
Total non-current assets	181,372	1,937	36,972
Total non-current liabilities	(26,378)	–	–
Net assets	364,935	18,701	97,463

As at 31 December 2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	233,898	13,281	62,878
Other current assets (excluding cash)	67,809	6,077	11,812
Total current assets	301,707	19,358	74,690
Total current liabilities	(57,153)	(2,453)	(3,463)
Non-current			
Total non-current assets	147,717	1,800	26,066
Total non-current liabilities	(21,417)	–	–
Net assets	370,854	18,705	97,293

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21 Investments accounted for using the equity method (continued)

Investment in joint ventures (continued)

Summarized statement of comprehensive income for joint ventures

2018	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	423,160	21,542	58,679
Depreciation and amortization	(46,456)	–	(2,245)
Interest income	1,154	27	541
Interest expense	–	–	–
Profit/(loss) from continuing operations	114,275	1,833	(2,518)
Income tax expense	(27,799)	(450)	–
Post-tax profit/(loss) from continuing operations	86,476	1,383	(2,518)
Other comprehensive income	–	–	–
Total comprehensive income/(loss)	86,476	1,383	(2,518)
Dividends declared by joint venture	73,000	64	–

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	414,374	29,290	55,302
Depreciation and amortization	(50,199)	–	(11,272)
Interest income	636	308	1,119
Interest expense	–	–	–
Profit from continuing operations	108,565	3,107	40
Income tax expense	(28,382)	(777)	–
Post-tax profit from continuing operations	80,183	2,330	40
Other comprehensive income	–	–	–
Total comprehensive income	80,183	2,330	40
Dividends declared by joint venture	77,800	906	–

2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	420,160	21,674	58,463
Depreciation and amortization	(45,756)	(350)	(8,313)
Interest income	2,246	304	1,483
Interest expense	–	–	–
Profit from continuing operations	108,677	2,279	1,830
Income tax expense	(26,290)	(177)	–
Post-tax profit from continuing operations	82,387	2,102	1,830
Other comprehensive income	–	–	–
Total comprehensive income	82,387	2,102	1,830
Dividends declared by joint venture	76,468	2,098	2,000

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group' s share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

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21 Investments accounted for using the equity method (continued)

Investment in joint ventures (continued)

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interest in material joint ventures

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	362,552	17,277	97,423
Profit for the year	80,183	2,330	40
Other comprehensive income	–	–	–
Declared dividends	(77,800)	(906)	–
Closing net assets	364,935	18,701	97,463
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	182,467	9,350	48,733
Unrealized downstream transactions	(5,256)	–	–
Carrying value	177,211	9,350	48,733

2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	364,935	18,701	97,463
Profit for the year	82,387	2,102	1,830
Other comprehensive income	–	–	–
Declared dividends	(76,468)	(2,098)	(2,000)
Closing net assets	370,854	18,705	97,293
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	185,427	9,352	48,648
Unrealized downstream transactions	(1,753)	–	–
Carrying value	183,674	9,352	48,648

22 Inventories

	As at 31 December 2019			As at 31 December 2020		
	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000
Raw materials	4,567,648	–	4,567,648	2,569,136	–	2,569,136
Work in progress	1,072,040	(78,981)	993,059	696,227	(122,081)	574,146
Finished goods	1,022,335	(33,763)	988,572	591,485	(46,652)	544,833
Spare parts and consumables	247,873	(42,718)	205,155	260,431	(59,800)	200,631
	6,909,896	(155,462)	6,754,434	4,117,279	(228,533)	3,888,746

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22 Inventories (continued)

The cost of inventories recognized in Cost of sales amounted to RMB 53,622,798 thousands for the year ended 31 December 2020 (2019: RMB 78,595,380 thousands, 2018: RMB 82,981,590 thousands) which excluded an inventory provision of RMB 220,888 thousands (2019: RMB 70,178 thousands, 2018: RMB 86,003 thousands).

As at 31 December 2020, the provision for inventory write-down was RMB 228,533 thousands (31 December 2019: RMB 155,462 thousands). For the year ended 31 December 2020, the Group sold certain finished goods and utilized certain spare parts and consumables which were previously provided for. The related provision of RMB 147,817 thousands was reversed and included in Cost of sales in the consolidated income statement (2019: RMB 72,945 thousands, 2018: RMB 73,266 thousands).

23 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Note	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Financial assets at amortized cost			
Trade receivables	(a)	120,739	113,163
Other receivables	(a)	26,101	18,101
Amounts due from related parties excluded prepayments	(a)	1,521,187	1,065,539
Cash and cash equivalents	(b)	7,449,699	6,916,408
Time deposits with financial banks	(c)	5,020,073	11,092,283
Financial assets at fair value through other comprehensive income	(d)	1,545,921	1,212,114
Financial assets at fair value through profit or loss	(e)	3,318,407	–
Derivative financial assets		263	–
		19,002,390	20,417,608
Financial liabilities			
Financial liabilities at amortized cost			
Borrowings	(f)	1,547,600	1,548,000
Short-term bonds	(g)	–	3,017,811
Trade payables	(h)	2,142,402	1,294,138
Other payables	(h)	747,133	1,499,749
Bills payables	(h)	673,900	26,196
Amounts due to related parties excluded contract liabilities	(h)	5,708,394	3,655,724
Lease liabilities	16	22,043	12,471
Derivative financial liabilities		799	–
		10,842,271	11,054,089

The Company' s exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

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23 Financial assets and financial liabilities (continued)

(a) Trade and other receivables

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Trade receivables	120,739	113,797
Less: impairment provision	–	(634)
	120,739	113,163
Amounts due from related parties excluded prepayments (Note 29(c))	1,521,187	1,065,539
	1,641,926	1,178,702
Other receivables	26,240	18,240
Less: impairment provision	(139)	(139)
	26,101	18,101
	1,668,027	1,196,803

For the year ended 31 December 2020, certain associates and joint ventures of the Group declared dividends with total amount of RMB 561,755 thousands to the Group (2019: RMB 594,868 thousands, 2018: RMB 811,473 thousands). As at 31 December 2019 and 31 December 2020, all these declared dividends had been received by the Group.

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

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

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Within 1 year	1,641,926	1,177,222
1-2 year	–	1,480
	1,641,926	1,178,702

Movements of the Group' s impairment provision for trade and other receivables are as follows:

	2019 RMB' 000	2020 RMB' 000
As at 1 January	198	139
Reversal of previous impairment losses	(59)	–
Provision for loss allowance recognized in profit or loss	–	634
As at 31 December	139	773

For the year ended 31 December 2020, the Group recovered previously written off receivables amounted to RMB 121,550 thousands due to the liquidation of Zhejiang Jin Yong Acrylic Fiber Company Limited, a former subsidiary of the Group (2019 and 2018: Nil).

As at 31 December 2019 and 31 December 2020, 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.

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23 Financial assets and financial liabilities (continued)

(b) Cash and cash equivalents

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Cash deposits with a related party (i)	67,015	5,667
Cash at bank and on hand	7,382,684	6,910,741
	7,449,699	6,916,408

(i) Cash deposits with a related party were cash deposits at Sinopec Finance Company Limited ("Sinopec Finance"), which is a financial institution.

(c) Time deposits with banks

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Time deposits with banks within one year	1,508,839	4,049,443
Time deposits with banks above one year	3,511,234	7,042,840
	5,020,073	11,092,283

As at 31 December 2020, interest rates of time deposits with banks within one year ranged from 3.15% to 4.10% per annum (31 December 2019: 3.95% to 4.10% per annum), which were presented as current assets. Time deposits with banks above one year were time deposits of three years with the interest rates from 3.85% to 4.20% per annum, which were presented as non-current assets in the balance sheet (31 December 2019: 4.13% to 4.18% per annum).

(d) Financial assets at fair value through other comprehensive income

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Trade and bill receivables (i)	1,540,921	1,207,114
Equity investments (ii)	5,000	5,000
	1,545,921	1,212,114

(i) As at 31 December 2019 and 31 December 2020, certain trade receivables and bills receivable were classified as financial assets at FVOCI, as the Group' s business model is achieved both by collecting contractual cash flows and selling of these assets.

(ii) In July 2019, Toufa invested RMB 5,000 thousands in Shanghai Carbon Fiber Composites Innovation Research Institute Co., Ltd. to acquire 16.67% of its share.

(e) Financial assets at fair value through profit or loss

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Structured deposits	3,318,407	–

As at 31 December 2019, financial assets at fair value through profit or loss are mainly structured deposits with banks, which are presented as current assets since they are expected to be collected within 6 months from the end of the reporting period.

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23 Financial assets and financial liabilities (continued)

(f) Borrowings

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Credit loans due within one year		
- Short term bank loans	1,547,600	1,548,000

The weighted average interest rate for the Group' s borrowings was 2.79% for the year ended 31 December 2020 (2019: 3.35%, 2018: 3.63%).

As at 31 December 2020, no borrowings were secured by property, plant and equipment (31 December 2019: Nil).

(g) Short-term bonds

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Short-term bonds	–	3,017,811

In August 2020, the Company issued 169-day short-term bonds of face value RMB 3,000,000 thousands to institutional investors in inter-bank bond market. The effective yield of the short-term bonds is 1.70% per annum.

(h) Trade and other payables

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Trade payables	2,142,402	1,294,138
Bills payables	673,900	26,196
Amounts due to related parties excluded contract liabilities	5,708,394	3,655,724
	8,524,696	4,976,058
Interest payable	1,686	1,246
Dividends payable	29,144	29,522
Construction payable	277,184	299,205
Other liabilities	439,119	1,169,776
	747,133	1,499,749
	9,271,829	6,475,807

As at 31 December 2019 and 31 December 2020, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.

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23 Financial assets and financial liabilities (continued)

(h) Trade and other payables (continued)

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

As at 31 December 2019 and 31 December 2020, the ageing analysis of the trade payables (including bills payables and amounts due to related parties with trading nature) based on invoice date was as follows:

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Within one year	8,509,327	4,973,711
Between one and two years	11,209	1,973
Over two years	4,160	374
	8,524,696	4,976,058

24 Other assets and assets classified as held for sale

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Prepayments	23,767	19,552
Prepayments to related parties	44,806	26,777
	68,573	46,329

25 Contract liabilities

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Contract liabilities	655,117	495,404

The contract liabilities of the Group are advance for goods from customers. Revenue amounted to RMB 579,750 thousands has been recognized in the current year relates to carried‐forward contract liabilities (2019: RMB 446,702 thousands, 2018: RMB 465,706 thousands).

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26 Deferred income

	2019 RMB' 000	2020 RMB' 000
As at 1 January	10,442	10,005
Additions	–	3,865
Amortization	(437)	(437)
As at 31 December	10,005	13,433

27 Share capital

	Ordinary A shares listed in PRC RMB' 000	Foreign invested H shares listed overseas RMB' 000	Total RMB' 000
As at 31 December 2020 and 31 December 2019	7,328,814	3,495,000	10,823,814

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28 Reserves

	Legal surplus RMB' 000	Capital surplus RMB' 000	Surplus reserve RMB' 000	Other reserve RMB' 000	Hedging RMB' 000	Share premium RMB' 000	Safety production fund RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2019	4,072,476	13,739	101,355	10,389	–	106,846	57,135	15,160,309	19,522,249
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,215,728	2,215,728
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Appropriation of safety production fund	–	–	–	–	–	–	2	(2)	–
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	13,739	101,355	17,838	–	106,846	57,137	14,670,083	19,039,474
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	645,072	645,072
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,460	(88,460)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	13,739	101,355	6,326	–	106,846	145,597	13,927,837	18,374,176

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29 Related party transactions

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

Names of related parties	Relationship with the Company
Sinopec Group	Ultimate parent company
JYJC	Joint venture of the Group
BOC	Joint venture of the Group
Yangu Gas	Joint venture of the Group
Azbil	Associate of the Group
Chemical Industry	Associate of the Group
Jinsen	Associate of the Group
Secco	Associate of the Group
Shanghai Chemical Industry Park Logistics Company Limited	Associate of the Group
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Associate of the Group
Shanghai Nam Kwong Petro-Chemical Company Limited	Associate of the Group
Shidian Energy	Associate of the Group
Pinghu Port	Associate of the Group
Anqing Refinery Shuguang Oxo Company Limited	Subsidiary of the immediate parent company
BASF Gao-Qiao Performance Chemicals (Shanghai) Company Limited	Subsidiary of the immediate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
China Petrochemical International (Nanjing) Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Beijing Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Ningbo Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Shanghai Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Tianjin Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Wuhan Company Limited	Subsidiary of the immediate parent company
China Petrochemical Technology Company Limited	Subsidiary of the immediate parent company
China Yanshan United Foreign Trade Co., Ltd.	Subsidiary of the immediate parent company
Dalian Frip Science and Technology Company Limited	Subsidiary of the immediate parent company
Epec Commercial Factoring Company Limited	Subsidiary of the immediate parent company
Epec E-commerce Co., Ltd.	Subsidiary of the immediate parent company
Fujian Gulei Petrochemical Company Limited	Subsidiary of the immediate parent company
Fujian Refining & Petrochemical Company Limited (FREP)	Subsidiary of the immediate parent company
Nanjing Yangzi Petrochemical Rubber Company Limited	Subsidiary of the immediate parent company
Ningbo Minggang Gas Company Limited	Subsidiary of the immediate parent company
Ningbo Eastsea Linefan Technology Company Limited	Subsidiary of the immediate parent company
Petro-CyberWorks Information Technology Company Limited	Subsidiary of the immediate parent company
Qingdao Sinosun Management System Certification Center Company Limited	Subsidiary of the immediate parent company
Rizhao Shihua Crude Oil Terminal Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Jinshan Trading Corporation	Subsidiary of the immediate parent company
Shanghai KSD Bulk Solids Engineering Company Limited	Subsidiary of the immediate parent company
Shanghai Leader Catalyst Company Limited	Subsidiary of the immediate parent company
Shengli Oil Field Exploration And Development Research Institute	Subsidiary of the immediate parent company
Sinopec Baling Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Research Institute of Chemical Industry	Subsidiary of the immediate parent company
Sinopec Catalyst Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the immediate parent company

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29 Related party transactions (continued)

Names of related parties	Relationship with the Company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Dalian (Fushun) Research Institute of Petroleum and Petrochemicals	Subsidiary of the immediate parent company
Sinopec Europe Company Limited	Subsidiary of the immediate parent company
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the immediate parent company
Sinopec International (Singapore) Pte. Ltd.	Subsidiary of the immediate parent company
Sinopec Japan Company Limited	Subsidiary of the immediate parent company
Sinopec Lubricant Co., Ltd. Shanghai Research Institute	Subsidiary of the immediate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the immediate parent company
Sinopec Materials & Equipment (East China) Company Limited	Subsidiary of the immediate parent company
Sinopec Nanguang (Shanghai) Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petroleum Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Refinery Product Sales Company Limited	Subsidiary of the immediate parent company
Sinopec Research Institute of Petroleum Processing	Subsidiary of the immediate parent company
Sinopec Safety Engineering Institute	Subsidiary of the immediate parent company
Sinopec Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Research Institute of Petrochemical Technology	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yangzi Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yizheng Chemical Fibre Company Limited	Subsidiary of the immediate parent company
Sinopec Zhongyuan Petrol-Chemical Industry Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Company Limited	Subsidiary of the immediate parent company
Sinopec Nanjing Valve Supply Reserve Centers	Subsidiary of the immediate parent company
Sinopec Qingdao Refining&Chemical Company Limited	Subsidiary of the immediate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the immediate parent company
Unipec (Ningbo) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec America, Inc	Subsidiary of the immediate parent company
Unipec Singapore	Subsidiary of the immediate parent company
Zhoushan Shihua Crude Oil Terminal Company Limited	Subsidiary of the immediate parent company
BASF-YPC Company Limited	Joint venture of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Limited Company	Joint venture of the immediate parent company
Shanghai Changshi Shipping Co., Ltd.	Subsidiary of the ultimate parent company
Beijing Petrochemical Engineering Consulting Company Limited	Subsidiary of the ultimate parent company
Beijing Shihua Hotel	Subsidiary of the ultimate parent company
Beijing Victory Hotel Company Limited	Subsidiary of the ultimate parent company
China Petrochemical Press Company Limited	Subsidiary of the ultimate parent company
Jiangsu Jinling Opta Polymer Company Limited	Subsidiary of the ultimate parent company
National Petrochemical Project Risk Assessment Technology Center	Subsidiary of the ultimate parent company
Petrochemical Engineering Quality Supervision Centre	Subsidiary of the ultimate parent company

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29 Related party transactions (continued)

Names of related parties	Relationship with the Company
Shanghai Petrochemical Machinery Manufacture Limited Company	Subsidiary of the ultimate parent company
Shanghai Petrochemical Seawall Management Office	Subsidiary of the ultimate parent company
Shanghai Sanopec Company Limited	Subsidiary of the ultimate parent company
Sinopec Consulting Company Limited	Subsidiary of the ultimate parent company
Sinopec Economics & Development Research Institute	Subsidiary of the ultimate parent company
Sinopec Energy Saving Technology Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Engineering Incorporation	Subsidiary of the ultimate parent company
Sinopec Finance	Subsidiary of the ultimate parent company
Sinopec Group Shanghai Training Center	Subsidiary of the ultimate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Management Institute	Subsidiary of the ultimate parent company
Sinopec Nanjing Chemical Industries Company Limited	Subsidiary of the ultimate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec News	Subsidiary of the ultimate parent company
Sinopec Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited	Subsidiary of the ultimate parent company
Sinopec Shanghai Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Shared Services Company Limited	Subsidiary of the ultimate parent company
Sinopec Tendering Company Limited	Subsidiary of the ultimate parent company
Sinopec Zhongyuan Oilfield	Subsidiary of the ultimate parent company
Sinopec (Shenzhen) E-Commerce Company Limited	Subsidiary of the ultimate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Tenth Construction Company of Sinopec	Subsidiary of the ultimate parent company
Yihua Tory Polyester Film Company Limited	Subsidiary of the ultimate parent company
Shaoxing Huabin Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Petrochemical Management Cadre College	Subsidiary of the ultimate parent company
Zhongan United Coal Chemical Co., Ltd.	Subsidiary of the ultimate parent company
China Economicbooks Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Shengli Petroleum Administration Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Jiangsu Petroleum Exploration Bureau Co., Ltd. Yangzhou Science and Industry Lianchuang Branch	Subsidiary of the ultimate parent company
Sinopec Group Baichuan Economic and Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Asset Management Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Nanjing Research Institute of Chemical Industry Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Petroleum Engineering Geophysics Ltd.	Subsidiary of the ultimate parent company
Beijing Yanshan Petrochemical Special Equipment Inspection Co., Ltd.	Subsidiary of the ultimate parent company

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29 Related party transactions (continued)

The following is a summary of significant balances and transactions between the Group and its related parties except for the dividends received as disclosed in the forgoing Note 21.

(a) Most of the transactions undertaken by the Group during the year ended 31 December 2020 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.

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 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).

Transactions between the Group and Sinopec Corp., its subsidiaries and joint ventures were as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of petroleum products	49,209,765	50,354,162	39,879,549
Sales other than petroleum products	7,112,332	8,642,514	6,790,568
Purchases of crude oil	44,175,644	43,886,966	27,934,926
Purchases other than crude oil	8,996,814	9,579,239	9,937,862
Sales commissions	139,837	125,619	104,598
Rental income	29,551	31,972	32,829

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29 Related party transactions (continued)

(b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group were as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of goods and service fee income			
- Sinopec Group and its subsidiaries	11,486	7,724	14,870
- Associates and joint ventures of the Group	4,130,295	2,843,909	2,019,997
	4,141,781	2,851,633	2,034,867
Purchase			
- Sinopec Group and its subsidiaries	2,253,446	1,918,873	832,617
- Associates and joint ventures of the Group	3,982,729	4,579,969	3,648,667
	6,236,175	6,498,842	4,481,284
Insurance premiums expenses			
- Sinopec Group and its subsidiaries	121,329	108,223	107,495
Lease expenses			
- Sinopec Group and its subsidiaries	59,160	–	–
Depreciation of right-of-use assets			
- Sinopec Group and its subsidiaries	–	80,552	9,388
- Joint ventures of the Group	–	88	155
	–	80,640	9,543
Interest expense of lease liabilities			
- Sinopec Group and its subsidiaries	–	2,285	205
- Joint ventures of the Group	–	19	8
	–	2,304	213
Loans borrowed			
- Sinopec Finance	50,000	–	–
Interest income			
- Sinopec Finance	610	1,295	2,088
Loans repayment			
- Sinopec Finance	50,000	–	–
Interest expense			
- Sinopec Finance	1,326	–	–
Construction and installation cost			
- Sinopec Group and its subsidiaries	109,146	143,560	233,591
Rental income			
- Associates and joint ventures of the Group	–	11,370	15,577
- Sinopec Group and its subsidiaries	–	461	464
	–	11,831	16,041

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29 Related party transactions (continued)

(b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group were as follows (continued):

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 Note 29(a) and 29(b) were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

(c) The relevant amounts due from/to Sinopec Corp., its subsidiaries and joint venture, Sinopec Group and its subsidiaries, associates and joint ventures of the Group, arising from purchases, sales and other transactions as disclosed in Note 29(a) and 29(b), are summarized as follows:

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Amounts due from related parties		
- Sinopec Corp., its subsidiaries and joint ventures	1,505,836	1,054,127
- Associates and joint ventures of the Group	60,157	38,189
	1,565,993	1,092,316
Amounts due to related parties		
- Sinopec Corp., its subsidiaries and joint ventures	4,756,382	2,505,532
- Associates and joint ventures of the Group	749,459	889,035
- Sinopec Group and its subsidiaries	202,553	262,274
	5,708,394	3,656,841
Lease liabilities		
- Sinopec Group and its subsidiaries	15,571	8,453
- Joint ventures of the Group	698	574
	16,269	9,027
Cash deposits, maturing within 3 months		
- Sinopec Finance	67,015	5,667

(d) As at 31 December 2019 and 31 December 2020, cash deposits with Sinopec Finance were at an interest rate of 0.35% per annum.

(e) Key management personnel compensation and post-employment benefit plans

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:

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Short-term employee benefits	7,561	9,120	9,859
Post-employment benefits	159	225	441
	7,720	9,345	10,300

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29 Related party transactions (continued)

(f) Contributions to defined contribution retirement plans

The Group participates in defined contribution retirement plans organized by municipal governments for its staff. The contributions to defined contribution retirement plans are as follows:

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Municipal retirement scheme costs	262,728	258,328	199,196
Supplementary retirement scheme costs	75,312	125,370	142,877

As at 31 December 2019 and 31 December 2020, there was no material outstanding contribution to the above defined contribution retirement plans.

(g) Transactions with other state-owned entities in the PRC

The Group is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government (collectively referred to as "state-controlled entities") through its government authorities, agencies, affiliations and other organizations.

Apart from transactions with related parties, the Group has transactions with other state-controlled entities which include, but are not limited to, the following:

sales and purchases of goods and ancillary materials;

rendering and receiving services;

lease of assets, purchase of property, plant and equipment;

placing deposits and obtaining finance; and

use of public utilities

These transactions are conducted in the ordinary course of the Group' s business on terms comparable to those with other entities that are not state controlled. The Group has established its procurement policies, pricing strategy and approval process for purchases and sales of products and services which do not depend on whether the counterparties are state-controlled entities or not.

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29 Related party transactions (continued)

(h) Commitments with related parties

Construction and installation cost

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Sinopec Group and its subsidiaries	156,309	145,959

(i) Investment commitments with related parties

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Capital contribution to Shanghai Secco (i)	111,263	111,263
Capital contribution to Shidian Energy (ii)	80,000	80,000
	191,263	191,263

(i) Pursuant to the resolution of the 18th meeting of the 7th term of Board of Directors on 5 December 2013, the Group was approved to make capital contribution of USD 30,017 thousands (RMB 182,804 thousands equivalent) to Shanghai Secco, an associate of the Group. As at 31 December 2020, the Company has contributed RMB 71,541 thousands to Shanghai Secco. According to the approval by Shanghai Municipal Commission of Commerce as issued on 19 October 2015, the rest of the capital contribution to Shanghai Secco should be within 50 years starting from its registration date.

(ii) Pursuant to the articles of association of Shidian Energy in August 2019, Toufa agreed to make capital contribution of RMB 400,000 thousands to acquire 40% share of Shidian Energy. As at 31 December 2020, Toufa has contributed RMB 320,000 thousands to Shidian Energy, and the rest of the capital contribution to Shidian Energy should be paid before January 2022 in accordance with the agreement.

Except for the above disclosed in Note 29(h) and 29(i), the Group had no other material commitments with related parties as at 31 December 2020, which are contracted, but not included in the financial statements.

30 Dividend

An annual dividend in respect of the year ended 31 December 2020 of RMB 0.1 per share, amounting to a total dividend of RMB 1,082,381 thousands, was approved by the Board of Directors on 24 March 2021. This financial statement has not reflected such dividend payable.

An annual dividend in respect of the year ended 31 December 2019 of RMB 0.12 per share, amounting to a total dividend of RMB 1,298,858 thousands, was approved by the Board of Directors on 25 March 2020.

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31 Cash generated from operations

Reconciliation of profit before income tax to cash used in operation:

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Adjustment items:			
Interest income	(443,661)	(398,176)	(339,505)
Share of profit of investments accounted for using the equity method	(885,597)	(972,593)	(724,740)
(Gains)/losses on disposal of subsidiary	(1,622)	60,951	–
Net (gains)/losses on foreign exchange option and forward exchange contracts	(14,519)	12,315	376
Gains from structured deposits	(19,811)	(85,444)	(114,283)
Payments for sale of financial assets at fair value through other comprehensive income	–	19,513	9,513
Interest expense	35,574	53,784	64,169
Foreign exchange losses/(gains)	18,034	(18,571)	5,514
Depreciation of property, plant and equipment	1,550,924	1,507,804	1,553,039
Depreciation of investment property	14,527	14,694	15,184
Depreciation of right-of-use assets	–	101,998	32,653
Amortization of lease prepayments and other non-current assets	242,162	214,292	226,263
Impairment loss on property, plant, equipment and construction in progress	82,652	486	87,570
(Gains)/losses on disposal of property, plant and equipment and other long-term assets-net	(172,508)	(158,551)	1,212
Share-based payment	(13,004)	–	–
Profit on operation before change of working capital	7,201,272	3,008,630	1,407,743
(Increase)/decrease in inventories	(1,523,277)	1,366,441	2,865,687
(Increase)/decrease in operation receivables	(469,339)	(92,354)	308,333
Increase/(decrease) in operation payables	2,767,557	(487,877)	(1,008,800)
Increase/(decrease) in balances to related parties-net	525,286	1,860,836	(1,577,876)
Cash generated from operating activities	8,501,499	5,655,676	1,995,087

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31 Cash generated from operations (continued)

(a) Reconciliation of liabilities arising from financing activities

	Borrowings RMB' 000	Lease liabilities RMB' 000	Short-term bonds RMB' 000	Total RMB' 000
As at 31 December 2018	497,249	76,731	–	573,980
Financing cash flows	1,059,892	(89,124)	–	970,768
Addition of lease liabilities	–	34,436	–	34,436
Foreign exchange movements	(9,541)	–	–	(9,541)
As at 31 December 2019	1,547,600	22,043	–	1,569,643
Financing cash flows	(2,456)	(15,586)	2,998,469	2,980,427
Addition of lease liabilities	–	6,014	–	6,014
Foreign exchange movements	2,856	–	–	2,856
As at 31 December 2020	1,548,000	12,471	2,998,469	4,558,940

(b) In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net book amount	37,614	23,113	60,854
Losses/(gains) on disposal of property, plant and equipment - net	172,508	44,390	(1,212)
Net proceeds from disposal of property, plant and equipment	210,122	67,503	59,642

(c) Non-cash investing activities

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Purchase of non-current assets settled by bills	50,110	73,812	65,800

32 Commitments

Capital commitments

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Property, plant and equipment		
Contracted but not provided for	247,220	585,870

33 Subsequent event

A dividend in respect of the year ended 31 December 2020 of RMB 0.1 per share, amounting to a total dividend of RMB 1,082,381 thousands, was proposed by the Board of Directors on 24 March 2021.

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34 Balance sheet and reserve movement of the Company

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Assets		
Non-current assets		
Property, plant and equipment	11,101,389	11,279,484
Right-of-use assets	319,434	296,371
Investment properties	397,573	396,676
Construction in progress	1,814,985	1,694,937
Investments in subsidiaries	1,848,328	2,048,328
Investments accounted for using the equity method	4,476,683	4,594,451
Deferred tax assets	138,648	238,040
Time deposits with banks	3,511,234	7,042,840
Other non-current assets	455,391	402,304
	24,063,665	27,993,431
Current assets		
Inventories	6,368,389	3,685,456
Financial assets at fair value through other comprehensive income	669,889	735,262
Financial assets at fair value through profit or loss	3,318,407	–
Trade receivables	2,114	1,484
Other receivables	12,627	6,447
Prepayments	3,099	6,559
Amounts due from related parties	1,354,793	975,952
Cash and cash equivalents	5,754,440	5,460,067
Time deposits with banks	1,508,839	4,049,441
	18,992,597	14,920,668
Total assets	43,056,262	42,914,099

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34 Balance sheet and reserve movement of the Company (continued)

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	10,823,814	10,823,814
Reserves (a)	18,620,152	17,697,677
Total equity	29,443,966	28,521,491
Liabilities		
Non-current liabilities		
Lease liabilities	8,860	1,911
Deferred income	10,005	13,433
	18,865	15,344
Current liabilities		
Borrowings	1,500,000	1,500,000
Short-term bonds	–	3,017,811
Lease liabilities	10,059	7,897
Contract liabilities	597,688	423,838
Trade and other payables	2,420,912	2,287,762
Amounts due to related parties	5,104,639	3,507,497
Current tax liabilities	3,558,441	3,392,922
Staff salaries and welfares payable	183,912	239,537
Income tax payable	217,780	–
	13,593,431	14,377,264
Total liabilities	13,612,296	14,392,608
Total equity and liabilities	43,056,262	42,914,099

The balance sheet of the Company was approved by the Board of Directors on 28 April 2021 and were signed on its behalf.

Wu Haijun	**Du Jun**
Chairman	Vice General Manager and Chief Financial Officer

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34 Balance sheet and reserve movement of the Company (continued)

(a) Reserve movement of the Company

	Legal Surplus RMB' 000	Capital surplus RMB' 000	Surplus reserve RMB' 000	Other reserve RMB' 000	Hedging RMB' 000	Share premium RMB' 000	Safety production fund RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2019	4,072,476	4,180	101,355	10,389	–	106,846	57,135	14,965,864	19,318,245
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,000,410	2,000,410
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	4,180	101,355	17,838	–	106,846	57,135	14,260,322	18,620,152
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	387,895	387,895
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,462	(88,462)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	4,180	101,355	6,326	–	106,846	145,597	13,260,897	17,697,677

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35 Benefits and interests of directors and supervisors

(i) Directors' and supervisors' emoluments:

	2018				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun (a)	393	19	910	–	1,322
Shi Wei (b)	84	6	58	–	148
Jin Qiang	226	19	523	–	768
Guo Xiaojun	216	19	518	–	753
Zhou Meiyun	185	19	498	–	702
Jin Wenmin (c)	187	19	528	–	734
Gao Jinping (d)	215	12	549	–	776
Independent non-executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	274	14	288	–	576
Zuo Qiang	135	17	411	–	563
Li Xiaoxia	143	16	418	–	577
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,258	160	4,701	600	7,719

(a) Resigned general manager in September 2018 while other titles remained.
(b) Appointed in September 2018.
(c) Appointed in June 2018.
(d) Resigned in September 2018.

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35 Benefits and interests of directors and supervisors (continued)

(i) Directors' and supervisors' emoluments (continued):

	2019				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun	343	26	557	–	926
Shi Wei (a)	329	26	797	–	1,152
Jin Qiang	289	26	745	–	1,060
Guo Xiaojun (b)	283	26	751	–	1,060
Zhou Meiyun	248	26	709	–	983
Jin Wenmin	260	26	721	–	1,007
Independent non- executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	267	22	685	–	974
Zuo Qiang (c)	102	15	324	–	441
Li Xiaoxia (d)	102	14	529	–	645
Zhang Feng (e)	31	9	107	–	147
Chen Hongjun (f)	34	9	110	–	153
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,488	225	6,035	600	9,348

(a) Resigned in December 2019.
(b) Resigned in December 2019.
(c) Resigned in September 2019.
(d) Resigned in September 2019.
(e) Appointed in October 2019.
(f) Appointed in October 2019.

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35 Benefits and interests of directors and supervisors (continued)

(i) Directors' and supervisors' emoluments (continued):

	2020				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun	359	44	799	–	1,202
Guan Zemin (a)	367	41	397	–	805
Jin Qiang	354	44	716	–	1,114
Jin Wenmin	250	44	721	–	1,015
Huang Xiangyu (b)	275	39	440	–	754
Huang Fei (c)	217	39	426	–	682
Zhou Meiyun (d)	181	33	668	–	882
Non- executive directors					
Xie Zhenglin (e)	–	–	–	–	–
Peng Kun (f)	96	25	246	–	367
Independent non- executive directors					
Li Yuanqin	–	–	–	150	150
Tang Song (g)	–	–	–	75	75
Chen Haifeng (h)	–	–	–	75	75
Yang Jun (i)	–	–	–	75	75
Gao Song (j)	–	–	–	75	75
Zhang Yimin (k)	–	–	–	75	75
Liu Yunhong (l)	–	–	–	75	75
Du Weifeng (m)	–	–	–	75	75
Supervisors					
Ma Yanhui	332	42	720	–	1,094
Zhang Feng	148	40	485	–	673
Chen Hongjun	159	38	485	–	682
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,938	429	6,103	675	10,145

(a) Appointed in February 2020.
(b) Appointed in June 2020.
(c) Appointed in June 2020.
(d) Resigned in September 2020.
(e) Appointed in June 2020.
(f) Appointed in June 2020.
(g) Appointed in June 2020.
(h) Appointed in June 2020.
(i) Appointed in June 2020.
(j) Appointed in June 2020.
(k) Resigned in June 2020.
(l) Resigned in June 2020.
(m) Resigned in June 2020.

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35 Benefits and interests of directors and supervisors (continued)

(ii) Directors' retirement benefits

No specific retirement benefits were paid to directors in respect of services in connection with the management of the affairs of the company or its subsidiary undertaking (2019 and 2018: Nil).

(iii) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group' s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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Exhibit 8

List of Principal Subsidiaries of Sinopec Shanghai Petrochemical Company Limited

Subsidiary Name	Place of Incorporation	Our ownership interest (%)
Shanghai Petrochemical Investment Development Company Limited	PRC	100.00
China Jinshan Associated Trading Corporation	PRC	67.33
Shanghai Jinchang Engineering Plastics Company Limited	PRC	74.25
Shanghai Golden Phillips Petrochemical Company Limited	PRC	100.00
Shanghai Jinshan Trading Corporation	PRC	67.33
Zhejiang Jinlian Petrochemical Storage and Transportation Company Limited	PRC	100.00

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Exhibit 12.1

CERTIFICATION

I, Guan Zemin, certify that:

1. I have reviewed this annual report on Form 20-F of Sinopec Shanghai Petrochemical Company Limited.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.

4. The company' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company' s internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting.

5. The company' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: April 28, 2021

By: /s/ Guan Zemin
Guan Zemin
President

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Exhibit 12.2

CERTIFICATION

I, Du Jun, certify that:

1. I have reviewed this annual report on Form 20-F of Sinopec Shanghai Petrochemical Company Limited.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report.

4. The company' s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the company' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the company' s internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect, the company' s internal control over financial reporting.

5. The company' s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company' s auditors and the audit committee of the company' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company' s internal control over financial reporting.

Date: April 28, 2021

By: /s/ Du Jun
Du Jun
Chief Financial Officer

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Exhibit 13.1

906 CERTIFICATION

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Ladies and Gentlemen:

In connection with the Annual Report of Sinopec Shanghai Petrochemical Company Limited (the "Company") on Form 20-F for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the "Report"), I, Guan Zemin, the President of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) , as applicable, of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed "filed" with the Securities and Exchange Commission.

Date: April 28, 2021

By: /s/ Guan Zemin
Name: Guan Zemin
Title: President

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Exhibit 13.2

906 CERTIFICATION

Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

Ladies and Gentlemen:

In connection with the Annual Report of Sinopec Shanghai Petrochemical Company Limited (the "Company") on Form 20-F for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the "Report"), I, Zhou Meiyun, the Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) , as applicable, of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed "filed" with the Securities and Exchange Commission.

Date: April 28, 2021

By: /s/ Du Jun
Name: Du Jun
Title: Chief Financial Officer

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Exhibit 15.1

April 28, 2021
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Commissioners:

We have read the statements made by Sinopec Shanghai Petrochemical Company Limited (copy attached) pursuant to Item 16F of Form 20-F, which we understand will be filed with the Securities and Exchange Commission as part of the annual report on Form 20-F of Sinopec Shanghai Petrochemical Company Limited dated April 28, 2021. We agree with the statements concerning our Firm contained therein, and we have no basis to agree or disagree with other statements contained therein.

Very truly yours,

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People' s Republic of China

Attachment

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Exhibit 99.1

SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020
AND REPORT OF INDEPENDENT AUDITOR

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SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020
AND REPORT OF INDEPENDENT AUDITOR

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Report of Independent Auditor

To the Board of Directors of Shanghai Secco Petrochemical Company Limited

We have audited the accompanying financial statements of Shanghai Secco Petrochemical Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related income statements, statements of changes in owners' equity and cash flows for the years then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises in the People' s Republic of China; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company' s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company' s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial positions of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with the requirements of Accounting Standards for Business Enterprises in the People' s Republic of China.

Emphasis of Matter

Accounting Standards for Business Enterprises in the People' s Republic of China vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 13 to the financial statements.

Other Matter

The accompanying income statement, statement of changes in equity and cash flow for the year ended December 31, 2018 are presented for purposes of complying with Rule 3-09 of SEC Regulation S-X; however, Rule 3-09 does not require the 2018 financial statements to be audited and they are, therefore, not covered by this report.

/s/PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People' s Republic of China
April 28, 2021

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BALANCE SHEETS
AS AT 31 DECEMBER 2019 AND 2020
(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2019	31 December 2020
Current assets			
Cash at bank and on hand	6(1)	9,368,483,670	5,220,636,789
Accounts receivable	6(2), 7(4)	363,786,102	311,442,789
Financial assets at fair value through other comprehensive income	6(3)	275,684,637	501,351,308
Other receivables	6(4)	1,539,770	2,159,178
Advances to suppliers	6(5)	204,393,114	14,331,782
Inventories	6(6)	1,589,123,859	1,491,289,838
Current portion of non-current assets	6(7)	–	100,000,000
Other current assets	6(8), 7(4)	55,112,826	2,789,514,813
Total current assets		11,858,123,978	10,430,726,497
Non-current assets			
Fixed assets	6(9)	3,994,925,579	3,518,620,901
Construction in progress	6(10)	264,025,605	366,781,634
Right-of-use assets	6(11)	520,027	5,836,350
Intangible assets	6(12)	666,710,315	636,781,767
Long-term prepaid expenses	6(13)	94,109,669	171,104,899
Other non-current asset	6(14)	–	1,400,000,000
Total non-current assets		5,020,291,195	6,099,125,551
TOTAL ASSETS		16,878,415,173	16,529,852,048
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loan	6(16)	500,000,000	–
Accounts payable	7(4)	1,588,679,065	1,289,854,156
Contract liabilities	6(17), 7(4)	336,649,764	499,509,916
Employee benefits payable	6(18)	109,858,124	112,141,221
Taxes payable	6(19)	645,390,889	801,649,672
Other payables	6(20)	15,634,899	9,800,936
Non-current liabilities maturing within one year	6(21)	121,509	5,324,226
Other current liabilities	6(22)	–	64,936,289
Total current liabilities		3,196,334,250	2,783,216,416
Non-current liabilities			
Lease liabilities	6(23)	–	177,384
Deferred tax liabilities	6(15)	12,725,701	32,303,370
Total non-current liabilities		12,725,701	32,480,754
Total liabilities		3,209,059,951	2,815,697,170
Owners' equity			
Paid-in capital	1	7,800,811,272	7,800,811,272
Capital surplus	6(24)	1,454,646	1,454,646
Specific reserve	6(25)	–	–
Surplus reserve	6(26)	2,498,902,933	2,740,182,899
Undistributed profits	6(27)	3,368,186,371	3,171,706,061
Total owners' equity		13,669,355,222	13,714,154,878
TOTAL LIABILITIES AND OWNERS' EQUITY		16,878,415,173	16,529,852,048

The accompanying notes form an integral part of these financial statements.

Legal representative:	General manager:	Head of accounting department:
Zhang Minglong	Zhang Minglong	Lu Daoqing

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SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018*, 2019 AND 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2018*	2019	2020
Revenue	6(28)	26,319,956,893	28,341,032,354	21,626,059,244
Less: Cost of sales	6(28),6(31)	(20,536,534,109)	(22,754,564,625)	(17,269,274,588)
Taxes and surcharges	6(29)	(64,795,331)	(127,686,385)	(47,163,147)
Selling and distribution expenses	6(31)	(456,449,434)	(579,571,851)	(545,058,651)
General and administrative expenses	6(31)	(1,143,510,786)	(654,455,677)	(778,238,133)
R&D expenses	6(31)	(7,019,552)	(4,254,778)	(10,829,389)
Financial income - net	6(30)	215,287,416	292,922,019	162,465,492
Including: Interest expenses		(4,737,934)	(11,596,955)	(6,019,753)
Interest income		217,571,134	304,332,698	172,009,089
Add: Other income	6(32)	29,512,049	23,025,485	10,958,322
Investment income	6(33), 7(3)	–	–	58,535,901
Net reversal of impairment losses on financial assets	6(2)	–	–	1,040,393
Asset impairment losses	6(34)	(38,387,497)	(25,475,861)	(6,787,522)
Losses on disposal of assets	6(35)	(11,620,416)	(4,973,598)	–
Operating profit		4,306,439,233	4,505,997,083	3,201,707,922
Add: Non-operating income	6(36)	2,891,830	2,928,815	15,062,370
Less: Non-operating expenses	6(36)	(6,782,678)	(1,880,328)	(8,546,265)
Total profit		4,302,548,385	4,507,045,570	3,208,224,027
Less: Income tax expenses	6(37)	(1,073,866,795)	(1,123,459,835)	(795,424,371)
Net profit		3,228,681,590	3,383,585,735	2,412,799,656
Including: Net profit from continuing operations		3,228,681,590	3,383,585,735	2,412,799,656
Net profit from discontinued operations		–	–	–
Other comprehensive income		–	–	–
Total comprehensive income		3,228,681,590	3,383,585,735	2,412,799,656

* Not covered by the independent auditor' s report included herein

The accompanying notes form an integral part of these financial statements.

Legal representative:	General manager:	Head of accounting department:
Zhang Minglong	Zhang Minglong	Lu Daoqing

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SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2018*, 2019 AND 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2018*	2019	2020
Cash flows from operating activities				
Cash received from sales of goods or rendering of services		31,458,360,162	28,004,355,856	21,427,685,227
Refund of taxes and surcharges		–	–	53,504
Cash received from other operating activities	6(38)(c)	59,316,844	41,945,698	181,540,815
Sub-total of cash inflows		31,517,677,006	28,046,301,554	21,609,279,546
Cash paid for goods and services		(24,294,070,277)	(21,227,092,727)	(16,695,409,936)
Cash paid to and on behalf of employees		(447,944,358)	(483,492,318)	(506,833,430)
Payments of taxes and surcharges		(3,126,718,266)	(1,658,917,753)	(1,209,305,980)
Cash paid to other operating activities	6(38)(d)	(93,491,984)	(75,470,234)	(78,693,377)
Sub-total of cash outflows		(27,962,224,885)	(23,444,973,032)	(18,490,242,723)
Net cash flows from operating activities	6(38)(a)	3,555,452,121	4,601,328,522	3,119,036,823
Cash flows used in investing activities				
Cash received from entrusted loans	7(4)(b)	–	–	2,000,000,000
Cash received from returns on investments		–	–	62,048,056
Cash received from disposal of fixed assets		286,278	1,265,183	1,314,386
Cash received from deposit at headquarters		607,666,667	–	–
Cash received from other investing activities	6(38)(e)	210,338,429	304,332,698	120,834,086
Sub-total of cash inflows		818,291,374	305,597,881	2,184,196,528
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(487,863,649)	(306,686,064)	(378,975,254)
Cash paid for entrusted loans	7(3)(f)	–	–	(4,000,000,000)
Cash paid for deposit at headquarters		(600,000,000)	–	–
Cash paid to other investing activities	6(38)(f)	–	(90,000,000)	(2,140,000,000)
Sub-total of cash outflows		(1,087,863,649)	(396,686,064)	(6,518,975,254)
Net cash flows used in investing activities		(269,572,275)	(91,088,183)	(4,334,778,726)
Cash flows used in financing activities				
Cash received from borrowings		10,000,000	500,000,000	–
Sub-total of cash inflows		10,000,000	500,000,000	–
Cash repayments of borrowings		(10,000,000)	–	(500,000,000)
Cash payments for distribution of profits	6(27)	(3,675,839,788)	(2,537,000,000)	(2,368,000,000)
Cash payments for interest expenses		(1,088)	(6,550,592)	(5,222,150)
Cash paid to other financing activities	6(38)(g)	–	(6,123,689)	(6,378,698)
Sub-total of cash outflows		(3,685,840,876)	(2,549,674,281)	(2,879,600,848)
Net cash flows used in financing activities		(3,675,840,876)	(2,049,674,281)	(2,879,600,848)
Effect of foreign exchange rate changes on cash and cash equivalents		1,781,037	620,568	(2,504,130)
Net (decrease)/increase in cash and cash equivalents	6(38)(b)	(388,179,993)	2,461,186,626	(4,097,846,881)
Add: Cash and cash equivalents at beginning of year		7,205,477,037	6,817,297,044	9,278,483,670
Cash and cash equivalents at end of year	6(38)(b)	6,817,297,044	9,278,483,670	5,180,636,789

* Not covered by the independent auditor' s report included herein

The accompanying notes form an integral part of these financial statements.

Legal representative:	General manager:	Head of accounting department:
Zhang Minglong	Zhang Minglong	Lu Daoqing

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SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

STATEMENTS OF CHANGES IN OWNERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2018*, 2019 AND 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Paid-in capital	Capital surplus	Specific reserve	Surplus reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2018*		7,800,811,272	1,454,646	–	267,437,993	5,200,223,774	13,269,927,685
Movements for the year ended 31 December 2018*							
Net profit	6(27)	–	–	–	–	3,228,681,590	3,228,681,590
Profit distribution							
Distribution for owners	6(27)	–	–	–	–	(3,675,839,788)	(3,675,839,788)
Appropriation to surplus reserve	6(26)	–	–	–	1,893,106,367	(1,893,106,367)	–
Specific reserve	6(25)						
Accrued		–	–	40,033,813	–	–	40,033,813
Utilized		–	–	(40,033,813)	–	–	(40,033,813)
Balance at 31 December 2018*		7,800,811,272	1,454,646	–	2,160,544,360	2,859,959,209	12,822,769,487
Balance at 1 January 2019*		7,800,811,272	1,454,646	–	2,160,544,360	2,859,959,209	12,822,769,487
Movements for the year ended 31 December 2019							
Net profit	6(27)	–	–	–	–	3,383,585,735	3,383,585,735
Profit distribution							
Distribution for owners	6(27)	–	–	–	–	(2,537,000,000)	(2,537,000,000)
Appropriation to surplus reserve	6(26)	–	–	–	338,358,573	(338,358,573)	–
Specific reserve	6(25)						
Accrued		–	–	37,018,671	–	–	37,018,671
Utilized		–	–	(37,018,671)	–	–	(37,018,671)
Balance at 31 December 2019		7,800,811,272	1,454,646	–	2,498,902,933	3,368,186,371	13,669,355,222

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SHANGHAI SECCO PETROCHEMICAL COMPANY LIMITED

STATEMENTS OF CHANGES IN OWNERS' EQUITY (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2018*, 2019 AND 2020
(All amounts in RMB Yuan unless otherwise stated)

Item	Note	Paid-in capital	Capital surplus	Specific reserve	Surplus reserve	Undistributed profits	Total owners' equity
Balance at 1 January 2020		7,800,811,272	1,454,646	–	2,498,902,933	3,368,186,371	13,669,355,222
Movements for the year ended 31 December 2020							
Net profit	6(27)	–	–	–	–	2,412,799,656	2,412,799,656
Profit distribution							
Distribution for owners	6(27)	–	–	–	–	(2,368,000,000)	(2,368,000,000)
Appropriation to surplus reserve	6(26)	–	–	–	241,279,966	(241,279,966)	–
Specific reserve	6(25)						
Accrued		–	–	39,036,294	–	–	39,036,294
Utilized		–	–	(39,036,294)	–	–	(39,036,294)
Balance at 31 December 2020		7,800,811,272	1,454,646	–	2,740,182,899	3,171,706,061	13,714,154,878

* Not covered by the independent auditor' s report included herein

The accompanying notes form an integral part of these financial statements.

Legal representative:	General manager:	Head of accounting department:
Zhang Minglong	Zhang Minglong	Lu Daoqing

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1 General information

Shanghai Secco Petrochemical Company Limited ("the Company") was a Sino-foreign equity joint venture established in Shanghai, the People' s Republic of China ("the PRC") in 2001 by China Petroleum and Chemical Corporation ("Sinopec Corp."), Sinopec Shanghai Petrochemical Company Limited ("SPC") and BP Chemicals East China Investments Limited ("BPCECIL"). The Company obtained an approval certificate (Wai Jing Mao Zi Shen Zi [2001] No. 0099 from the Ministry of Commerce (formerly Ministry of Foreign Trade and Economic Co-operation) on 13 September 2001, and a business license (Qi He Hu Zong Zi No. 029541 (Shi Ju)) on 29 October 2001 issued by the State Administration of Industry and Commerce of the PRC. The original registered capital and paid-in capital of the Company both were USD 901,440,964. Sinopec Corp., SPC and BPCECIL held 30%, 20% and 50% equity interest in the Company, respectively. The Company commenced its active operation on 31 March 2005, and the approved period of operation is 50 years.

On 24 October 2013 and 25 November 2013, Sinopec Corp., SPC and BPCECIL amended the Equity Joint Venture Contract and Articles of Association to progressively increase the registered capital of the Company from USD 901,440,964 to USD 1,051,526,582. The total increased registered capital would be contributed by Sinopec Corp., SPC and BPCECIL in proportion to their respective shareholding in the Company by instalments. In February 2014, the Company obtained a reply approval (Hu Shang Wai Zi Pi [2014] No. 292 *Approval of Secco Petrochemical Company Limited Replenishment by Municipal Commission of Commerce*) from Shanghai Municipal Commission of Commerce. On 17 March 2014, the Company obtained a business license (registration No. 310000400279832) issued by the State Administration of Industry and Commerce of the PRC.

In 2013 and 2014, the Company received paid-in capital contributed by Sinopec Corp., SPC and BPCECIL in proportion to their respective shareholding in the Company by instalments, totalling to USD 58,430,374 (equivalent to RMB 357,226,095).

On 27 April 2017, Sinopec Corp. and Sinopec Shanghai Gaoqiao Petrochemical Company Limited ("Gaoqiao Petrochemical") (subsidiary of Sinopec Corp.) entered into an agreement with BPCECIL, according to which Gaoqiao Petrochemical purchased 50% equity in the Company from BPCECIL. On 26 October 2017, the Company was transformed from a "Sino-foreign joint venture" to an "other limited liability corporation".

As at 31 December 2020, the registered capital of the Company was USD 1,051,526,582 and the paid-in capital was USD 959,871,338 (equivalent to RMB 7,800,811,272)(31 December 2019: RMB 7,800,811,272). Among which, Sinopec Corp.' s contribution was USD 287,984,941 (equivalent to RMB 2,340,387,239), representing 30% of the paid-in capital of the Company; Gaoqiao Petrochemical' s contribution was USD 479,896,436 (equivalent to RMB 3,900,165,871), representing 50% of the paid-in capital of the Company; SPC' s contribution was USD 191,989,961 (equivalent to RMB 1,560,258,162), representing 20% of the paid-in capital of the Company.

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1 General information (Cont' d)

The Company' s approved scope of business operations mainly comprises the production of ethylene, polyethylene, styrene, polystyrene, propylene, acrylonitrile, polypropylene, butadiene, aromatic hydrocarbons and by-products; sales of these products and purchased raw materials; as well as provision of related after-sales services and technical consultation with respect to such main petrochemical products and by-products; it is also engaged in polymers application development and providing ancillary utilities engineering services to suppliers and processors.

These financial statements were approved for issue by the Company' s responsible persons on 28 April 2021.

2 Basis of preparation

The financial statements are prepared in accordance with the *Accounting Standards for Business Enterprises−Basic Standard*, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standards for Business Enterprises" or "CAS").

The financial statements are prepared on a going concern basis.

3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the years ended 31 December 2018, 2019 and 2020 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the Company' s financial position of the Company as at 31 December 2018, 2019 and 2020 and its financial performance, cash flows and other information for the years then ended.

4 Summary of significant accounting policies and accounting estimates

(1) Accounting year

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

(2) Recording currency

The Company' s recording currency is Renminbi (RMB). The financial statements are presented in RMB.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(3) Foreign currency translation

Foreign currency transactions

Foreign currency transactions are translated into recording currency using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into recording currency using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(4) Cash and cash equivalents

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

(5) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. A financial asset or a financial liability is recognized when the Company becomes a party to the contractual provisions of the instrument.

(a) Financial assets

(i) Financial assets classification and measurement

Based on the business model for financial asset management and the contractual cash flow characteristics of financial assets, the Company classifies the financial assets as: (1) financial assets measured at amortized cost; (2) financial assets at fair value through other comprehensive income; (3) financial assets at fair value through profit or loss in the current period.

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit and loss in the current period, the related transaction costs are directly recognized in profit or loss. For other financial assets, the related transaction costs are included in initially recognized amounts. Accounts receivable or notes receivable arising from sales of products or provision of services (excluding or without regard to significant financing components) are initially recognized at the consideration that is entitled to be charged by the Company as expected.

Debt instruments

Debt instruments held by the Company are instruments conform to the definition of financial liabilities from the perspective of the issuer, and are measured with the following three methods respectively:

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(5) Financial Instruments (Cont' d)

(a) Financial assets (Cont' d)

(i) Financial assets classification and measurement (Cont' d)

Measured at amortized cost:

The Company' s business model for financial asset management aims to receive contractual cash flows. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement, which means the cash flow generated at certain date is only the payment for the principal and the corresponding interest based on unpaid principal. The interest income of such financial assets is recognized using the effective interest method. Such financial assets mainly comprise cash at bank and on hand, accounts receivables, other receivables and other current assets. Debt investments due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets; debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

Measured at fair value and recorded into other comprehensive income:

The Company' s business model for the financial asset management aims to receive contractual cash flows and hold the financial assets for sale. The contractual cash flow characteristics of such financial assets are consistent with basic loan arrangement. Such financial assets are measured at fair value through other comprehensive income. However, impairment losses or gains, exchange gains or losses and interest income calculated using the effective interest method are included in profit or loss in the current period. Such financial assets are presented as financial assets at fair value through other comprehensive income and other debt investments. Other debt investments due within 1 year (inclusive) at the balance sheet date are included in the current portion of non-current assets; other debt investments with maturities of no more than 1 year (inclusive) at acquisition are included in other current assets.

Measured at fair value and recorded in current profit and loss:

Debt instruments held by the Company that are not divided into those at amortized cost, or those measured at fair value through other comprehensive income are included in those measured at fair value through profit or loss. At initial recognition, the Company designates part of the financial assets as financial assets at fair value through profit or loss in the current period in order to eliminate or substantially reduce accounting mismatch. Financial assets with maturities over 1 year and expected to be held over 1 year at the balance sheet date are presented as other non-current financial assets, others are presented as financial assets at fair value through profit or loss.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(5) Financial Instruments (Cont' d)

(a) Financial assets (Cont' d)

(ii) Impairment

For the financial assets measured at amortized cost, calculated at fair value and listed at other comprehensive profit, the Company recognizes the loss provision based on the expected credit losses.

The Company calculates and confirms expected credit losses, taking into account reasonable and well-founded information on past events, current conditions and projections of future economic conditions.

On each balance sheet date, the Company measures the expected credit losses of financial instruments at different stages. Financial instruments that have no significant increase in credit risk since the initial recognition are classified into "Stage 1", and the Company measures the loss provision based on the expected credit losses in the following 12 months; financial instruments that have a significant increase in credit risk but with no credit impairment since the initial recognition are classified into "Stage 2", and the Company measures the loss provision according to the lifetime expected credit losses; financial instruments that suffer credit impairment since the initial recognition are classified into "Stage 3", and the Company measures the loss provision according to the lifetime expected credit losses.

For financial instruments with lower credit risk on the balance sheet date, the Company assumes that its credit risk has not increased significantly since the initial recognition, and measures the loss according to the expected credit losses in the next 12 months.

For financial instruments in Stage1 and Stage 2 and with low credit risk, interest income is calculated based on carrying amount without deduction of impairment provision and the actual effective interest rate. For financial instruments in Stage 3, interest income is calculated based on amortized cost by using carrying amount less impairment provision appropriated and the actual effective interest rate.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(5) Financial Instruments (Cont' d)

(a) Financial assets (Cont' d)

(ii) Impairment (Cont' d)

For notes receivables, accounts receivables, and financial assets at fair value through other comprehensive income resulted from operating activities, such as sales of goods or rendering of services, regardless of whether exists the significant financing component, the Company measures the loss provision according to the lifetime expected credit losses.

When a single financial asset is unable to assess the expected credit loss at a reasonable cost, the Company divides the receivables into several portfolios based on the characteristics of credit risk and calculates the expected credit loss on the basis of the portfolio.

For receivables based on portfolio and notes receivables and financial assets at fair value through other comprehensive income resulted from operating activities, such as sales of goods or rendering of services, the expected credit loss is calculated by default risk exposure and the expected credit loss rate in the whole life period, based on historical experience of credit loss, the current situation and forecast of future economic situation. For other receivables, the expected credit loss is calculated by default risk exposure and the expected credit loss rate in the next 12 months or the whole life period, based on historical experience of credit loss, the current situation and forecast of future economic situation.

The Company recognizes the losses from provision or reversal into the current profit or loss. For debt instruments at fair value through other comprehensive income, the Company adjusts other comprehensive income when impairment losses or gains are included in profit or loss in the current period.

(iii) Derecognition

Financial assets are derecognized when meet one of the following situations: (1) the right to receive cash flows has been ceased; (2) financial assests have been transferred and the Company has transferred substantially all the risks and rewards of ownership; (3) financial assets have been transferred. Although the Company neither transfers nor retains nearly all the risks and rewards in the ownership of the financial asset, it has relinquished control over the financial asset.

When the investment of other equity instruments is recognized after termination, the difference between the book value and the consideration received and the accumulated amount of the fair value change directly included in other comprehensive income shall be recorded into retained earnings.When the remaining financial assets are recognized, the difference between their book value and the sum of the consideration they received and the accumulated amount of the fair value change directly recorded in other comprehensive income shall be recorded into the current profit and loss.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(5) Financial Instruments (Cont' d)

(b) Financial liabilities

Financial liabilities are classified into financial liabilities measured at amortized cost and financial liabilities at fair value through profit or loss.

The Company' s financial liabilities are mainly financial liabilities measured at amortized cost, including accounts payables, and other payables, borrowings, etc. Such financial liabilities are recognized initially at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Such financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(c) Determination of the fair value of financial instruments

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Company adopts valuation technique that is applicable in the current period and featured with enough data and other information to support valuation outcomes. In the process of valuation, the Company prefers inputs that come from assets and liabilities which have the similar character with the market participant' s assets and liabilities and makes the maximum use of observable inputs. Unobservable inputs can be utilized when relevant observable inputs cannot be obtained or obtained inputs are not feasible. When relevant observable inputs are unavailable or infeasible, unobservable inputs are adopted.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(6) Inventories

Inventories include raw materials, work in progress and finished goods, and are measured at the lower of cost and net realizable value.

Cost is determined using the weighted average method. The cost of finished goods and semi-finished products comprise raw materials, direct labor and systematically allocated production overhead based on the normal production capacity. Turnover materials include low value consumables and packaging materials, and are expensed when issued.

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes.

The Company adopts the perpetual inventory system.

(7) Fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, office and other equipment. Fixed assets purchased or constructed by the Company are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss for the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated net residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated net residual values		Annual depreciation rates
Buildings	4 to 40 years	3	%	2.43% to 24.25%
Machinery and equipment	4 to 28 years	3	%	3.46% to 24.25%
Motor vehicles	8 to 10 years	3	%	9.7% to 12.13%
Office and other equipment	4 to 14 years	3	%	6.93% to 24.25%

The estimated useful life and the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(8) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation costs, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month.

(9) Intangible assets

Intangible assets include land use rights, patent rights and computer software systems, and are measured at cost.

(a) Land use rights

Land use rights are amortized on the straight-line basis over their approved use period of 47 years. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognized as fixed assets.

(b) Patents

Patents are amortized on a straight-line basis over the patent protection period of 10 years as stipulated by the laws.

(c) Computer software systems

Computer software systems are amortized on the straight-line basis over the estimated useful lives.

(d) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

(10) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(10) Research and development (Cont' d)

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all of the following conditions are satisfied:

it is technically feasible to complete the intangible asset so that it will be available for use or sale;

management intends to complete the intangible asset, and use or sell it;

it can be demonstrated how the intangible asset will generate economic benefits;

there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and

the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognized in profit or loss in the period in which they are incurred. Development costs previously recognized as expenses are not recognized as an asset in a subsequent period. Capitalized expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(11) Long-term prepaid expenses

Long-term prepaid expenses mainly include the catalyst expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

Catalysts are amortized on the straight-line basis over their useful lives of 1.5 to 10 years.

(12) Impairment of long-term assets

Fixed assets, construction in progress and intangible assets with finite useful lives, are tested for impairment if there is any indication that an asset may be impaired at the balance date, and intangible assets not ready for their intended use are tested at least annually for impairment, irrespective of whether there is any indication that they may be impaired. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset' s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(13) Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of a fixed asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of a fixed asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(14) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits.

(a) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs. The short-term employee benefits actually occurred are recognized as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Company classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Company' s post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

Basic pensions

The Company' s employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentages by relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(14) Employee benefits (Cont' d)

(c) Termination benefits

The Company provides compensation for terminating the employment relationship with employees before the end of the employment contracts or as an offer to encourage employees to accept voluntary redundancy before the end of the employment contracts. The Company recognises a liability arising from compensation for termination of the employment relationship with employees, with a corresponding charge to profit or loss for the current period at the earlier of the following dates: 1) when the Company cannot unilaterally withdraw an employment termination plan or a curtailment proposal; 2) when the Company recognises costs or expenses for a restructuring that involves the payment of termination benefits.

The termination benefits expected to be settled within one year since the balance sheet date are classified as current liabilities.

(15) Provisions

Provisions for product warranties and onerous contracts, are recognized when the Company has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The provisions expected to be settled within one year since the balance sheet date are classified as current liabilities.

(16) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are only recognized for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilized.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(16) Deferred tax assets and deferred tax liabilities (Cont' d)

Deferred tax assets and liabilities are offset when:

the deferred tax assets and deferred tax liabilities are related to the same tax payer within the Company and the same taxation authority; and

that tax payer within the Company has a legally enforceable right to offset current tax assets against current tax liabilities.

(17) Safety production costs

According to the decision of the State Council on Further Strengthing the work of production safety (Guofa No.2 2004), Shanghai Municipal Government to implement the State Council on Further Strengthening corporate safety work notice (Hufufa No.35 2010) and Safe production costs extraction and use of management practices (Caiqi No.16 2012) issued by the Ministry of Finance and the national production safety supervision administration on 2 February 2012, The Company extracted safety production costs in a certain percentage of sales revenue from the dangerous goods in previous year, which is used for safety costs.

The safety production costs, accrued in accordance with the above regulations, shall be charged in relevant costs or profit and loss, and in the specific reserve. Safety production costs, which belong to expenses, directly offset the special reserves. If the costs formed into fixed assets, the special reserves shall be offset according to the cost forming into fixed assets, and recognize the same amount of accumulated depreciation. This fixed asset shall no longer accrue depreciation in the following period.

(18) Revenue recognition

The Company shall, when the customer acquires control over the relevant goods or services, recognize the income at the amount of consideration to which it is expected to be entitled.

Sales of goods

The Company manufactures and sells ethylene, polyethylene, styrene, polystyrene, propylene, acrylonitrile, polypropylene, butadiene, aromatic hydrocarbons and other chemical products and plastic raw materials to distributors. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customer. The Company delivers the products to the specific location in accordance with the sales contract, and recognized as revenues when the customer confirms receipt of the products. Revenue excludes value added tax and is after deduction of any estimated trade discounts.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(19) Government grants

Government grants refer to the monetary or non-monetary assets obtained by the Company from the government, including tax return and financial subsidy.

Government grants are recognized when the grants can be received and the Company can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Company for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets are either deducted against the carrying amount of the assets, or recorded as deferred income and recognized in profit or loss on a systemic basis over the useful lives of the assets. Government grants related to income that compensate the future costs, expenses or losses are recorded as deferred income and recognized in profit or loss, or deducted against related costs, expenses or losses in reporting the related expenses; government grants related to income that compensate the incurred costs, expenses or losses are recognized in profit or loss, or deducted against related costs, expenses or losses directly in current period. The Company applies the presentation method consistently to the similar government grants in the financial statements.

Government grants that are related to ordinary activities are included in operating profit, otherwise, they are recorded in non-operating income or expenses.

(20) Leases

The Company applied the new lease standard as of 1 January 2019.

Lease is a kind of contract whereby, within a certain period of time, the lessor transfers the right-of-use of assets to lessee in order to obtain benefits.

The Company as the lessee

The Company recognized the right-of-use assets at the beginning of the lease period and the lease liabilities at the present value of the outstanding lease payments.Lease payments include fixed payments and payments to be made if it is reasonably determined that the option to buy or to terminate the lease option will be exercised.The variable rent, which is determined by a certain percentage of sales, is not included in the lease payment and is recorded into the current profit and loss when it actually occurs.The Company will be paid from the balance sheet date within one year (including one year) of the lease liabilities, as a non-current liabilities due within one year.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(20) Leases (Cont' d)

The right-of-use assets of the Company including leased houses and buildings, plant and machinery equipment, means of transport and others.The right-of-use assets are initially measured at cost, which includes the initial measurement of the lease liability, the lease payment paid on or before the lease period, the initial direct expenses, etc., and deducts the lease incentive received.Where the Company is able to reasonably determine the ownership of the leased assets upon the expiration of the lease term, depreciation of the leased assets shall be calculated and withdrawn within the remaining service life of the leased assets;If it is not reasonable to determine whether the ownership of the leased asset can be acquired at the end of the lease term, the depreciation shall be calculated within the shorter period between the lease term and the remaining useful life of the leased asset. When the recoverable amount is lower than the book value of the asset, the Company writes down the book value to the recoverable amount.

For short-term leases with a lease term of no more than 12 months, the Company chooses not to recognize the right-of-use assets and lease liabilities, and records the relevant rental expenses into the current profits and losses or related asset costs according to the straight-line method during each period of the lease term.

(21) Profit distribution

Proposed profit distribution is recognized as a liability in the period in which it is approved by the Board of Directors.

(22) Critical accounting estimates and judgements

The Company continually evaluates the critical accounting estimates and key judgements applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgments in applying the accounting policies

(i) Classification of financial assets

The Company in determining the classification of financial assets involved in the major judgments including business model and contract cash flow characteristics of the analysis.

The Company 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 Company evaluates whether the contract cash flow of financial assets is consistent with the basic loan 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; whether interest include only the time value of money, credit risk, other basic lending risks, and consideration of costs and profits. For example, whether 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.

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4 Summary of significant accounting policies and accounting estimates (Cont' d)

(22) Critical accounting estimates and judgements (Cont' d)

(b) Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

(i) Estimated useful lives and net residual values of fixed assets and other long-term assets

The Company assessed the estimated useful lives of fixed assets and other long-term assets in line with historical experience based on the actual useful lives of assets with similar nature or function. If there are significant changes in estimated useful lives and net residual values, depreciation or amortisation expenses for future periods are adjusted.

(ii) Provision for decline in the value of inventories

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for decline in the value of inventories. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes. Management bases the estimates on all available information, including the current market prices of the finished goods and raw materials, costs to completion, costs necessary to make the sale and related taxes. If the actual selling prices are lower or the costs to completion are higher than estimated, the actual allowance for decline in the value of inventories would be higher than estimated.

(iii) Income taxes

As there are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business, significant judgement is required from the Company in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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5 Taxation

The main categories and rates of taxes applicable to the Company are set out below:

Category	Tax rate	Tax base
Enterprise income tax(a)	25%	Taxable income
Value-added tax ("VAT")(b)	6%, 9%,10%, 13%, 16%	Taxable value-added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)
City maintenance and construction tax	1%	VAT paid
Educational surcharge	3%	VAT paid
Local educational surcharge	2%	VAT paid

(a) Pursuant to the "Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances"(Cai Shui [2018] 54) issued by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2020, the cost of newly purchased equipment with the original cost less than RMB 5 million can be fully deducted against taxable profit in the next month after the asset is put into use, instead of being depreciated annually for tax filing.

(b) Pursuant to the "Ministry of Finance, State Administration of Taxation, General Administration of Customs, Announcement on Deepening the Policies Related to Value-Added Tax Reform"(Caishui[2019] 39) jointly issued by the Ministry of Finance and the State Administration of Taxation, the applicable VAT rate of taxable sales behaviour, importing of goods is 13% from 1 April 2019, while it was 16% before then.

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6 Notes to the financial statements

(1) Cash at bank and on hand

	31 December 2019	31 December 2020
Cash at bank		
- RMB	9,239,983,712	5,144,434,008
- USD (translated into RMB)	38,499,958	36,202,781
Other cash balances (a)	90,000,000	40,000,000
	9,368,483,670	5,220,636,789

(a) As at 31 December 2020, other cash balances RMB 40,000,000 (31 December 2019: RMB 90,000,000) is deposit for unconditional irrevocable Letter of Guarantee of RMB 400,000,000.

(2) Accounts receivable

	31 December 2018			31 December 2019
Receivables due from related parties (Note 7(4))	205,314,585			174,939,409
Accounts receivable from third parties	166,884,594			197,643,971
	372,199,179			372,583,380
		Increase in the current year	Decrease in the current year	
Less: Provision for bad debts (i)	(8,797,278)	–	–	(8,797,278)
	363,401,901			363,786,102

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6 Notes to the financial statements (Cont' d)

(2) Accounts receivable (Cont' d)

	31 December 2019			31 December 2020
Receivables due from related parties (Note 7(4))	174,939,409			154,044,971
Accounts receivable from third parties	197,643,971			165,154,703
	372,583,380			319,199,674
		Increase in the current year	Decrease in the current year	
Less: Provision for bad debts (i)	(8,797,278)	–	1,040,393	(7,756,885)
	363,786,102			311,442,789

The aging of accounts receivable and related provisions for bad debts are analyzed below:

	31 December 2019	31 December 2020
Within 1 year	363,786,102	311,442,789
1 to 3 years	–	–
Over 3 years	8,797,278	7,756,885
	372,583,380	319,199,674

(i) Provision

For accounts receivables, regardless of whether exists the significant financing component, the Company measures the loss provision according to the lifetime expected credit losses.

	31 December 2019	31 December 2020
Provision of Acconuts receivable	(8,797,278)	(7,756,885)

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6 Notes to the financial statements (Cont' d)

(3) Financial assets at fair value through other comprehensive income

	31 December 2019	31 December 2020
Financial assets at fair value through other comprehensive income	275,684,637	501,351,308

(a) 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. Therefore, the Company classified all notes receivable to financial assets measured at fair value and whose changes are included in other comprehensive income.

(b) The Company has no single provision for impairment of the bank acceptance notes, with all provision was accured by their expected credit loss. As at December 31 2019 and 2020, the Company considers that no bank acceptance notes has significant credit risk, and will not suffer significant loss due to the violation of banks.

(c) As at 31 December 2019 and 31 December 2020, the Company had no unmatured notes receivable that have been endorsed or discounted.

(4) Other receivables

	31 December 2019	31 December 2020
Property rental deposits	1,478,970	1,472,346
Others	60,800	686,832
	1,539,770	2,159,178

As at 31 December 2019 and 2020, all other receivables were aged within one year except for property rental deposits. No other receivables were past due but unimpaired. Provision for bad debts was not required as assessed by management of the Company.

(5) Advances to suppliers

	31 December 2019	31 December 2020
Advances to suppliers	204,393,114	14,331,782

As at 31 December 2019 and 31 December 2020, the Company' s prepayment mainly refers to the prepayment of goods purchase, the aging of which is within one year.

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6 Notes to the financial statements (Cont' d)

(6) Inventories

	31 December 2018			31 December 2019
Cost -				
Raw materials	1,171,622,449			946,272,489
Semi-finished products	381,896,490			331,525,309
Finished goods	438,814,573			393,976,969
	1,992,333,512			1,671,774,767
		Increase in the current year	Decrease in the current year	
Less: Provision for decline in the value of inventories -				
Raw materials	(77,265,513)	(2,042,798)	3,915,674	(75,392,637)
Semi-finished products	(12,046,489)	(4,834,980)	12,046,490	(4,834,979)
Finished goods	(19,375,177)	(2,423,291)	19,375,176	(2,423,292)
	(108,687,179)	(9,301,069)	35,337,340	(82,650,908)
	1,883,646,333			1,589,123,859

	31 December 2019			31 December 2020
Cost -				
Raw materials	946,272,489			868,768,228
Semi-finished products	331,525,309			272,934,389
Finished goods	393,976,969			426,167,130
	1,671,774,767			1,567,869,747
		Increase in the current year	Decrease in the current year	
Less: Provision for decline in the value of inventories -				
Raw materials	(75,392,637)	(2,508,089)	5,600,250	(72,300,476)
Semi-finished products	(4,834,979)	(2,752,574)	4,834,980	(2,752,573)
Finished goods	(2,423,292)	(1,526,859)	2,423,291	(1,526,860)
	(82,650,908)	(6,787,522)	12,858,521	(76,579,909)
	1,589,123,859			1,491,289,838

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6 Notes to the financial statements (Cont' d)

(7) Other non-current assets within one year

	31 December 2019	31 December 2020
Bank deposits	–	100,000,000

As at 31 December 2020, the other non-current assets within one year of RMB 100,000,000 (31 December 2019: Nil) was 18-month bank depostis with the annual rate of 3.192% in Shanghai Rural Commercial Bank, Jinshan branch, which will be due in October 2021.

(8) Other current assets

	31 December 2019	31 December 2020
Entrusted loans(a)(Note7(4))	–	2,000,000,000
Time deposits(b)	–	600,000,000
Refund of consumption tax payable(c)	52,941,279	187,343,266
Others	2,171,547	2,171,547
	55,112,826	2,789,514,813

(a) As at 31 December 2020, the entrusted loan of RMB 2,000,000,000 (31 December 2019: Nil) was the entrusted loan lended to Sinopec Corp. through China Merchants Bank, Shanghai branch, with an annual interest rate of 3.55% from 28 August 2020 to 27 August 2021.

(b) As at 31 December 2020, time deposit of RMB 600,000,000 (31 December 2019: Nil) was one-year time deposit with an annual interest rate of 2.25% in Minsheng Bank of China, Jinshan branch, which will be due on 12 August 2021.

(c) According to regulations of the *Interim Measures for Consumption Tax Refunding (Exempting) on Naphtha and Fuel Used in Production of Ethylene and Arene Chemical Products* issued by the State Administration of Taxation, eligible enterprises, which use naphtha and fuel to produce ethylene and arene chemical products, can enjoy tax rebate for consumption tax. As at 31 December 2020, the Company had made a tax refund application to the local tax bureau and confirmed that the consumption tax refund of RMB 187,343,266 would be received (31 December 2019: 52,941,279).

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6 Notes to the financial statements (Cont' d)

(9) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Total
Cost					
31 December 2018	1,351,721,955	19,486,492,188	13,122,472	186,870,556	21,038,207,171
Transferred from construction in progress (Note 6(10))	5,049,789	481,272,068	–	20,924,357	507,246,214
Other increases in the current year	124,080	11,772,318	442,016	24,359,155	36,697,569
Disposal in the current year	–	(90,654,093)	(1,600,684)	(16,291,671)	(108,546,448)
31 December 2019	1,356,895,824	19,888,882,481	11,963,804	215,862,397	21,473,604,506
Accumulated depreciation 31 December 2018	(870,123,559)	(15,957,441,434)	(5,281,662)	(124,950,007)	(16,957,796,662)
Provision in the current year	(48,918,859)	(554,058,969)	(1,088,933)	(19,153,200)	(623,219,961)
Disposal in the current year	–	85,189,857	1,350,451	15,797,388	102,337,696
31 December 2019	(919,042,418)	(16,426,310,546)	(5,020,144)	(128,305,819)	(17,478,678,927)
Carrying amount					
31 December 2019	437,853,406	3,462,571,935	6,943,660	87,556,578	3,994,925,579
31 December 2018	481,598,396	3,529,050,754	7,840,810	61,920,549	4,080,410,509

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6 Notes to the financial statements (Cont' d)

(9) Fixed assets (Cont' d)

	Plant and buildings	Machinery and equipment	Motor vehicles	Office and other equipment	Total
Cost					
31 December 2019	1,356,895,824	19,888,882,481	11,963,804	215,862,397	21,473,604,506
Transferred from construction in progress (Note 6(10))	3,020,477	71,344,872	953,321	17,506,521	92,825,191
Other increases in the current year	2,484,547	33,023,075	1,038,226	25,877,835	62,423,683
Disposal in the current year	–	(64,550,631)	(2,357,084)	(8,488,360)	(75,396,075)
31 December 2020	1,362,400,848	19,928,699,797	11,598,267	250,758,393	21,553,457,305
Accumulated depreciation 31 December 2019	(919,042,418)	(16,426,310,546)	(5,020,144)	(128,305,819)	(17,478,678,927)
Provision in the current year	(50,592,366)	(547,935,231)	(1,098,077)	(24,523,504)	(624,149,178)
Disposal in the current year	–	57,886,029	1,909,838	8,195,834	67,991,701
31 December 2020	(969,634,784)	(16,916,359,748)	(4,208,383)	(144,633,489)	(18,034,836,404)
Carrying amount					
31 December 2020	392,766,064	3,012,340,049	7,389,884	106,124,904	3,518,620,901
31 December 2019	437,853,406	3,462,571,935	6,943,660	87,556,578	3,994,925,579

In 2020, the amounts of depreciation expenses charged cost of sales, selling and distribution expenses, general and administrative expenses and research and development expenses were RMB 610,002,606 ,RMB 1,120,980 ,RMB 12,881,160 and RMB 144,432 (2018: RMB 737,043,438, RMB 1,043,503, RMB 13,779,979 and RMB 60,169; 2019: RMB 609,665,198, RMB 1,067,539, RMB 12,461,713 and RMB 25,511), respectively.

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6 Notes to the financial statements (Cont' d)

(10) Construction in progress

	31 December 2018	Increase in the current year	Current year transferred to fixed assets (Note 6(9))	Current year transferred to intangible assets (Note 6(12))	Written-off in the current year	31 December 2019
Construction in progress	611,555,581	238,898,156	(507,246,214)	(63,007,126)	(16,174,792)	264,025,605
Less: Provision for impairment of construction in progress	–	(16,174,792)	–	–	16,174,792	–
	611,555,581					264,025,605

	31 December 2019	Increase in the current year	Current year transferred to fixed assets (Note 6(9))	Current year transferred to intangible assets (Note 6(12))	Written-off in the current year	31 December 2020
Construction in progress	264,025,605	216,939,987	(92,825,191)	(21,358,767)	–	366,781,634
Less: Provision for impairment of construction in progress	–	–	–	–	–	–
	264,025,605					366,781,634

The construction in progress balance of the Company is mainly production and environmental protection equipment installation programs.

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6 Notes to the financial statements (Cont' d)

(11) Right-of-use assets

	Buildings	Vehicles and other equipments	Total
Cost			
31 December 2018	–	–	–
Change in accounting police	2,543,217	340,221	2,883,438
1 January 2019	2,543,217	340,221	2,883,438
Increase	2,927,139	–	2,927,139
Alteration of contracts	–	800	800
Expiration of contracts	(719,965)	–	(719,965)
31 December 2019	4,750,391	341,021	5,091,412
Accumulated depreciation			
31 December 2018	–	–	–
Change in accounting police	–	–	–
1 January 2019	–	–	–
Increase	(5,064,003)	(227,347)	(5,291,350)
Expiration of contracts	719,965	–	719,965
31 December 2019	(4,344,038)	(227,347)	(4,571,385)
Carrying amount			
31 December 2019	406,353	113,674	520,027
31 December 2018	–	–	–

	Buildings	Vehicles and other equipments	Total
Cost			
31 December 2019	4,750,391	341,021	5,091,412
Increase	10,704,710	323,880	11,028,590
Decrease	(4,750,391)	(341,021)	(5,091,412)
31 December 2020	10,704,710	323,880	11,028,590
Accumulated depreciation			
31 December 2019	(4,344,038)	(227,347)	(4,571,385)
Increase	(5,544,613)	(167,654)	(5,712,267)
Decrease	4,750,391	341,021	5,091,412
31 December 2020	(5,138,260)	(53,980)	(5,192,240)
Carrying amount			
31 December 2020	5,566,450	269,900	5,836,350
31 December 2019	406,353	113,674	520,027

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6 Notes to the financial statements (Cont' d)

(12) Intangible assets

	Land use rights	Patents	Software	Total
Cost				
31 December 2018	770,966,668	1,008,294,394	135,623,553	1,914,884,615
Increase in the current year	–	–	2,317,486	2,317,486
Transferred from construction in progress (Note 6(10))	–	15,243,671	47,763,455	63,007,126
31 December 2019	770,966,668	1,023,538,065	185,704,494	1,980,209,227
Accumulated amortisation 31 December 2018	(228,781,809)	(950,672,002)	(85,298,152)	(1,264,751,963)
Provision in the current year	(16,429,844)	(11,630,621)	(20,686,484)	(48,746,949)
31 December 2019	(245,211,653)	(962,302,623)	(105,984,636)	(1,313,498,912)
Carrying amount				
31 December 2019	525,755,015	61,235,442	79,719,858	666,710,315
31 December 2018	542,184,859	57,622,392	50,325,401	650,132,652

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6 Notes to the financial statements (Cont' d)

(12) Intangible assets (Cont' d)

	Land use rights	Patents	Software	Total
Cost				
31 December 2019	770,966,668	1,023,538,065	185,704,494	1,980,209,227
Increase in the current year	–	–	2,404,471	2,404,471
Transferred from construction in progress (Note 6(10))	–	1,415,094	19,943,673	21,358,767
31 December 2020	770,966,668	1,024,953,159	208,052,638	2,003,972,465
Accumulated amortisation 31 December 2019	(245,211,653)	(962,302,623)	(105,984,636)	(1,313,498,912)
Provision in the current year	(16,429,844)	(11,550,210)	(25,711,732)	(53,691,786)
31 December 2020	(261,641,497)	(973,852,833)	(131,696,368)	(1,367,190,698)
Carrying amount				
31 December 2020	509,325,171	51,100,326	76,356,270	636,781,767
31 December 2019	525,755,015	61,235,442	79,719,858	666,710,315

In 2020, the amortisation of intangible assets was RMB 53,691,786 (2018: RMB 44,243,261; 2019: RMB 48,746,949).

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6 Notes to the financial statements (Cont' d)

(13) Long-term prepaid expenses

	31 December 2018	Increase in the current year	Amortisation charged in the current year	31 December 2019
Catalyst	140,973,920	12,933,061	(61,874,330)	92,032,651
Improvements to fixed assets held under operating leases	3,115,527	–	(1,038,509)	2,077,018
	144,089,447	12,933,061	(62,912,839)	94,109,669

	31 December 2019	Increase in the current year	Amortisation charged in the current year	31 December 2020
Catalyst	92,032,651	120,303,190	(42,269,451)	170,066,390
Improvements to fixed assets held under operating leases	2,077,018	–	(1,038,509)	1,038,509
	94,109,669	120,303,190	(43,307,960)	171,104,899

(14) Other non-current assets

	31 December 2019	31 December 2020
Bank deposits		
-Agricultural bank of China(a)	–	500,000,000
-China Merchants bank(b)	–	300,000,000
-Rural Commercial bank(c)	–	100,000,000
Time deposits Bank of Communications(d)	–	500,000,000
	–	1,400,000,000

(a) As at 31 December 2020, bank deposits included three-year deposit of RMB 500,000,000 (31 December 2019: Nil) in Agricultural Bank of China, Shanghai Jinshan branch, with an annual interest rate of 3.784%, which will be due on 28 December 2023.

(b) As at 31 December 2020, bank deposits included three-year deposit of RMB 300,000,000 (31 December 2019: Nil) in China Merchants bank, Shanghai Jinshan branch, with an annual interest rate of 3.7%, which will be due on 27 December 2022.

(c) As at 31 December 2020, bank deposits included 18-month deposit of RMB 100,000,000 (31 December 2019: Nil) in Rural Commercial bank, Shanghai Jinshan branch, with an annual interest rate of 3.192%, which will be due on 7 February 2022.

(d) As at 31 December 2020, time deposits of RMB 500,000,000 (31 December 2019: Nil) was three-year deposit in Bank of Communications, Shanghai branch, with an annual interest rate of 3.3%, which will be due on 18 January 2022.

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6 Notes to the financial statements (Cont' d)

(15) Deferred tax assets and liabilities

Deferred tax assets and liabilities before offsetting of certain debit and credit balances are set out as follows:

(a) Deferred tax assets before offsetting

	31 December 2019		31 December 2020	
	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences
Provision for asset impairment	22,862,047	91,448,186	21,084,199	84,336,794
Accrued environmental tax	15,909,685	63,638,741	15,909,685	63,638,741
Sales cut-off adjustment	2,673,234	10,692,934	9,540,273	38,161,093
Difference in depreciation of fixed assets	3,212,605	12,850,423	3,289,597	13,158,386
Undeclared assets disposals	1,572,249	6,288,995	3,241,760	12,967,038
Differences in amortization of long - term prepaid expenses	1,075,218	4,300,873	1,549,097	6,196,389
Difference in amortization of intangible assets	45,857	183,429	–	–
	47,350,895	189,403,581	54,614,611	218,458,441
Including:				
Expected to be recovered within one year (inclusive)	47,350,895		54,614,611	

As at 31 December 2020, the Company' s deferred tax assets were recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized in the next year.

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6 Notes to the financial statements (Cont' d)

(15) Deferred tax assets and deferred tax liabilities (Cont' d)

(b) Deferred tax liabilities before offsetting

	31 December 2019		31 December 2020	
	Deferred tax liabilities	Deductible temporary differences	Deferred tax liabilities	Deductible temporary differences
Difference in depreciation of fixed assets	(60,076,596)	(240,306,385)	(86,917,981)	(347,671,922)
Including:				
Expected to be recovered within one year (inclusive)	(9,065,628)		(8,450,638)	
Expected to be recovered after one year	(51,010,968)		(78,467,343)	
	(60,076,596)		(86,917,981)	

(c) Deductible temporary differences that are not recognized as deferred tax assets are as follows:

	31 December 2019	31 December 2020
Difference in depreciation of fixed assets	77,658,121	64,458,109

(d) Deferred tax assets and deferred tax liabilities after offsetting of certain debit and credit balances:

	31 December 2019	31 December 2020
Deferred tax assets - net	–	–
Deferred tax liabilities - net	(12,725,701)	(32,303,370)

(16) Short-term loan

	31 December 2019	31 December 2020
Unsecured (a)	500,000,000	–

(a) As at 31 December 2019, the one-year short-term loan of RMB 500,000,000 was from Exim Bank of China, at a fixed annual interest rate of 3.298% and quarterly payments, which was repaid in April 2020.

(17) Contract liabilities

	31 December 2019	31 December 2020
Advances from customers	336,649,764	499,509,916

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6 Notes to the financial statements (Cont' d)

(18) Employee benefits payable

	31 December 2019	31 December 2020
Short-term employee benefits payable (a)	100,184,193	101,769,050
Defined contribution plans payable (b)	9,673,931	10,372,171
	109,858,124	112,141,221

(a) Short-term employee benefits

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Wages and salaries, bonus, allowances and subsidies	14,999,999	336,699,759	(331,699,758)	20,000,000
Employees' bonus and welfare fund	76,931,821	–	(500,000)	76,431,821
Social security contributions	2,599,178	29,525,995	(28,876,961)	3,248,212
Including: Medical insurance	2,069,255	25,433,357	(25,172,620)	2,329,992
Work injury insurance	203,176	1,724,213	(1,510,381)	417,008
Maternity insurance	326,747	2,368,425	(2,193,960)	501,212
Housing funds	–	28,297,965	(28,297,965)	–
Labor union funds	448,457	6,500,555	(6,444,852)	504,160
Employee education funds	–	5,428,097	(5,428,097)	–
Staff welfare	40,565	11,617,802	(11,658,367)	–
Termination benefits	–	983,606	(983,606)	–
	95,020,020	419,053,779	(413,889,606)	100,184,193

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6 Notes to the financial statements (Cont' d)

(18) Employee benefits payable (Cont' d)

(a) Short-term employee benefits (Cont' d)

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Wages and salaries, bonus, allowances and subsidies	20,000,000	365,791,386	(365,791,386)	20,000,000
Employees' bonus and welfare fund	76,431,821	–	(148,099)	76,283,722
Social security contributions	3,248,212	25,912,421	(24,507,531)	4,653,102
Including: Medical insurance	2,329,992	23,961,308	(22,595,827)	3,695,473
Work injury insurance	417,008	219,128	(214,702)	421,434
Maternity insurance	501,212	1,731,985	(1,697,002)	536,195
Housing funds	–	30,918,864	(30,918,864)	–
Labor union funds	504,160	7,183,139	(6,855,073)	832,226
Employee education funds	–	4,586,266	(4,586,266)	–
Staff welfare	–	15,851,789	(15,851,789)	–
Termination benefits	–	708,684	(708,684)	–
	100,184,193	450,952,549	(449,367,692)	101,769,050

(b) Defined contribution plans

	2019		2020	
	Amount payable	Ending balance	Amount payable	Ending balance
Basic pensions	41,052,696	8,019,397	33,307,409	8,692,144
Supplementary pensions	23,155,744	1,455,103	24,584,068	1,455,103
Unemployment insurance	1,190,407	199,431	1,042,063	224,924
	65,398,847	9,673,931	58,933,540	10,372,171

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6 Notes to the financial statements (Cont' d)

(19) Taxes payable

	31 December 2019	31 December 2020
Enterprise income tax payable	277,746,095	529,076,676
Unpaid VAT	281,438,340	189,015,795
Environmental tax payable	65,444,149	65,488,100
Educational surcharge payable	14,071,917	9,196,156
Individual income tax payable	2,376,039	4,661,466
City maintenance and construction tax payable	2,814,383	1,839,231
Unpaid stamp tax	–	1,622,265
Unpaid land use tax	1,499,966	749,983
	645,390,889	801,649,672

(20) Other payables

	31 December 2019	31 December 2020
Deposits	13,770,000	9,700,000
Others	1,864,899	100,936
	15,634,899	9,800,936

(21) Non-current liabilities maturing within one year

	31 December 2019	31 December 2020
Lease liabilities maturing within one year (Note 6(23))	121,509	5,324,226

(22) Other current liabilities

	31 December 2019	31 December 2020
Output tax to be recognized	–	64,936,289

(23) Lease liabilities

	31 December 2019	31 December 2020
Lease liabilites	121,509	5,501,610
Less: current portion of non-current liabilities (Note 6(21))	(121,509)	(5,324,226)
	–	177,384

As at 31 December 2020, the Company had no lease payments related to lease contracts which had been signed but not been executed (31 December 2019: RMB 11,778,768)(Note 9(3)).

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6 Notes to the financial statements (Cont' d)

(24) Capital surplus

	31 December 2019 and 2020
Foreign currency capital translation difference	(509,354)
Other capital surplus -	
Transferred from special payable	1,964,000
	1,454,646

(25) Specific reserve

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Work safety fund	–	37,018,671	(37,018,671)	–

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Work safety fund	–	39,036,294	(39,036,294)	–

(26) Surplus reserve

	31 December 2018	Increase in the current year	Decrease in the current year	31 December 2019
Reserve fund	133,718,997	–	–	133,718,997
Enterprise expansion fund	133,718,996	–	–	133,718,996
Statutory surplus reserve	842,884,286	338,358,573	–	1,181,242,859
Discretionary surplus reserve	1,050,222,081	–	–	1,050,222,081
	2,160,544,360	338,358,573	–	2,498,902,933

	31 December 2019	Increase in the current year	Decrease in the current year	31 December 2020
Reserve fund	133,718,997	–	–	133,718,997
Enterprise expansion fund	133,718,996	–	–	133,718,996
Statutory surplus reserve	1,181,242,859	241,279,966	–	1,422,522,825
Discretionary surplus reserve	1,050,222,081	–	–	1,050,222,081
	2,498,902,933	241,279,966	–	2,740,182,899

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, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. The Company appropriate RMB 241,279,966 according to 10% of the net profit of 2020 (2018: RMB 842,884,286 to the statutory surplus reserve and RMB 1,050,222,081 to the discretionary surplus reserve; 2019: RMB 338,358,573 to the statutory surplus reserve).

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6 Notes to the financial statements (Cont' d)

(27) Undistributed profits

	2019	2020
Undistributed profits at beginning of year	2,859,959,209	3,368,186,371
Add: Net profit for the current year	3,383,585,735	2,412,799,656
Less: Profit distribution		
- Profit distribution to equity owners	(2,537,000,000)	(2,368,000,000)
-Appropriiation to free surplus reserves	(338,358,573)	(241,279,966)
Undistributed profits at end of year	3,368,186,371	3,171,706,061

Pursuant to the resolution at the first meeting of the 22th Meeting of the Board of Directors dated 8 December 2020, the Company made profit distribution to shareholders amounting to RMB 2,368,000,000 for the current year (2018: RMB 3,675,839,788; 2019: RMB 2,537,000,000).

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(28) Revenue and cost of sales

	2018		2019		2020	
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Main operations						
- Sales of olefin	6,020,401,785	(4,832,567,077)	6,841,570,930	(5,681,433,226)	5,098,976,996	(4,246,257,694)
- Sales of polyethylene	5,300,398,384	(4,419,385,650)	5,573,911,137	(4,915,433,797)	4,994,277,463	(3,803,906,817)
- Sales of acrylonitrile	6,492,852,229	(4,475,358,906)	6,655,183,631	(4,884,698,483)	4,418,734,626	(3,676,021,011)
- Sales of styrene	3,646,081,578	(2,807,399,056)	3,671,395,008	(2,935,667,971)	2,394,141,160	(2,178,378,109)
- Sales of polystyrene	2,779,729,256	(2,081,118,474)	3,058,814,520	(2,229,600,357)	2,382,513,536	(1,699,238,708)
- Sales of polypropylene	1,917,916,549	(1,754,228,634)	2,360,998,975	(1,956,936,950)	2,186,126,691	(1,531,787,415)
Other operations	162,577,112	(166,476,312)	179,158,153	(150,793,841)	151,288,772	(133,684,834)
	26,319,956,893	(20,536,534,109)	28,341,032,354	(22,754,564,625)	21,626,059,244	(17,269,274,588)

The Company' s revenue is recognized at a certain point of time.

(29) Taxes and surcharges

	2018	2019	2020
Educational surcharge	29,548,689	31,297,279	20,293,244
Stamp tax	11,457,263	11,977,922	9,931,997
Environmental protection tax	9,884,596	74,468,532	9,877,785
City maintenance and construction tax	6,396,986	6,941,519	4,058,649
Urban land utilisation tax	7,499,831	2,999,933	2,999,933
Others	7,966	1,200	1,539
	64,795,331	127,686,385	47,163,147

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6 Notes to the financial statements (Cont' d)

(30) Financial income - net

	2018	2019	2020
Interest expense	(4,737,934)	(11,596,955)	(6,019,753)
Less: Interest income	217,571,134	304,332,698	172,009,089
Exchange gains/(losses) net	2,731,109	616,344	(3,049,923)
Others	(276,893)	(430,068)	(473,921)
	215,287,416	292,922,019	162,465,492

(31) Expenses by nature

The cost of sales, selling and administrative expenses, general and administrative expenses and R&D expenses in the income statements are listed as follows by nature:

	2018	2019	2020
Consumed raw materials and low value consumables, etc.	19,377,659,623	21,582,322,285	16,117,811,082
Changes in inventories of finished goods and semi-finished products	(74,827,458)	63,787,119	19,142,488
Depreciation and amortisation expenses	856,810,650	740,171,099	726,861,191
Employee benefits	450,229,652	484,452,626	509,886,089
Transportation costs	341,936,880	434,826,733	410,720,367
Repairs and maintenance expenses	743,006,955	257,022,582	385,416,604
Environment related cost	92,363,868	85,668,630	83,888,263
Insurance expense	22,686,670	29,031,272	22,588,996
Commodity storage fees	20,009,925	24,999,282	33,037,958
Vehicle usage fees	16,147,726	16,022,232	16,144,814
Others	297,489,390	274,543,071	277,902,909
	22,143,513,881	23,992,846,931	18,603,400,761

(32) Other income

	2018	2019	2020	Asset-related/ Income-related
Government subsidies				
− Special support for chemical industry zone	−	9,959,000	6,142,800	Income-related
− R&D project subsidies	27,401,000	12,294,000	2,623,000	Income-related
− Subsides for port construction	−	−	1,769,194	Income-related
Others	2,111,049	772,485	423,328	Income-related
	29,512,049	23,025,485	10,958,322	

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6 Notes to the financial statements (Cont' d)

(33) Investment income

	2018	2019	2020
Income from entrusted loans (Note 6(8))	–	–	58,535,901

(34) Asset impairment losses

	2018	2019	2020
Impairment loss of construction in progress	–	(16,174,792)	–
Losses on decline in the value of inventories (Note 6(6))	(38,387,497)	(9,301,069)	(6,787,522)
	(38,387,497)	(25,475,861)	(6,787,522)

(35) Losses on disposal of assets

	2018	2019	2020
Losses on disposal of fixed assets	(11,620,416)	(4,973,598)	–

(36) Non-operating income and expenses

(a) Non-operating income

	2018	2019	2020
Supplier penalty for breach of contracts	93,184	1,815,136	11,098,500
Long aging payables not to be paid	1,879,894	–	2,509,172
Others	918,752	1,113,679	1,454,698
	2,891,830	2,928,815	15,062,370

(b) Non-operating expenses

	2018	2019	2020
Losses on retirement of assets	(5,083,441)	–	(6,071,562)
Donation expenses	(298,801)	(203,583)	(2,016,652)
Penalty expenses	(1,300,000)	(1,660,000)	(450,000)
Others	(100,000)	(16,745)	(8,051)
	(6,782,678)	(1,880,328)	(8,546,265)

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6 Notes to the financial statements (Cont' d)

(37) Income tax expenses

	2018	2019	2020
Current income tax	(1,069,032,954)	(1,078,923,279)	(775,846,702)
Deferred income tax	(4,833,841)	(44,536,556)	(19,577,669)
	(1,073,866,795)	(1,123,459,835)	(795,424,371)

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the income statement to the income tax expenses is listed below:

	2018	2019	2020
Total profit	4,302,548,385	4,507,045,570	3,208,224,027
Income tax expenses calculated at applicable tax rates	(1,075,637,096)	(1,126,761,393)	(802,056,007)
Identify discrepancies arising from unregulated deferred income tax assets in previous years	1,974,401	2,375,101	–
Costs, expenses and losses not deductible for tax purposes	(2,005,038)	(1,581,459)	(143,450)
Deductible temporary differences for which no deferred tax asset was recognized	3,582,158	2,896,147	3,300,003
True up for final settlement of enterprise income tax in respect of previous year	(1,781,220)	(388,231)	3,475,083
Income tax expenses	(1,073,866,795)	(1,123,459,835)	(795,424,371)

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6 Notes to the financial statements (Cont' d)

(38) Notes to the cash flow statements

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

	2018	2019	2020
Net profit	3,228,681,590	3,383,585,735	2,412,799,656
Add: Losses on provision for decline in the value of inventories	38,387,497	9,301,069	6,787,522
Impairment loss of construction in progress	–	16,174,792	–
Net reversal of impairment losses on financial assets	–	–	(1,040,393)
Depreciation of fixed assets	751,927,089	623,219,961	624,149,178
Depreciation of right-of-use assets	–	5,291,350	5,712,267
Amortisation of intangible assets	44,243,261	48,746,949	53,691,786
Amortisation of long-term prepaid expenses	60,640,300	62,912,839	43,307,960
Losses on disposal of fixed assets	11,620,416	4,973,598	6,071,562
Loss on retirement of fixed assets	5,083,441	–	–
Financial income	(212,119,466)	(297,898,782)	(23,611,698)
Investment income	–	–	(58,535,901)
Decrease in deferred tax assets	3,900,284	32,744,412	–
Increase in deferred tax liabilities	933,557	11,792,144	19,577,669
(Increase)/decrease in inventories	(15,801,607)	285,221,405	91,046,499
Decrease/(increase) in operating receivables	1,653,673,735	(65,067,135)	(117,243,028)
(Decrease)/increase in operating payables	(2,015,717,976)	480,330,185	56,323,744
Net cash flows from operating activities	3,555,452,121	4,601,328,522	3,119,036,823

(b) Net (decrease)/increase in cash and cash equivalents

	2018	2019	2020
Cash and cash equivalents at the end of year	6,817,297,044	9,278,483,670	5,180,636,789
Less: cash and cash equivalents at the beginning of year	(7,205,477,037)	(6,817,297,044)	(9,278,483,670)
Net (decrease)/increase in cash and cash equivalents	(388,179,993)	2,461,186,626	(4,097,846,881)

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6 Notes to the financial statements (Cont' d)

(38) Notes to the cash flow statements (Cont' d)

(c) Cash received relating to other operating activities

	2018	2019	2020
Financial income	–	–	141,175,003
Penalty received for breach of contracts from suppliers	–	1,815,136	11,098,500
Subsidies received	27,401,000	22,434,156	10,904,818
Others	31,915,844	17,696,406	18,362,494
	59,316,844	41,945,698	181,540,815

(d) Cash paid relating to other operating activities

	2018	2019	2020
Vehicle usage fees	16,604,440	16,022,232	16,144,814
Information system operation and maintenance costs	11,207,649	12,254,033	12,547,982
Books and data costs	6,015,164	7,580,753	8,604,659
Communication expenses	4,294,365	5,167,141	4,867,539
Consulting fees	5,161,723	4,706,609	4,215,442
Conference fees	5,243,079	4,295,784	2,463,843
Rental expenses	8,182,891	2,283,060	2,283,060
Business entertainment expenses	3,422,558	2,996,163	2,073,739
General office expenses	2,386,871	1,819,937	1,796,980
Travelling expenses	3,934,829	4,261,722	1,760,402
Environment protection expenses	2,109,806	1,586,667	1,679,574
Audit fees	900,000	992,925	1,386,604
Utilities	737,018	754,548	661,179
Others	23,291,591	10,748,660	18,207,560
	93,491,984	75,470,234	78,693,377

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6 Notes to the financial statements (Cont' d)

(38) Notes to the cash flow statements (Cont' d)

(e) Cash received relating to other investing activities

	2018	2019	2020
Deposits for Letter of guarantee (Note 6(1))	–	–	90,000,000
Interest income	210,338,429	304,332,698	30,834,086
	210,338,429	304,332,698	120,834,086

(f) Cash paid relating to other investing activities

	2018	2019	2020
Time deposits with bank	–	–	1,100,000,000
Large-denomination certificates of deposit	–	–	1,100,000,000
Bank guarantee letter deposit (Note 6(1))	–	90,000,000	40,000,000
	–	90,000,000	2,140,000,000

(g) Cash payments relating to other financing activities

	2018	2019	2020
Cash paid for lease liabilities	–	6,123,689	6,378,698

In 2020, cash payment related to lease activities by the Company was RMB 8,661,758(2018: Nil; 2019: RMB 8,406,749), beside which, the rest of cash payment attributed to operating activities.

7 Related parties and related party transactions

(1) The investors

(a) General information of the investors

Investors	Place of registration	Nature of business
Sinopec Corp.	Beijing, the PRC	Oil and gas exploration, development, production and marketing, crude oil processing, oil products production, trading and distribution
SPC	Shanghai, the PRC	Crude oil processing, petroleum products, chemical products and synthetic fibres, etc.
Gaoqiao Petrochemical	Shanghai, the PRC	Crude oil processing, petroleum products, chemical products and storage, etc.

(b) The percentages of shareholding and voting rights in the Company held by the investors

	31 December 2019 Shareholding (%)		31 December 2020 Shareholding (%)	
Sinopec Corp.	30	%	30	%
SPC	20	%	20	%
Gaoqiao Petrochemical	50	%	50	%

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7 Related parties and related party transactions (Cont' d)

(2) Nature of related parties that do not control or are not controlled by the Company

	Relationship with the Company
China Jinshan Associated Trading Corporation	Subsidiary of SPC
Shanghai Jinshan Trading Corporation	Subsidiary of SPC
Shanghai Jinchang Engineering Plastics Company Limited	Subsidiary of SPC
Zhejiang Jin Yong Acrylic Fiber Company Limited	Former subsidiary of SPC until August 2019
China International United Petroleum and Chemical Company Limited	Subsidiary of Sinopec Corp.
China petrochemical International Enterprise Company Limited Ningbo Bidding Center	Subsidiary of Sinopec Corp.
China Petrochemical International Tianjin Company Limited	Subsidiary of Sinopec Corp.
China Petrochemical Technology Company Limited	Subsidiary of Sinopec Corp.
China Petroleum and Chemical Corporation Beijing Research Institute of Chemical Industries	Subsidiary of Sinopec Corp.
China Petroleum and Chemical Corporation Beijing Yanshan Branch	Subsidiary of Sinopec Corp.
China Petroleum and Chemical Corporation Guangzhou Branch	Subsidiary of Sinopec Corp.
China Petroleum and Chemical Corporation Jinling Branch	Subsidiary of Sinopec Corp.
China Petroleum and Chemical Corporation Zhenhai Refining Branch	Subsidiary of Sinopec Corp.
China Sinopec Corporation Qingdao Institute of Safety Engineering	Subsidiary of Sinopec Corp.
Hangzhou Petrochemical Company Limited	Subsidiary of Sinopec Corp.
Nanjing Yangzi Petrochemical Refining Company Limited	Subsidiary of Sinopec Corp.
Petrochemical Engineering Quality Supervision Station	Subsidiary of Sinopec Corp.
Petro-Cyber Works Information Technology Company Limited	Subsidiary of Sinopec Corp.
Shanghai Construction Company Limited	Subsidiary of Sinopec Corp.
Shanghai Petrochemical Machinery Manufacturing Company Limited	Subsidiary of Sinopec Corp.
Shanghai Leader Catalyst Company Limited	Subsidiary of Sinopec Corp.
Sinopec Assets Management Corporation Baling Petrochemical Branch	Subsidiary of Sinopec Corp.
Sinopec Beijing Catalyst Company Limited	Subsidiary of Sinopec Corp.
Sinopec Catalyst Company Limited Beijing AUDA Branch	Subsidiary of Sinopec Corp.
Sinopec Catalyst Company Limited Shanghai Branch	Subsidiary of Sinopec Corp.
Sinopec Catalyst Company Limited Nanjing Branch	Subsidiary of Sinopec Corp.
Sinopec Chemical Commercial Holding Company Limited Huabei Branch	Subsidiary of Sinopec Corp.
Sinopec Chemical Commercial Holding Company Limited Huadong Branch	Subsidiary of Sinopec Corp.

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7 Related parties and related party transactions (Cont' d)

(2) Nature of related parties that do not control or are not controlled by the Company (Cont' d)

	Relationship with the Company
Sinopec Chemical Commercial Holding Company Limited Qilu Business Department	Subsidiary of Sinopec Corp.
Sinopec Consulting Company Limited	Subsidiary of Sinopec Corp.
Sinopec Engineering Incorporation	Subsidiary of Sinopec Corp.
Sinopec Engineering Quality Monitoring Company Limited	Subsidiary of Sinopec Corp.
Sinopec Europa Handels GmbH	Subsidiary of Sinopec Corp.
Sinopec Hainan Petrochemical Co., Ltd.	Subsidiary of Sinopec Corp.
Sinopec Huadong Sales Company Limited	Subsidiary of Sinopec Corp.
Sinopec Huadong Supplies and Equipment Company Limited	Subsidiary of Sinopec Corp.
Sinopec Jiangsu Sales Company Limited	Subsidiary of Sinopec Corp.
Sinopec Nanjing Engineering Company Limited	Subsidiary of Sinopec Corp.
Sinopec Ningbo Engineering Company Limited Shanghai Jinshan Branch	Subsidiary of Sinopec Corp.
Sinopec Ningbo Engineering Company Limited	Subsidiary of Sinopec Corp.
Sinopec Shanghai Engineering Company Limited	Subsidiary of Sinopec Corp.
Sinopec Shanghai Pharmaceutical Industrial Design & Research Institute Company Limited	Subsidiary of Sinopec Corp.
Sinopec Shanghai Sales Company Limited	Subsidiary of Sinopec Corp.
Sinopec Technology Development Company Limited	Subsidiary of Sinopec Corp.
Sinopec Tendering Company Limited	Subsidiary of Sinopec Corp.
Sinopec Qingdao Refining&Chemical Company Limited	Subsidiary of Sinopec Corp.
Sinopec Qingdao Safety Engineering Institute	Subsidiary of Sinopec Corp.
The Fifth Construction Company of Sinopec	Subsidiary of Sinopec Corp.
Yihua Bona Fabric Company Limited	Joint venture of Sinopec Corp.
Shanghai Huayi Information Technology Company Limited	Joint venture of Sinopec Corp.
Shanghai Sinopec Mitsui Elastomers Company Limited	Associated Company of Gaoqiao Petrochemical
Basf Gaoqiao Specialty Chemicals (Shanghai) Company Limited	Associated Company of Gaoqiao Petrochemical
BASF-YPC. Shanghai Company Limited	Joint venture of Gaoqiao Petrochemical
Shanghai Chemical Industry Park Logistics Company Limited	Joint venture of SPC

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7 Related parties and related party transactions (Cont' d)

(3) Significant related party transactions

(a) Pricing policies

The Company' s pricing on products sold to related parties and raw materials purchased from related parties is negotiated by both parties.

(b) Purchase of goods

	2018	2019	2020
Gaoqiao Petrochemical	2,747,621,763	2,910,396,011	2,416,640,786
China Petroleum and Chemical Corporation Zhenhai Refining Branch	3,052,932,406	3,304,883,614	1,886,994,055
China International United Petroleum and Chemical Company Limited	2,443,415,922	1,172,266,702	1,789,430,831
China Petroleum and Chemical Corporation Jinling Branch	1,783,036,327	1,506,898,808	1,350,625,256
Sinopec Chemical Commercial Holding Company Limited Huadong Branch	630,897,698	1,458,417,305	1,285,275,149
SPC	1,657,079,871	1,907,624,450	1,214,059,295
Sinopec Qingdao Refining&Chemical Company Limited	321,035,789	234,080,117	576,192,296
China Jinshan Associated Trading Corporation	1,618,230,602	760,261,652	511,087,351
China Petroleum and Chemical Corporation Guangzhou Branch	863,583,269	1,025,342,177	431,135,789
Sinopec Hainan Petrochemical Co., Ltd.	–	–	160,937,378
Shanghai Leader Catalyst Company Limited	28,858,316	36,235,654	33,549,209
Sinopec Catalyst Company Limited Shanghai Branch	35,966,432	33,933,647	21,991,150
Sinopec Catalyst Company Limited Beijing AUDA Branch	9,699,487	12,932,621	14,549,120
Nanjing Yangzi Petrochemical Refining Company Limited	17,617,842	13,018,804	13,123,737
China Petroleum and Chemical Corporation Beijing Yanshan Branch	–	16,357,331	12,927,351
Sinopec Catalyst Company Limited Nanjing Branch	–	–	2,653,805
Sinopec Catalyst Company	11,141,981	5,898,896	1,235,865
BASF-YPC. Shanghai Company Limited	3,601,879	7,814,924	157,678
Petro-CyberWorks Information Technology Company Limited	–	–	83,894
Shanghai Jinshan Trading Corporation	387,977,830	32,366,400	–
China Petroleum&Chemical Corporation Shanghai Petroleum Branch	182,685	–	–
	15,612,880,099	14,438,729,113	11,722,649,995

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7 Related parties and related party transactions (Cont' d)

(3) Significant related party transactions (Cont' d)

(c) Sales of goods

	2018	2019	2020
SPC	2,307,052,507	3,264,999,401	2,469,008,549
Gaoqiao Petrochemical	2,126,304,877	2,092,647,270	1,609,838,063
Shanghai Sinopec Mitsui Elastomers Company Limited	423,696,356	424,750,545	313,324,007
China Jinshan Associated Trading Corporation	948,134,109	369,403,703	300,543,910
Sinopec Chemical Commercial Holding Company Limited Huadong Branch	86,682,059	187,725,566	137,036,739
China Petrochemical International Tianjin Company Limited	29,479,434	68,242,405	11,467,671
Shanghai Jinchang Engineering Plastics Company Limited	–	–	2,274,336
Yihua Bona Fabric Company Limited	21,811,776	19,537,977	1,428,761
	5,943,161,118	6,427,306,867	4,844,922,036

(d) Purchasing engineering construction and maintenance services

	2018	2019	2020
Sinopec Ningbo Engineering Company Limited	921,970	329,079	6,531,069
Sinopec Ningbo Engineering Company Limited Jinshan Branch	26,751,464	18,939,059	5,231,665
Sinopec Shanghai Engineering Company Limited	87,706,548	70,204,357	3,614,528
Sinopec Engineering Incorporation	8,466,981	9,435,934	3,481,030
Shanghai Chemical Industry Park Logistics Company Limited	–	–	2,293,009
Petrochemical Engineering Quality Supervision Station	–	72,075	499,900
Sinopec Nanjing Engineering Company Limited	904,198	1,220,197	441,742
Shanghai Oriental Engineering Consulting Co., Ltd.	–	–	299,444
Sinopec Consulting Company Limited	–	754,717	–
Shanghai Petrochemical Machinery Manufacturing Company Limited	17,722,627	150,094	–
Sinopec Technology Development Company Limited	591,000	–	–
Sinopec Europa Handels GmbH	18,823	–	–
	143,083,611	101,105,512	22,392,387

(e) Rental expenses

	2018	2019	2020
SPC	3,973,630	2,050,914	2,050,914

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7 Related parties and related party transactions (Cont' d)

(3) Significant related party transactions (Cont' d)

(f) Issuing entrusted loan

	2018	2019	2020
Sinopec Corp.	–	–	4,000,000,000

(g) Recovering entrusted loan

	2018	2019	2020
Sinopec Corp.	–	–	2,000,000,000

(h) Interest income from entrusted loans

	2018	2019	2020
Sinopec Corp.	–	–	58,535,901

(i) Consulting service fee

	2018	2019	2020
Petro-CyberWorks Information Technology Company Limited	966,145	3,101,213	23,148,656
Sinopec Qingdao Safety Engineering Institute	3,945,283	2,800,853	3,468,491
Shanghai Chemical Industry Park Logistics Company Limited	–	939,881	1,309,586
China Petroleum and Chemical Corporation Beijing Research Institute of Chemical Industries	62,736	1,603,774	1,186,151
Sinopec Europa GmbH	–	–	576,088
Sinopec Group Tender Co., Ltd.	–	–	189,761
Sinopec Ningbo Engineering Company Limited	–	–	188,679
China petrochemical International Enterprise Company Limited Ningbo Bidding Center	–	–	39,057
Petrochemical Engineering Quality Supervision Station	924,854	–	–
Shanghai Huayi Information Technology Company Limited	1,697,676	7,390,272	–
Sinopec Shanghai Pharmaceutical Industry Design & Research Institute Company Limited	469,811	–	–
Sinopec Tending Company Limited	51,887	–	–
China International United Petroleum & Chemicals Company Limited	41,400	–	–
	8,159,792	15,835,993	30,106,469

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7 Related parties and related party transactions (Cont' d)

(3) Significant related party transactions (Cont' d)

(j) Transportation service fee

	2018	2019	2020
Shanghai Chemical Industry Park Logistics Company Limited	88,258,799	109,660,856	114,227,900

(4) Receivables from and payables to related parties

(a) Accounts receivable

	31 December 2019	31 December 2020
SPC	74,760,722	89,572,562
Sinopec Chemical Commercial Holding Company Limited Huadong Branch	23,980,942	25,082,111
Shanghai Sinopec Mitsui Elastomers Company Limited	18,967,241	23,901,121
China Jinshan Associated Trading Corporation	51,017,834	15,489,177
China Petrochemical International Tianjin Company Limited	6,212,670	–
	174,939,409	154,044,971

(b) Other current asset - entrusted loan

	31 December 2019	31 December 2020
Sinopec Corp.	–	2,000,000,000

(c) Contract liabilities

	31 December 2019	31 December 2020
Yihua Bona Fabric Company Limited	419,887	80,387
Shanghai Jinchang Engineering Plastics Company Limited	–	6,240
	419,887	86,627

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7 Related parties and related party transactions (Cont' d)

(4) Receivables from and payables to related parties (Cont' d)

(d) Accounts payable

	31 December 2019	31 December 2020
China International United Petroleum and Chemical Company Limited	274,787,922	124,320,184
China Petroleum and Chemical Corporation Zhenhai Refining Branch	109,001,735	121,567,901
China Petroleum and Chemical Corporation Jinling Branch	371,127	77,117,560
Sinopec Chemical Commercial Holding Company Limited Huadong Branch	131,183,675	63,990,530
Sinopec Qingdao Refining&Chemical Company Limited	52,233,605	42,359,460
Gaoqiao Petrochemical	61,237,298	41,432,579
China Jinshan Associated Trading Corporation	32,589,711	23,089,682
Petro-Cyber Works Information Technology Company Limited	806,000	18,593,553
Shanghai Chemical Industry Park Logistics Company Limited	6,639,847	17,033,990
SPC	24,476,990	12,675,237
Sinopec Catalyst Company Limited Shanghai Branch	11,631,821	12,341,998
China Petroleum and Chemical Corporation Guangzhou Branch	87,194,228	11,479,100
Shanghai Leader Catalyst Company Limited	5,373,541	9,028,567
Sinopec Ningbo Engineering Company Limited Jinshan Branch	199,776	5,431,441
Sinopec Catalyst Company Limited Beijing AUDA Branch	–	4,849,699
Sinopec Ningbo Engineering Company Limited	–	4,254,440
Sinopec Engineering Incorporation	–	3,481,030
Sinopec Catalyst Company Limited Nanjing Branch	–	2,653,805
Sinopec Shanghai Engineering Company Limited	–	2,483,579
Nanjing Yangzi Petrochemical Refining Company Limited	–	1,257,138
Sinopec Catalysis (Beijing) Co., Ltd.	–	1,235,865
Sinopec Nanjing Engineering Company Limited	378,410	751,454
China Petroleum & Chemical Corporation Beijing Research Institute of Chemical Industry	–	591,000
Shanghai Oriental Engineering Consulting Co., Ltd.	–	299,444
Sinopec Qingdao Safety Engineering Institute	–	271,321
Shanghai Huayi Information Technology Company Limited	5,397,116	241,662
BASF-YPC. Shanghai Company Limited	371,200	157,678
Petrochemical Engineering Quality Supervision Station	–	156,000
Sinopec Hainan Petrochemical Co., Ltd.	–	76,838
China Petroleum and Chemical Corporation Beijing Yanshan Branch	–	3,790
	803,874,002	603,226,525

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8 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Company at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	31 December 2019	31 December 2020
Buildings, machinery and equipment	82,201,314	90,326,308

9 Financial instrument and risk

The Company' s activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company' s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company' s financial performance.

(1) Market risk

(a) Foreign exchange risk

The Company' s major operational activities are carried out in Mainland China. Sales transactions are mainly denominated in RMB while purchase transactions are mainly denominated in USD and RMB. The Company is exposed to foreign exchange risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Company' s finance department is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Company may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. During 2019 and 2020, the Company did not enter into any forward exchange contracts or currency swap contracts.

The financial assets and the financial liabilities denominated in foreign currencies, which are held by the Company, whose recording currencies are RMB, are expressed in RMB as at 31 December 2019 and 2020 as follows:

	31 December 2019		
	USD	EUR	Total
Financial assets denominated in foreign currency -			
Cash at bank and on hand	38,499,958	–	38,499,958
Financial liabilities denominated in foreign currency -			
Payables	(799,980)	–	(799,980)

	31 December 2020		
	USD	EUR	Total
Financial assets denominated in foreign currency -			
Cash at bank and on hand	36,202,781	–	36,202,781
Financial liabilities denominated in foreign currency -			
Payables	(159,470,892)	(2,789,010)	(162,259,902)

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9 Financial instruments and risk (Cont' d)

(1) Market risk (Cont' d)

(a) Foreign exchange risk (Cont' d)

As at 31 December 2020, if the RMB had strengthened/weakened by 10% against the USD while all other variables had been held constant, the Company' s net profit for the year would have been approximately RMB 9,245,108 (31 December 2019: approximately RMB 2,827,498 lower/ higher) higher/lower for various financial assets and liabilities denominated in USD.

(b) Interest rate risk

The interest rate risk of the Company is mainly generated by short-term loan. Financial liabilities with floating interest rate make the Company face interest rate risk of cash flow, while financial liabilities with fixed interest rate make the Company face interest rate risk of fair value. The Company determines the relative proportions of fixed and floating rate contracts in accordance with prevailing market conditions. As at 31 December 2020, the Company had no interest bearing borrowing(31 December 2019: RMB 500,000,000)(Note 6(16)).

The financial department of the Company headquarters continuously monitors the interest rate level of the Company. Higher interest rates would increase the cost of the new interest-bearing debt and the Company has not yet been paid to the floating interest at a pre-determined rate of interest-bearing debt payments, and our Company 's financial performance have a significant adverse impact, management is on the basis of the latest market situation to adjust in time, the adjustment of interest rate swap arrangements may be carried out to reduce the interest rate risk. There is no interest rate swap arrangement for the Company in 2018, 2019 and 2020.

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, accounts receivable, other receivables and notes receivable.

The Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Company has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

As at 31 December 2019 and 2020, the Company has no collateral or other credit enhancement held as a result of a material debtor' s mortgage.

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9 Financial instruments and risk (Cont' d)

(3) Liquidity risk

Cash flow forecasting is performed by the Company. The Company monitors the Company' s short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Company at the balance sheet date are analyzed by their maturity dates below at their undiscounted contractual cash flows:

	31 December 2019				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payables	1,588,679,065	–	–	–	1,588,679,065
Short-term loan	500,000,000	–	–	–	500,000,000
Other payables	25,117,224	–	–	–	25,117,224
Lease liabilities	121,509	–	–	–	121,509
	2,113,917,798	–	–	–	2,113,917,798

	31 December 2020				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Accounts payable	1,289,854,156	–	–	–	1,289,854,156
Other payables	9,800,936	–	–	–	9,800,936
Lease liabilities	5,464,195	116,496	67,956	–	5,648,647
	1,305,119,287	116,496	67,956	–	1,305,303,739

As at 31 December 2020, the Company had no lease payments related to lease contracts which had been signed but not been executed. As at 31 December 2019, the cash flows are shown below as at maturity:

	31 December 2019				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Future contract cash flow not included in lease liabilities	5,672,902	6,105,866	–	–	11,778,768

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10 Fair value estimation

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:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

(1) Financial assets measured at fair value

As at 31 December 2019, continuing assets and liabilities measured at fair value are presented in the above three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income −				
Notes receivable	−	275,684,637	−	275,684,637

As at 31 December 2020, continuing assets and liabilities measured at fair value are presented in the above three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through other comprehensive income −				
Notes receivable	−	501,351,308	−	501,351,308

In 2020, there is no transition between levels of the Company (2019: Nil).

(2) Assets and liabilities not measured at fair value but for which the fair value is disclosed

The Company' s financial assets and liabilities measured at amortized cost mainly include notes receivable, receivables, other current assets and payables.

As at 31 December 2019 and 2020, the carrying amount of the financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

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11 Capital management

The Company' s capital management policies aim to safeguard the Company' s ability to continue as a going concern in order 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 Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or sell assets to reduce debts.

The Company' s total capital is calculated as 'owners' equity' as shown in the balance sheet. The Company is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

As at 31 December 2019 and 2020, the gearing ratios of the Company were as follows:

	31 December 2019		31 December 2020	
Gearing ratio	19.01	%	17.03	%

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13 Reconciliation to United States generally accepted accounting principles

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises in the People' s Republic of China ("CAS"), which differ in certain respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant differences are described in the reconciliation tables below. Other differences do not have a significant effect on either net profit or owners' equity. The effects of the significant adjustments to net profit for the years ended 31 December 2018, 2019 and 2020 which would be required if U.S. GAAP were to be applied instead of CAS are summarized as follows:

	2018	2019	2020
Net profit under CAS	3,228,681,590	3,383,585,735	2,412,799,656
Adjustments:			
Employees' bonus and welfare fund (a)	(400,000)	(500,000)	(148,099)
Net profit under U.S. GAAP	3,228,281,590	3,383,085,735	2,412,651,557

The effects of the significant adjustments to owners' equity as at 31 December 2019 and 2020 which would be required if U.S. GAAP were to be applied instead of CAS are summarized as follows:

	31 December 2019	31 December 2020
Owners' equity under CAS	13,669,355,222	13,714,154,878
Adjustments:		
Employees' bonus and welfare fund (a)	76,431,821	76,283,722
Owners' equity under U.S. GAAP	13,745,787,043	13,790,438,600

(a) Employees' bonus and welfare fund

In accordance with the Law of the PRC on Chinese-Foreign Equity Joint Ventures and the Company' s Articles of Association, the Company appropriated the employees' bonus and welfare fund of net profit after setting off accumulated losses of previous years and before profit distributions to the investors. The employees' bonus and welfare fund is restricted to fund payments of special bonus to employees and for the collective welfare of employees. None of it is allowed to be transferred to the Company in terms of cash dividends, loans or advances, nor can it be distributed except under liquidation.

Under CAS, appropriation of the employees' bonus and welfare fund is a liability in nature and accounted for as a transfer from retained earnings to employees' bonus and welfare fund, a liability account. Subsequent payments is accounted for as a release of the Company' s liability.

Under U.S. GAAP, appropriation to the employees' bonus and welfare fund is accounted for as a transfer from retained earnings to the statutory reserves. Subsequent payment is accounted for as expenses or assets based on the usage of the payment, and proportionate retained earnings and the statutory reserves are reversed concurrently.

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Entity Registrant Name	SINOPEC SHANGHAI PETROCHEMICAL CO LTD
Entity Central Index Key	0000908732
Entity Address, Country	CN
Entity Address, Address Line One	No. 48 Jinyi Road, Jinshan District, Shanghai, PRC 200540
Entity Address, City or Town	Shanghai
Entity Address, Postal Zip Code	200540
Entity Well-known Seasoned Issuer	Yes
Entity Voluntary Filers	No
Entity Current Reporting Status	Yes
Entity Interactive Data Current	Yes
Entity Filer Category	Large Accelerated Filer
Entity Emerging Growth Company	false
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Entity Address, Country	CN
Entity Address, Address Line One	No. 48 Jinyi Road, Jinshan District, Shanghai, 200540
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Contact Personnel Name	Mr. Wu Haijun
American Depositary Shares [member]	
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Title of 12(b) Security	American Depositary Shares, each representing 100 H Shares, par value RMB1.00 per Share
Security Exchange Name	NYSE
H shares [member]	
Document Information [Line Items]	
Title of 12(b) Security	H Shares, par value RMB1.00 per Share
No Trading Symbol Flag	true
Entity Common Stock, Shares Outstanding	3,495,000,000
A shares [member]	
Document Information [Line Items]	
Entity Common Stock, Shares Outstanding	7,328,813,500

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Consolidated Income Statement - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Statement of comprehensive income [abstract]			
Revenue	¥ 74,623,575	¥ 100,269,667	¥ 107,688,907
Sales taxes and surcharges	(13,062,710)	(12,213,927)	(12,075,424)
Net sales	61,560,865	88,055,740	95,613,483
Cost of sales	(61,901,114)	(86,467,995)	(89,838,977)
Gross profit	(340,249)	1,587,745	5,774,506
Selling and administrative expenses	(486,323)	(549,885)	(536,114)
Net impairment losses on financial assets	120,916	59	(39)
Other operating income	148,676	150,714	202,617
Other operating expenses	(24,686)	(21,925)	(32,548)
Other gains - net	115,430	153,864	176,690
Operating profit	(466,236)	1,320,572	5,585,112
Finance income	431,228	416,747	443,661
Finance expenses	(98,954)	(53,784)	(106,249)
Finance income - net	332,274	362,963	337,412
Share of net profit of associates and joint ventures accounted for using the equity method	724,740	972,593	885,597
Profit before income tax	590,778	2,656,128	6,808,121
Income tax (expense)/credit	65,620	(428,963)	(1,471,903)
Profit for the year	656,398	2,227,165	5,336,218
Profit attributable to:			
Owners of the Company	645,072	2,215,728	5,336,331
Non-controlling interests	11,326	11,437	(113)
Profit for the year	¥ 656,398	¥ 2,227,165	¥ 5,336,218
Earnings per share attributable to owners of the Company for the year (expressed in RMB per share)			
Basic earnings per share	¥ 0.060	¥ 0.205	¥ 0.493
Diluted earnings per share	0.060	0.205	0.493
Earnings per ADS attributable to owners of the Company for the year (expressed in RMB per ADS)			
Basic earnings per ADS	5.96	20.452	49.303
Diluted earnings per ADS	¥ 5.96	¥ 20.452	¥ 49.303
Profit for the year	¥ 656,398	¥ 2,227,165	¥ 5,336,218
Other comprehensive (loss)/income			
Share of other comprehensive (loss)/income of associates and joint ventures accounted for using the equity method	(11,512)	7,449	(7,014)
Other comprehensive (loss)/income for the year, net of tax	(11,512)	7,449	(7,014)
Total comprehensive income for the year	644,886	2,234,614	5,329,204
Attributable to:			
Owners of the Company	633,560	2,223,177	5,329,317

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Non-controlling interests	11,326	11,437	(113)
Total comprehensive income for the year	¥ 644,886	¥ 2,234,614	¥ 5,329,204

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Consolidated Balance Sheet - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Non-current assets		
Property, plant and equipment	¥ 11,713,022	¥ 11,300,797
Right-of-use assets	410,801	343,860
Investment properties	367,586	367,468
Construction in progress	1,710,124	1,815,549
Investments accounted for using the equity method	5,387,834	5,208,758
Deferred tax assets	252,121	150,832
Financial assets at fair value through other comprehensive income	5,000	5,000
Time deposits with banks	7,042,840	3,511,234
Other non-current assets	424,959	481,414
Non-current assets	27,314,287	23,184,912
Current assets		
Inventories	3,888,746	6,754,434
Financial assets at fair value through other comprehensive income	1,207,114	1,540,921
Financial assets at fair value through profit or loss	0	3,318,407
Derivative financial assets	0	263
Trade receivables	113,163	120,739
Other receivables	18,101	26,101
Prepayments	19,552	23,767
Amounts due from related parties	1,092,316	1,565,993
Cash and cash equivalents	6,916,408	7,449,699
Time deposits with banks	4,049,443	1,508,839
Current assets	17,304,843	22,309,163
Total assets	44,619,130	45,494,075
Equity and liabilities		
Share capital	10,823,814	10,823,814
Reserves	18,374,176	19,039,474
Equity attributable to owners of the Company	29,197,990	29,863,288
Non-controlling interests	136,985	130,560
Total equity	29,334,975	29,993,848
Non-current liabilities		
Lease liabilities	3,119	10,593
Deferred tax liabilities	35,357	0
Deferred income	13,433	10,005
Non-current liabilities	51,909	20,598
Current liabilities		
Borrowings	1,548,000	1,547,600
Short-term bonds	3,017,811	0
Lease liabilities	9,352	11,450
Derivative financial liabilities	0	799

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Contract liabilities	495,404	655,117
Trade and other payables	2,820,083	3,563,435
Amounts due to related parties	3,656,841	5,708,394
Current tax liabilities	3,420,824	3,577,018
Staff salaries and welfares payable	244,506	189,547
Income tax payable	19,425	226,269
Current liabilities	15,232,246	15,479,629
Total liabilities	15,284,155	15,500,227
Total equity and liabilities	¥ 44,619,130	¥ 45,494,075

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Consolidated Statement of Changes in Equity - CNY (¥) ¥ in Thousands	Total	Share capital [member]	Other reserves [member]	Retained earnings [member]	Total [member]	Non-controlling interests [member]
Beginning Balance at Dec. 31, 2017	¥ 28,515,540	¥ 10,814,177	¥ 4,287,799	¥ 13,128,257	¥ 28,230,233	¥ 285,307
Profit/(loss) for the year	5,336,218	0	0	5,336,331	5,336,331	(113)
Other comprehensive income/ (loss)	(7,014)	0	(7,014)	0	(7,014)	0
Total comprehensive (loss)/ income for the year	5,329,204	0	(7,014)	5,336,331	5,329,317	(113)
Dividends proposed and approved	(3,247,144)	0	0	(3,247,144)	(3,247,144)	0
Forfeit of share option scheme	(13,004)	0	(13,004)	0	(13,004)	0
Exercise of share option	37,102	9,637	27,465	0	37,102	0
Dividends paid by subsidiaries to non-controlling interests	(6,457)	0	0	0	0	(6,457)
Appropriation of safety production fund	0	0	57,135	(57,135)	0	0
Transactions with non-controlling interests	(152,800)	0	9,559	0	9,559	(162,359)
Ending Balance at Dec. 31, 2018	30,462,441	10,823,814	4,361,940	15,160,309	30,346,063	116,378
Profit/(loss) for the year	2,227,165	0	0	2,215,728	2,215,728	11,437
Other comprehensive income/ (loss)	7,449	0	7,449	0	7,449	0
Total comprehensive (loss)/ income for the year	2,234,614	0	7,449	2,215,728	2,223,177	11,437
Dividends proposed and approved	(2,705,952)	0	0	(2,705,952)	(2,705,952)	0
Dividends paid by subsidiaries to non-controlling interests	(3,266)	0	0	0	0	(3,266)
Appropriation of safety production fund	0	0	2	(2)	0	0
Non-controlling interests of disposed subsidiary	6,011	0	0	0	0	6,011
Ending Balance at Dec. 31, 2019	29,993,848	10,823,814	4,369,391	14,670,083	29,863,288	130,560
Profit/(loss) for the year	656,398	0	0	645,072	645,072	11,326
Other comprehensive income/ (loss)	(11,512)	0	(11,512)	0	(11,512)	0
Total comprehensive (loss)/ income for the year	644,886	0	(11,512)	645,072	633,560	11,326
Dividends proposed and approved	(1,298,858)	0	0	(1,298,858)	(1,298,858)	0

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Dividends paid by subsidiaries to non-controlling interests	(4,901)	0	0	0	0	(4,901)
Appropriation of safety production fund	0	0	88,460	(88,460)	0	0
Ending Balance at Dec. 31, 2020	¥ 29,334,975	¥ 10,823,814	¥ 4,446,339	¥ 13,927,837	¥ 29,197,990	¥ 136,985

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Consolidated Statement of Cash Flows - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Cash flows from operating activities			
Cash generated from operations	¥ 1,995,087	¥ 5,655,676	¥ 8,501,499
Interest paid to related parties	(213)	(2,126)	(1,326)
Interest paid	(71,156)	(61,304)	(34,339)
Income tax paid	(243,870)	(534,467)	(1,806,400)
Net cash generated from operating activities	1,679,848	5,057,779	6,659,434
Cash flows from investing activities			
Dividends received from joint ventures and associates	561,755	594,868	811,473
Interest received from related parties	2,088	1,295	610
Interest received from banks excluded structured deposits	275,626	445,105	393,671
Interest received from structured deposits	132,690	86,848	23,149
Net proceeds/(losses) from settlement of derivative financial instrument	(912)	(15,316)	16,540
Net proceeds from disposal of property, plant and equipment	59,642	67,503	210,122
Proceeds from disposal of a subsidiary	0	0	9,600
Cash held by the subsidiary before acquisition	54	0	0
Cash received from entrusted lending	0	0	12,000
Cash received from structured deposits	10,900,000	3,200,000	0
Cash received from time deposits within one year	500,000	4,100,000	4,000,000
Cash payment for time deposits above one year	(3,500,000)	(3,500,000)	0
Cash payment for time deposits within one year	(3,000,000)	(4,100,000)	(3,500,000)
Cash payment for structured deposits	(7,600,000)	(3,800,000)	(2,700,000)
Cash payment for acquisition of an associate	(27,603)	(248,184)	0
Cash payment for acquisition of a subsidiary	(340,369)	0	0
Cash payment for equity instruments	0	(5,000)	0
Payments for sale of financial assets at fair value through other comprehensive income	(9,513)	(19,513)	0
Cash held by the subsidiary before disposal	0	(404)	(18,529)
Purchases of property, plant and equipment and other long-term assets from related parties	(178,324)	(83,447)	(143,554)
Purchases of property, plant and equipment and other long-term assets from third parties	(1,662,662)	(1,346,964)	(1,043,451)
Net cash used in investing activities	(3,887,528)	(4,623,209)	(1,928,369)
Cash flows from financing activities			
Proceeds from borrowings from related parties	0	0	50,000
Proceeds from borrowings from banks	3,458,100	4,755,100	2,486,759
Proceeds from short-term bonds	2,998,469	0	0
Proceeds from exercising share option scheme	0	0	37,102
Repayments of borrowings to related parties	0	0	(50,000)
Repayments of borrowings to banks	(3,460,556)	(3,695,208)	(2,596,157)
Cash payment of acquisition of non-controlling interests	0	0	(152,800)
Dividends paid to the Company's shareholders	(1,293,736)	(2,704,864)	(3,275,656)

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Dividends paid by subsidiaries to non-controlling interests	(4,901)	(3,266)	(6,457)
Principal elements of lease payments	(15,586)	(89,124)	0
Net cash (used in)/generated from financing activities	1,681,790	(1,737,362)	(3,507,209)
Net increase/(decrease) in cash and cash equivalents	(525,890)	(1,302,792)	1,223,856
Cash and cash equivalents at beginning of the year	7,449,699	8,741,893	7,504,266
Exchange gains/(losses) on cash and cash equivalents	(7,401)	10,598	13,771
Cash and cash equivalents at end of the year	¥ 6,916,408	¥ 7,449,699	¥ 8,741,893

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General Information

12 Months Ended
Dec. 31, 2020

General information [abstract]

General information

1 General information

Sinopec Shanghai Petrochemical Company Limited ("the Company"), formerly known as Shanghai Petrochemical Company Limited, was established in the People' s Republic of China ("the PRC") on 29 June 1993 as a joint stock limited company to hold the assets and liabilities of the production divisions and certain other units of Shanghai Petrochemical Complex ("SPC"), a state-owned enterprise. The Company was under the direct supervision of China Petrochemical Corporation ("Sinopec Group") at that time.

The Company completed its initial public offerings in 1993. Its shares were listed on the Stock Exchange of Hong Kong Limited ("H shares") and the New York Stock Exchange in the form of American Depositary Shares ("ADS") on 26 July 1993, and were also listed on the Shanghai Stock Exchange ("ordinary A shares") on 8 November 1993.

Sinopec Group completed its reorganization on 25 February 2000. After the reorganization, China Petroleum & Chemical Corporation ("Sinopec Corp.") was established. As part of the reorganization, 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..

The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000, and Sinopec Corp. was the largest shareholder of the Company.

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 non-circulating 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.

The 15th meeting of the 7th term of Board of Directors was held on 28 August 2013 and the Company proposed and passed a resolution regarding interim cash dividend for the first half of 2013 and the conversion of share premium and surplus reserve to share capital. The resolution included a distribution of 5 shares and a cash dividend distribution of RMB 0.5 (tax included) for every 10 shares based on the 7,200,000 thousands ordinary shares as at 30 June 2013. Among the 5 shares distributed, 3.36 shares were converted from share premium of RMB 2,420,841 thousands and 1.64 shares were converted from surplus reserves of RMB 1,179,159 thousands. The resolution was approved by the extraordinary general

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meeting of shareholders, A share class shareholders meeting and H share class shareholders meeting on 22 October 2013, respectively.

The first tranche of the Share Option Incentive Scheme was exercised on 29 August 2017, and the Company received cash payment of RMB 54,580 thousands from 199 grantees. As a result, ordinary A shares of 14,177 thousands were registered on 27 September 2017.

The second tranche of the Share Option Incentive Scheme was exercised on 12 January 2018, and the Company received cash payment of RMB 37,102 thousands from 185 grantees, led to an increase of RMB 9,637 thousands in share capital.

According to the board resolution of the Company on 28 December 2018, the third tranche was not exercised due to the failure on satisfying the non-market exercise conditions.

As at 31 December 2020, total shares of the Company were 10,823,814 thousands (31 December 2019: 10,823,814 thousands).

The Company and its subsidiaries ("the Group") are principally engaged in processing crude oil into synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products.

These consolidated financial statements are presented in thousands of Renminbi Yuan (RMB), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 28 April 2021.

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Summary of Significant Accounting Policies	12 Months Ended Dec. 31, 2020
Summary of significant accounting policies [abstract]	
Summary of significant accounting policies	

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group' s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Definition of Material – Amendments to IAS 1 and IAS 8

Definition of a Business – Amendments to IFRS 3

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

Revised Conceptual Framework for Financial Reporting

Covid-19-related Rent Concessions – Amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group:

IFRS 17 'Insurance Contracts' , effective for the accounting period beginning on or after 1 January 2023;

Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for the accounting period beginning on or after 1 January 2023;

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16, effective for the accounting period beginning on or after 1 January 2022;

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Reference to the Conceptual Framework – Amendments to IFRS 3, effective for the accounting period beginning on or after 1 January 2022;

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37, effective for the accounting period beginning on or after 1 January 2022;

Annual Improvements to IFRS Standards 2018 – 2020 Cycle, effective for the accounting period beginning on or after 1 January 2022;

Interest rate benchmark (IBOR) reform – phase 2, effective for the accounting period beginning on or after 1 January 2021, and

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, effective date has not been finalized.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

fair values of the assets transferred

liabilities incurred to the former owners of the acquired business

equity interests issued by the Group

fair value of any asset or liability resulting from a contingent consideration arrangement, and

fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest' s proportionate share of the acquired entity' s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

consideration transferred,

amount of any non-controlling interest in the acquired entity, and

acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the income statement as a bargain purchase.

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Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity' s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer' s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the income statement.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated income statement, statement of comprehensive income and changes in equity respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.2Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee' s net assets including goodwill.

Investments in joint ventures and associates are accounted for using the equity method of accounting.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the

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voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor' s share of the profit or loss of the investee after the date of acquisition. The Group' s investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group' s share of the net fair value of the associate' s identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group' s share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group' s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of net profit of associates and joint ventures accounted for using the equity method in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group' s financial statements only to the extent of unrelated investor' s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the income statement.

2.4 Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group' s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group' s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group' s share of the net fair value of the joint venture' s identifiable assets and liabilities is accounted for as goodwill. When the Group' s share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group' s interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

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The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group' s entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in RMB, which is the Company' s functional and the Group' s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within Finance income or expenses. All other foreign exchange gains and losses are presented in the income statement within Other gains – net.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset' s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	12-40 years
Plant and machinery	12-20 years
Vehicles and other equipment	4-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset' s carrying amount is written down immediately to its recoverable amount if the asset' s carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other gains – net in the income statement.

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2.8 Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less government grants that compensate the Company for the cost of construction, and impairment losses. Cost comprises direct costs of construction as well as interest charges, and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the period of construction. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

2.9 Investment properties

Investment properties are properties which are owned either to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (Note 2.11). Depreciation is provided over their estimated useful lives on a straight-line basis, after taking into account their estimated residual values. Estimated useful lives of the Group' s investment properties are 30-40 years.

2.10Other non-current assets

Other non-current assets mainly represent patents and catalysts used in production. These assets are carried at cost less accumulated amortization and impairment losses. Other non-current assets are amortized on a straight-line basis over the respective periods of the rights and the estimated useful lives of the catalysts, as follows:

Patents	10-28 years
Catalyst	2-5 years

2.11Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset' s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12Investments and financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

those to be measured at amortized cost.

The classification depends on the Group' s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable

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election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group' s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement and presented in Other gains - net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI is reclassified from equity to the income statement and recognized in Other gains - net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in Other gains - net and impairment expenses are presented as separate line item in the consolidated income statement.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the income statement and presented net within Other gains - net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group' s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following

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the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group' s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in Other gains - net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial instruments that have low credit risk at the balance sheet date, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month expected credit losses. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 4.1(b) for further details.

2.13Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.14Derivative and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 4.1(a). Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

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Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, within Other gains – net.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the income statement, as follows:

Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in the income statement as the hedged item affects profit or loss (for example through cost of sales).

The gain or loss relating to the effective portion of the interest rate swaps hedging variable borrowings is recognized in the income statement within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to Other gains – net.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement and are included in Other gains – net.

2.15Assets classified as held for sale

Assets, including non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

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An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset that is classified as held for sale (or disposal group) is recognized at the date of derecognition.

The assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately in current assets of the balance sheet.

2.16Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and the related taxes.

2.17Trade receivables and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less allowance for impairment. See Note 2.12.4 for a description of the Group’ s impairment policies.

2.18Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the balance sheet.

2.19Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.20Safety production fund

Under China’ s law and regulation, the Group is required to accrue safety production fund at a certain percentage of the sales of dangerous goods. The fund is earmarked for improving the safety of production. The fund is accrued from retained earnings to other reserves and converted back to retained earnings when used.

2.21Trade and other payables

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Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

2.22Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.23Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.24Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company’ s subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the

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consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate' s undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25Employee benefits

(a) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group' s future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary

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redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.26Share-based payment

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

including any market performance conditions such as an entity' s share price;

excluding the impact of any service and non-market performance vesting conditions such as profitability, sales growth targets and remaining an employee of the entity over a specified time period; and

including the impact of any non-vesting conditions such as the requirement for employees to save or holding shares for a specified period of time.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(b) Share-based payment transactions among Group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.27Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

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2.28Revenue recognition

(i) Sales of petroleum and chemical products

The Group manufactures and sells petroleum and chemical products. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Advance from customers but goods not yet delivered is recorded as contract liabilities and is recognized as revenues when a customer obtains control over the relevant goods.

Revenue excludes value added tax and is after deduction of any estimated trade discounts.

The Group has elected to apply the practical expedient that contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred. The Group also applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(b) Overseas shipping services

The Group arranges overseas shipping services for the customer and revenue is recognized over time and based on the actual shipping service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual passages of time (days) relative to the total expected shipping days.

2.29Interest income

Interest income from financial assets at FVPL is included in Other gains - net, see Note 9 below. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as Finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

2.30Dividend income

Dividend income is recognized when the right to receive payment is established.

2.31Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in the income statement over the useful life of the asset by way of reduced depreciation expense.

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2.32Leases

The Group has changed its accounting policy for leases from 1 January 2019. The impact of the change is described in Note 3.

The Group leases various land, buildings, equipment, vehicles and others. Rental contracts of buildings, equipment, vehicles and others are typically made for fixed periods of 1 to 30 years. Rental contracts of land use rights are typically made for fixed periods of 30 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as either finance leases or operating leases. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

fixed payments (including in-substance fixed payments), less any lease incentives receivable,

variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,

amounts expected to be payable by the Group under residual value guarantees,

the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee' s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and

makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

the amount of the initial measurement of lease liability,

any lease payments made at or before the commencement date less any lease incentives received,

any initial direct costs, and

restoration costs.

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Right-of-use assets are generally depreciated over the shorter of the asset' s useful life and the lease term on a straight-line basis, as follows:

Land use rights	30-50 years
Buildings	1-30 years
Equipment	1-2 years
Vehicles and others	1-5 years

Payments associated with short-term leases of equipment and vehicles are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. A single discount rate was applied to the portfolio of the leases with reasonably similar characteristics.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The respective leased assets are included in the balance sheet bases on their nature.

2.33Dividend distribution

Dividend distribution to the Company' s shareholders is recognized as a liability in the Group' s financial statements in the period in which the dividends are approved by the Company' s shareholders.

2.34Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

it is technically feasible to complete the research and development project so that it will be available for use or sale;

management intends to complete the research and development project, and use or sell it;

it can be demonstrated how the research and development project will generate economic benefits;

there are adequate technical, financial and other resources to complete the development and the ability to use or sell the research and development project; and

the expenditure attributable to the research and development project during its development phase can be reliably measured.

Other research and development expenditure that do not meet these criteria are recognized as an expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.35Related parties

(a) A person, or a close member of that person' s family, is related to the Group if that person:

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(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group' s parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (i).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.36 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

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Changes in Accounting Policies	12 Months Ended Dec. 31, 2020
Disclosure of initial application of standards or interpretations [abstract]	
Changes in accounting policies	3

3 Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 'Leases' on the Group' s financial statements.

The Group has adopted IFRS 16 'Leases' retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening balance sheet on 1 January 2019. The accounting policies are disclosed in Note 2.32 above.

3.1 Impact of adoption

On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases' . These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee' s incremental borrowing rate as of 1 January 2019. The lessee' s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was from 4.35% to 4.90%.

(a) Measurement of lease liabilities

	RMB' 000
Operating lease commitments disclosed as at 31 December 2018	84,746
Discounted using the lessee' s incremental borrowing rate of at the date of initial application	77,046
(Less): short-term leases recognized on a straight-line basis as expense	(315)
Lease liability recognized as at 1 January 2019	76,731
Of which are:	
Current lease liabilities	74,093
Non-current lease liabilities	2,638

(b) Measurement of right-of-use assets

Right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

(c) Adjustments recognized in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

right-of-use assets – increase by RMB 411,878 thousands

lease prepayment and other non-current assets – decreased by RMB 335,026 thousands

prepayments – decrease by RMB 121 thousands

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lease liabilities – increase by RMB 76,731 thousands

(d) Impact on segment disclosures

As at 31 December 2019 and 31 December 2020, allocated assets and allocated liabilities increased as a result of the change in accounting policy. Right-of-use assets and lease liabilities are now included in segment assets and liabilities. The following segments were affected by the change in policy:

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Addition to allocated assets		
Synthetic fibres	9,047	168
Resins and plastics	50,006	12,252
Intermediate petrochemicals	46,320	1,886
Petroleum products	236,531	291,723
Trading of petrochemical products	13	102,296
Others	1,943	2,476
	343,860	410,801
Addition to allocated liabilities		
Synthetic fibres	536	155
Resins and plastics	5,177	3,423
Intermediate petrochemicals	2,738	1,719
Petroleum products	13,371	4,618
Trading of petrochemical products	–	–
Others	221	2,556
	22,043	12,471

3.2 Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

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Financial Risk Management

12 Months Ended
Dec. 31, 2020

Disclosure of nature and extent of risks arising from financial instruments [abstract]

Financial risk management

4 Financial risk management

4.1 Financial risk factors

The Group' s activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and commodity price risk), credit risk and liquidity risk. The Group' s overall risk management programmer focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group' s financial performance.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognizing inventory at the fixed foreign currency rate for the hedged purchases.

(a) Derivatives

The Group has the following derivative financial instruments in the following line items in the balance sheet:

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Current derivative financial instrument assets		
Foreign exchange options	263	–
Current derivative financial instrument liabilities		
Foreign exchange options	799	–

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group' s accounting policy for its cash flow hedges is set out in Note 2.14.

(ii) Fair value measurement

For information about the methods and assumptions used in determining the fair value of derivatives refer to Note 4.3.

(iii) Hedging reserves

The Group' s cash flow hedging reserve disclosed in Note 28 relate to the following hedging instruments:

	Swaps contracts RMB' 000
As at 31 December 2019	–

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Add: Change in fair value of hedging instrument recognized in OCI	(63,840)
Less: Reclassified to the cost of inventory – not included in OCI	63,840
As at 31 December 2020	–

(iv) Amounts recognized in the income statement

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognized in the income statement in relation to derivatives:

	2019 RMB' 000	2020 RMB' 000
Net losses on foreign exchange options not qualifying as hedges included in Other gains – net (Note 9)	(12,315)	(376)

Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments, to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into commodity swaps contracts that have similar critical terms as the hedged item, such as reference rate, payment dates, transaction price, crude oil variety and crude oil quantity.

Hedge ineffectiveness for commodity swaps contracts may occur due to the changes in value of the hedged item. There was no recognized ineffectiveness during the year ended 31 December 2020 in relation to the commodity swaps.

(b) Market risk

(i) Foreign exchange 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 exchange risk arising from the recognized assets and liabilities (mainly trade receivables and payables), and future transactions denominated in foreign currencies, primarily with respect to US dollar. The Group' s finance department at its headquarter is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize the foreign exchange risk. For the years ended 31 December 2019 and 2020, the Group uses foreign exchange option contracts to mitigate its exposure to foreign exchange risk respect to US dollar. As at 31 December 2020, there were no foreign exchange options that had not been matured. As at 31 December 2019, the nominal amount of US dollar foreign exchange options amounted to RMB 40,754 thousands, which would be matured within six months.

As at 31 December 2020, if US dollar had weakened/strengthened by 5% against RMB with all other variables held constant, the Group' s net profit for the year would have been RMB 2,401 thousands decreased/increased (31 December 2019: RMB 13,699 thousands increased/ decreased in net profit) before considering the impact of foreign exchange option contracts as a result of foreign exchange gains/losses on translation of foreign currencies denominated trade receivables and payables.

The aggregate net foreign exchange gains/(losses) recognized in the income statement were:

	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains included in Other gains – net (Note 9)	2,648	12,248

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Net foreign exchange gains/(losses) included in Finance income/(expenses) (Note 10)	18,571	(5,514)
Total net foreign exchange recognized in profit before income tax for the year	21,219	6,734

(ii) Cash flow and fair value interest rate risk

The Group' s interest rate risk arises from short-term interest bearing borrowings and short-term bonds. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2020, the Group' s short-term borrowings denominated with floating rates amounted to RMB 48,000 thousands, which represented 3% of total borrowing balance (31 December 2019: RMB 47,600 thousands, representing 3% of total borrowing balance).

The Group' s finance department at its headquarter continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group' s outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group' s financial position. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the years ended 31 December 2019 and 2020, the Group did not enter into any interest rate swap agreements.

As at 31 December 2020, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant, the Group' s net profit would have decreased/increased by approximately RMB 180 thousands (31 December 2019: RMB 179 thousands), mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Commodity price risk

The Group principally engages in processing crude oil into synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products. The selling price of petroleum products is periodically adjusted by government department based on the market price adjustment mechanism, and generally in connection with the crude oil price. The selling prices of synthetic fibers, resins and plastics and intermediate petrochemicals are market prices. For the year ended 31 December 2020, the Group used swaps contracts to manage a portion of this risk as the fluctuation of crude oil price could have significant impact on the Group.

As at 31 December 2020, the Group had no unexpired commodity contracts of crude oil designed as hedging instruments for cash flow hedges (31 December 2019: Nil).

(c) Credit risk

(i) Risk management

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents, time deposits with banks, structured deposits, trade receivables, other receivables, bills receivable, etc.

Group expects that there is no significant credit risk associated with cash at bank (including time deposits and structured deposits) and bills receivable since they are deposits and bank acceptance bills at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on trade receivables, other receivables and bills receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee

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from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

internal credit rating;

external credit rating (as far as available);

actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;

actual or expected significant changes in the operating results of the debtors;

significant increases in credit risk on other financial instruments of the same debtors;

significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;

significant changes in the expected performance and behavior of the debtors, including changes in the payment status of debtors, etc.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

It has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and costumers.

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and forward-looking information. The management believe that there is no material credit risk inherent in the Group' s outstanding balance of other receivable.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

Trade receivables for sales of goods and from the providing services,

Other financial assets carried at amortised cost, and

Debt instruments carried at FVOCI

While cash and cash equivalents, time deposits with banks and bills receivable are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including trade receivables with related parties) and financial assets at fair value through other comprehensive income.

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To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 and 31 December 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Impairment losses on trade receivables are presented as Net reversal of impairment losses on financial assets within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortized cost include other receivables.

As at 31 December 2019 and 31 December 2020, the internal credit rating of other receivables were all performing. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method.

Management considered the internal credit risk of other receivable including receivables from related parties were performing as they have a low risk of default and the counterparties have a strong capacity to meet its contractual cash flow obligations in the near term, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

The provision/(reversal) for loss allowance were recognized in the income statement in Net reversal of impairment losses on financial assets.

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and other receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments carried at FVOCI

Debt instruments carried at FVOCI include trade receivables and bills receivable with a business model which is achieved both by collecting contractual cash flows and selling of these assets. The loss allowance for debt instruments is recognized in the income statement and reduces the fair value loss otherwise recognized in OCI.

As at 31 December 2019 and 31 December 2020, no loss allowance was provided for financial assets at FVOCI.

(iii) Net reversal of impairment losses on financial assets recognized in the income statement

During the year, the following recoveries/(losses) were recognized in Net reversal of impairment losses on financial assets in relation to impaired financial assets:

	2019 RMB' 000	2020 RMB' 000
Impairment losses		
- movement in loss allowance for trade receivables	–	(634)
Recoveries on previously written off receivables (Note 23(a))	–	121,550
Reversal of previous impairment losses	59	–
Net reversal of impairment losses on financial assets	59	120,916

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(iv) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to investments such as structured deposits and derivative financial instruments, which are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(d) Liquidity risk

Cash flow forecast is performed by the operating entities 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.

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations, the renewal of its short-term bank loans and its ability to obtain adequate external financing to support its working capital and meet its debt obligation when they become due. As at 31 December 2020, the Group had credit facilities with several PRC financial institutions which provided the Group to draw down or to guarantee the issuance of the bills of lading to RMB 32,516,787 thousands, within which amounted to RMB 27,350,766 thousands were unused. The maturity dates of the unused facility amounted to RMB 14,167,750 thousands will be after 31 December 2021. Management assessed that all the facilities could be renewed upon the expiration dates.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. As at 31 December 2020, the Group held cash and cash equivalents of RMB 6,916,408 thousands (31 December 2019: RMB 7,449,699 thousands) (Note 23(b)) and trade receivables (including trade receivables with related parties and those carried at FVOCI) of RMB 1,469,431 thousands (31 December 2019: RMB 2,376,098 thousands), that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyses the Group' s financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities 31 December 2019	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,575,176	–	–	–	1,575,176
Lease liabilities	11,700	8,846	2,435	495	23,476
Bills payables	673,900	–	–	–	673,900
Trade payables	2,142,402	–	–	–	2,142,402
Other payables	747,133	–	–	–	747,133
Amounts due to related parties	5,702,728	–	–	–	5,702,728
	10,853,039	8,846	2,435	495	10,864,815
Derivatives					
Derivative financial instruments	799	–	–	–	799

Contractual maturities of financial liabilities 31 December 2020	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,558,702	–	–	–	1,558,702
Short-term bonds	3,023,614	–	–	–	3,023,614
Lease liabilities	9,373	2,136	1,090	103	12,702

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Bills payables	26,196	–	–	–	26,196
Trade payables	1,294,138	–	–	–	1,294,138
Other payables	1,498,503	–	–	–	1,498,503
Amounts due to related parties	3,655,724	–	–	–	3,655,724
	11,066,250	2,136	1,090	103	11,069,579

4.2 Capital management

The Group' s objectives when managing capital are to safeguard the Group' s ability to continue as a going concern in order 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.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and short-term bonds less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

As cash and cash equivalents exceed total borrowings and short-term bonds, which was resulted primarily from profitability, there was no net debt as at 31 December 2019 and 31 December 2020.

4.3 Fair value estimation

The table below analyses the Group' s financial instruments carried at fair value as at 31 December 2019 and 31 December 2020 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 market 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.

Recurring fair value measurements As at 31 December 2019	**Level 1 RMB' 000**	**Level 2 RMB' 000**	**Level 3 RMB' 000**	**Total RMB' 000**
Financial assets				
Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,540,921	–	1,540,921
Equity investments	–	–	5,000	5,000
Structured deposits	–	–	3,318,407	3,318,407
Foreign exchange options	–	263	–	263
	–	1,541,184	3,323,407	4,864,591
Financial liabilities				
Foreign exchange options	–	799	–	799

Recurring fair value measurements As at 31 December 2020	**Level 1 RMB' 000**	**Level 2 RMB' 000**	**Level 3 RMB' 000**	**Total RMB' 000**
Financial assets				

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Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,207,114	–	1,207,114
Equity investments	–	–	5,000	5,000
	–	1,207,114	5,000	1,212,114

The Group uses discounted cash flow model with inputted interest rate, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of the structured deposits classified as Level 3 financial assets.

Fair value measurements using significant unobservable inputs (level 3).

The following table presents the changes in level 3 items for the periods ended 31 December 2020:

	Equity investments RMB' 000	**Structured deposits RMB' 000**	**Total RMB' 000**
As at 31 December 2018	–	2,719,811	2,719,811
Acquisitions	5,000	3,800,000	3,805,000
Disposals	–	(3,200,000)	(3,000,000)
Fair value change	–	(1,404)	(1,404)
As at 31 December 2019	5,000	3,318,407	3,323,407
Acquisitions	–	7,600,000	7,600,000
Disposals	–	(10,900,000)	(10,900,000)
Fair value change	–	(18,407)	(18,407)
As at 31 December 2020	5,000	–	5,000

Financial assets and financial liabilities not measured at fair value mainly represent time deposits, trade receivables and other receivables, trade and other payables (except for the staff salaries and welfare payables and taxes payables) and borrowings. As at 31 December 2019 and 31 December 2020, these financial assets are expected to be collected in one year or less and these financial liabilities are due within one year or less. As a result, the carrying amounts of these financial assets and liabilities not measured at fair value are a reasonable approximation of their fair value.

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Critical Accounting Estimates and Assumptions	12 Months Ended Dec. 31, 2020
Critical accounting estimates and assumptions [abstract]	
Critical accounting estimates and assumptions	**5 Critical accounting estimates and assumptions**

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Net realizable value ("NRV") of inventories

The NRV is determined based on the estimated selling prices less the estimated costs to completion, if relevant, other costs necessary to make the sale, and the related taxes. Determination of estimated selling prices requires significant management judgement, taking into consideration of historical selling prices and future market trend. 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 the estimate.

(b) Impairments for non-financial assets

In determining the value in use, expected cash flows generated by the non-financial assets or the cash-generating unit are discounted to their present value. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price and amount of operating costs.

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

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

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Segment Information

Disclosure of operating segments [abstract]

Segment information

12 Months Ended Dec. 31, 2020

6 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 five reportable segments. No operating segments have been aggregated to form the following reportable segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise investments accounted for using the equity method, deferred income tax assets, cash and cash equivalents, time deposits, structured deposits, entrusted lending and incomes relating to these assets (such as share of profit of investments accounted for using equity method and interest income) and borrowings and interest expenses.

The Group principally operates in five operating segments: synthetic fibers, resins and plastics, intermediate petrochemicals, petroleum products and trading of petrochemical products. Synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products are produced through intermediate steps from the principal raw material of crude oil. The specific products of each segment are as follows:

(i) The synthetic fibers segment produces primarily polyester, acrylic fibers and carbon fibers, which are mainly used in the textile and apparel industries.

(ii) The resins and plastics segment produces primarily polyester chips, polyethylene resins, polypropylene resins and PVA granules. The polyester chips are used to produce polyester fibers, coating and containers. Polyethylene resins and plastics are used to produce insulated cable, mulching films and molded products such as housewares and toys. Polypropylene resins are used for films, sheets and molded products such as housewares, toys, consumer electronics and automobile parts.

(iii) The intermediate petrochemicals segment primarily produces p-xylene, benzene and ethylene oxide. The intermediate petrochemicals produced by the Group are both served as raw materials in the production of other petrochemicals, resins, plastics and synthetic fibers, and sold to external customers.

(iv) The petroleum products segment is equipped with crude oil refinery facilities used to produce qualified refined gasoline, fuel, diesel oil, heavy oil and liquefied petroleum gas, and provide raw materials for the Group' s downstream petrochemical processing facilities.

(v) The trading of petrochemical products segment is primarily engaged in importing and exporting of petrochemical products. The products are sourced from international and domestic suppliers.

(vi) Other operating segments represent the operating segments which do not meet the quantitative threshold for determining reportable segments. These include investment property leasing, service provision and a variety of other commercial activities.

2018	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,225,594	10,868,758	26,327,039	66,009,608	27,650,410	1,488,856	134,570,265
Inter - segment revenue	–	(138,481)	(13,923,959)	(11,037,010)	(1,090,056)	(691,852)	(26,881,358)
Revenue from external customers	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Timing of revenue recognition							
At a point in time	2,225,594	10,730,277	12,403,080	54,972,598	26,537,983	797,004	107,666,536
Over time	–	–	–	–	22,371	–	22,371
	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Total gross (loss)/profit	(537,590)	1,081,206	2,135,060	2,936,678	149,236	9,916	5,774,506

2019	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,200,229	10,304,812	24,698,643	66,754,731	21,881,214	1,502,840	127,342,469
Inter - segment revenue	–	(141,101)	(14,187,500)	(11,868,026)	(175,200)	(700,975)	(27,072,802)
Revenue from external customers	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Timing of revenue recognition							
At a point in time	2,200,229	10,163,711	10,511,143	54,886,705	21,695,864	801,865	100,259,517
Over time	–	–	–	–	10,150	–	10,150
	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Total gross (loss)/profit	(501,062)	542,015	649,435	750,850	121,193	25,314	1,587,745

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2020	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	1,480,576	9,576,944	19,777,574	49,711,547	12,023,744	1,583,236	94,153,621
Inter - segment revenue	–	(101,057)	(11,526,322)	(6,631,343)	(438,634)	(832,690)	(19,530,046)
Revenue from external customers	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Timing of revenue recognition							
At a point in time	1,480,576	9,475,887	8,251,252	43,080,204	11,583,709	750,546	74,622,174
Over time	–	–	–	–	1,401	–	1,401
	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Total gross (loss)/profit	(338,633)	1,435,079	724,152	(2,232,013)	88,004	(16,838)	(340,249)

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Segment result - profit/(loss) from operations			
Petroleum products	2,910,063	705,469	(2,198,705)
Resins and plastics	900,440	401,454	1,262,029
Intermediate petrochemicals	1,934,926	413,914	581,597
Trading of petrochemical products	104,900	53,214	42,039
Synthetic fibers	(573,503)	(540,280)	(364,211)
Others	308,286	286,801	211,015
Profit/(loss) from operations	5,585,112	1,320,572	(466,236)
Net finance income	337,412	362,963	332,274
Share of profit of investments accounted for using the equity method	885,597	972,593	724,740
Profit before income tax	6,808,121	2,656,128	590,778

Other profit and loss disclosures

	2018			2019			2020		
	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write-down RMB' 000
Synthetic fibers	(68,428)	(47,937)	(35,945)	(68,589)	7	(48,844)	(78,030)	88,550	(39,657)
Resins and plastics	(139,447)	(9)	(19,219)	(125,464)	6	(12,073)	(138,204)	–	(26,382)
Intermediate petrochemicals	(575,025)	(34,695)	(8,630)	(497,469)	(478)	(9,094)	(465,425)	(55,204)	(15,418)
Petroleum products	(862,659)	(50)	(22,209)	(972,688)	38	(167)	(917,637)	–	(138,537)
Trading of petrochemical products	(111)	–	–	(211)	–	–	(19,938)	–	(788)
Others	(161,943)	–	–	(174,367)	–	–	(207,905)	–	(106)
	(1,807,613)	(82,691)	(86,003)	(1,838,788)	(427)	(70,178)	(1,827,139)	33,346	(220,888)

	As at 31 December 2019 Total assets RMB' 000	2020 Total assets RMB' 000
Allocated assets		
Synthetic fibers	997,650	986,391
Resins and plastics	1,802,681	1,654,920
Intermediate petrochemicals	3,721,337	3,176,092
Petroleum products	14,014,403	11,344,760
Trading of petrochemical products	1,492,405	1,357,884
Others	2,294,668	2,432,339
Allocated assets	24,323,144	20,952,386
Unallocated assets		
Investments accounted for using the equity method	5,208,758	5,387,834
Cash and cash equivalents	7,449,699	6,916,408
Time deposits with banks	5,020,073	11,092,283
Deferred tax assets	150,832	252,121
Financial assets at fair value through profit or loss	3,318,407	–
Derivative financial assets	263	–
Others	22,899	18,098
Unallocated assets	21,170,931	23,666,744
Total assets	45,494,075	44,619,130

As at 31 December

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	2019 Total liabilities RMB' 000	2020 Total liabilities RMB' 000
Allocated liabilities		
Synthetic fibers	340,034	209,621
Resins and plastics	1,372,574	1,233,286
Intermediate petrochemicals	1,736,967	1,267,313
Petroleum products	8,482,596	6,669,419
Trading of petrochemical products	1,946,530	1,224,420
Others	73,127	78,928
Allocated liabilities	13,951,828	10,682,987
Unallocated liabilities		
Borrowings	1,547,600	1,548,000
Short-term bonds	–	3,017,811
Deferred tax liabilities	–	35,357
Derivative financial liabilities	799	–
Unallocated liabilities	1,548,399	4,601,168
Total liabilities	15,500,227	15,284,155

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Synthetic fibers	124,188	294,515	496,125
Resins and plastics	112,638	74,633	139,212
Intermediate petrochemicals	246,857	204,021	278,788
Petroleum products	806,833	1,024,626	779,392
Trading of petrochemical products	–	89	378,292
Others	98,737	103,418	222,080
	1,389,253	1,701,302	2,293,889

Entity-wide information

The Group' s revenue from external customers are mainly within Mainland China in 2018, 2019 and 2020. As at 31 December 2019 and 31 December 2020, assets are also mainly within Mainland China.

Revenue of approximate RMB 38,651,385 thousands (2019: RMB 42,657,975 thousands, 2018: RMB 42,492,816 thousands) are derived from a single customer. These revenues are attributable to the petroleum products and others segments.

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Other Operating Income

12 Months Ended
Dec. 31, 2020

Other operating income [abstract]

Other operating income

7 Other operating income

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Government grants (i)	116,330	69,678	61,296
Rental income from investment property (Note 18)	76,001	76,381	81,608
Others	10,286	4,655	5,772
	202,617	150,714	148,676

(i) Government grants

Grants related to R&D, other tax refund and subsidies of RMB 60,859 thousands (2019: RMB 69,241 thousands, 2018: RMB 115,893 thousands) are included in the government grants line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Deferral and presentation of government grants

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. For the year ended 31 December 2020, RMB 437 thousands were included in the government grants line item (2019: RMB 437 thousands, 2018: RMB 437 thousands).

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Other Operating Expenses	12 Months Ended Dec. 31, 2020
Other operating expenses [abstract]	
Other operating expenses	8 Other operating expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost related to lease of investment properties	(19,367)	(16,199)	(15,625)
Others	(13,181)	(5,726)	(9,061)
	(32,548)	(21,925)	(24,686)

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Other (losses)/gains - net

12 Months Ended
Dec. 31, 2020

Other gains - net [abstract]

Other (losses)/gains - net

9 Other gains – net

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net gains/(losses) on disposal of land, property, plant and equipment	172,508	158,551	(1,212)
Gains from structured deposits	19,811	85,444	114,283
Gains/(losses) from disposal of subsidiaries (Note 20)	1,622	(60,951)	–
Net foreign exchange (losses)/gains	(31,770)	2,648	12,248
Net gains/(losses) on foreign exchange option contracts	14,519	(12,315)	(376)
Losses on sale of FVOCI	–	(19,513)	(9,513)
	176,690	153,864	115,430

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Finance Income and Expenses	12 Months Ended Dec. 31, 2020
Finance income and expenses [abstract]	
Finance income and expenses	**10 Finance income and expenses**

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains	–	18,571	–
Interest income	443,661	398,176	431,228
Finance income	443,661	416,747	431,228
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(84,425)	(59,378)	(101,732)
Less: amounts capitalized on qualifying assets	5,179	5,594	8,292
Net interest expense	(79,246)	(53,784)	(93,440)
Net foreign exchange loss	(27,003)	–	(5,514)
Finance expenses	(106,249)	(53,784)	(98,954)
Finance income - net	337,412	362,963	332,274

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Expense by Nature

12 Months Ended
Dec. 31, 2020

Expenses by nature [abstract]

Expense by nature

11 Expense by nature

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost of raw material	56,601,977	57,101,961	42,082,307
Cost of trading products	26,392,366	21,566,364	11,467,420
Employee benefit expenses (Note 12)	2,888,572	3,147,372	3,143,219
Depreciation and amortization (Note 15, 17, 18)	1,807,613	1,736,790	1,794,486
Repairs and maintenance expenses	1,265,919	1,089,829	1,060,624
Other expenses	771,401	1,107,017	1,030,020
Change of goods in process and finished goods	(277,403)	446,779	862,652
Transportation costs	326,553	297,416	274,002
Inventory write-down (Note 22)	86,003	70,178	220,888
External processing fee	185,164	215,288	215,467
Sales commissions (Note 29)	139,954	125,641	104,598
Impairment loss (Note 17, 19)	82,652	486	87,570
Depreciation charge of right-of-use assets (Note 16)	–	101,998	32,653
Auditors' remuneration - audit services	7,800	7,800	7,800
Leasing expenses	96,520	2,961	3,731
Total cost of sales, selling and administrative expenses	90,375,091	87,017,880	62,387,437

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Employee Benefit Expenses

12 Months Ended
Dec. 31, 2020

Classes of employee benefits expense [abstract]

Employee benefit expenses

12 Employee benefit expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Wages and salaries	1,814,991	1,931,121	2,009,645
Social welfare costs	712,556	782,789	714,484
Others	374,029	433,462	419,090
Share-based payments granted to directors and employees	(13,004)	–	–
Total employee benefit expense	2,888,572	3,147,372	3,143,219

(i) Five highest paid individuals

For the years ended 31 December 2018, 2019 and 2020, all 5 individuals with the highest emoluments are directors and supervisors whose emoluments are disclosed in Note 35(i).

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Income Tax

12 Months Ended
Dec. 31, 2020

Income tax [abstract]
Income tax

13 Income tax

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
- Current income tax	(1,471,671)	(460,720)	(37,027)
- Deferred taxation	(232)	31,757	102,647
Income tax (expense)/credit	(1,471,903)	(428,963)	65,620

A reconciliation of the expected income tax calculated at the applicable tax rate and total profit, with the actual income tax is as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Expected PRC income tax at the statutory tax rate of 25%	(1,702,032)	(664,032)	(147,695)
Tax effect of share of profit of investments accounted for using the equity method	218,024	239,562	178,685
Tax effect of other non-taxable income	14,770	7,459	54,379
Tax deductions for R&D expenses	2,500	7,500	11,863
Tax effect of non-deductible loss, expenses and costs	(20,123)	(42,906)	(51,543)
True up for final settlement of enterprise income taxes in respect of previous years	(12,678)	2,618	9,188
Tax losses for which no deferred income tax asset was recognized	(10,017)	(9,578)	(2,821)
Utilization of previously unrecognized tax losses	37,653	30,414	13,564
Actual income tax (expense)/credit	(1,471,903)	(428,963)	65,620

The provision for PRC income tax is calculated at the rate of 25% (2019 and 2018: 25%) on the estimated taxable income of the year ended 31 December 2020 determined in accordance with relevant income tax rules and regulations. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

(i) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2019 RMB' 000	2020 RMB' 000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	219,557	246,900
- Deferred tax asset to be recovered within 12 months	117,625	255,646
	337,182	502,546
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(166,183)	(275,174)

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- Deferred tax liabilities to be recovered within 12 months	(20,167)	(10,608)
	(186,350)	(285,782)
Deferred tax assets - net	150,832	252,121
Deferred tax liabilities - net	–	(35,357)

(ii) Movements in deferred tax assets and liabilities are as follows:

	Balance as at 1 January 2019 RMB' 000	(Charged)/ deducted to profit or loss RMB' 000	Balance as at 31 December 2019 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	39,606	(705)	38,901
Provision for impairment losses in property, plant and equipment and construction in progress	219,610	(11,978)	207,632
Others	9,417	81,232	90,649
	268,633	68,549	337,182
Deferred tax liabilities			
Gains of financial assets at fair value	–	(4,604)	(4,604)
Difference in depreciation	(145,709)	(33,091)	(178,800)
Capitalization of borrowing costs	(3,849)	903	(2,946)
	(149,558)	(36,792)	(186,350)
Deferred tax assets - net	119,075	31,757	150,832

	Balance as at 1 January 2020 RMB' 000	Deducted/ (charged) to profit or loss RMB' 000	Balance as at 31 December 2020 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	38,901	18,425	57,326
Provision for impairment losses in property, plant and equipment and construction in progress	207,632	18,803	226,435
Tax losses	1,986	85,813	87,799
Others	88,663	42,323	130,986
	337,182	165,364	502,546
Deferred tax liabilities			
Gains of financial assets at fair value	(4,604)	4,604	–
Difference in depreciation	(178,800)	(104,939)	(283,739)
Capitalization of borrowing costs	(2,946)	903	(2,043)
	(186,350)	(99,432)	(285,782)
Deferred tax assets - net	150,832	101,289	252,121
Deferred tax liabilities - net	–	(35,357)	(35,357)

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The Group recognizes deferred tax assets only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Based on the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets will be utilized, management believes that it is probable the Group will realize the benefits of these temporary differences for which deferred tax assets have been recognized.

(iii) Deferred tax assets not recognized

As at 31 December 2020, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of the impairment losses on property, plant and equipment amounting to RMB 29,969 thousands (31 December 2019: RMB 29,969 thousands), because it was not probable that the related tax benefit would be realized.

As at 31 December 2020, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of unused tax losses of RMB 72,699 thousands (31 December 2019: RMB 121,723 thousands) carried forward for PRC income tax purpose because it was not probable that the related tax benefit would be realized.

Tax losses carried forward that are not recognized as deferred tax assets will expire in the following years:

	2019 RMB' 000	2020 RMB' 000
2020	17,775	–
2021	12,880	–
2022	12,687	12,687
2023	40,069	10,415
2024	38,312	38,312
2025	–	11,285
	121,723	72,699

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Earnings per Share

12 Months Ended
Dec. 31, 2020

Earnings per share [abstract]

Earnings per share

14 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net profit attributable to owners of the Company	5,336,331	2,215,728	645,072
Weighted average number of ordinary shares in issue (thousands of shares)	10,823,497	10,823,814	10,823,814
Basic earnings per share (RMB per share)	RMB 0.493	RMB 0.205	RMB 0.060
Basic earnings per ADS (RMB per ADS)	RMB 49.303	RMB 20.452	RMB 5.96

(b) Diluted

There were no dilutive potential ordinary shares, therefore diluted earnings per share is the same as basic earnings per share.

(i) "ADSs" are references to our American Depositary Shares, which are listed and traded on the New York Stock Exchange. Each ADS represents 100 H Shares.

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Other Non-current Assets

12 Months Ended
Dec. 31, 2020

Other non-current assets [abstract]

Other non-current assets

15 Other non-current assets

	Intangible assets RMB' 000	Long-term prepaid expense RMB' 000	Total RMB' 000
As at 1 January 2019			
Cost	84,093	502,689	586,782
Accumulated amortization	(63,525)	–	(63,525)
Net book amount	20,568	502,689	523,257
Year ended 31 December 2019			
Opening net book amount	20,568	502,689	523,257
Additions	1,762	170,687	172,449
Charge for the year	(4,695)	(209,597)	(214,292)
Closing net book amount	17,635	463,779	481,414
As at 31 December 2019			
Cost	85,855	463,779	549,634
Accumulated amortization	(68,220)	–	(68,220)
Net book amount	17,635	463,779	481,414
Year ended 31 December 2020			
Opening net book amount	17,635	463,779	481,414
Additions	53	169,755	169,808
Charge for the year	(2,919)	(223,344)	(226,263)
Closing net book amount	14,769	410,190	424,959
As at 31 December 2020			
Cost	85,908	410,190	496,098
Accumulated amortization	(71,139)	–	(71,139)
Net book amount	14,769	410,190	424,959

For the year ended 31 December 2020, the amortization of RMB 226,263 thousands (2019: RMB 214,292 thousands, 2018: RMB 242,162 thousands) has been charged in Cost of sales.

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Leases

12 Months Ended
Dec. 31, 2020

Disclosure of quantitative information about leases for lessee [abstract]

Leases

16 Leases

(a) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Right-of-use assets		
Land use rights	320,212	397,808
Buildings	22,205	11,221
Equipment	168	879
Others	1,275	893
	343,860	410,801
Lease liabilities		
Current	11,450	9,352
Non-current	10,593	3,119
	22,043	12,471

For the year ended 31 December 2020, additions to the right-of-use assets were RMB 109,238 thousands (2019: RMB 33,980 thousands, 2018: Nil), including RMB 102,283 thousands generated by the acquisition of a subsidiary (Note 20(a)).

(b) Amounts recognized in the income statement

The income statement shows the following amounts relating to leases:

	2019 RMB' 000	2020 RMB' 000
Depreciation charge of right-of-use assets		
Land use rights	(14,814)	(15,965)
Buildings	(12,541)	(15,481)
Equipment	(74,025)	(449)
Others	(618)	(758)
	(101,998)	(32,653)
Interest expense (included in Finance expenses)	(2,570)	(887)
Expense relating to short-term leases (included in Cost of sales)	(2,961)	(3,731)

The total cash outflow for leases in 2020 was RMB 20,204 thousands (2019: RMB 94,441 thousands, 2018: Nil).

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Property, Plant and Equipment	12 Months Ended Dec. 31, 2020
Property, plant and equipment [abstract]	
Property, plant and equipment	17 Property, plant and equipment

	Buildings RMB' 000	Plant and machinery RMB' 000	Vehicles and other equipment RMB' 000	Total RMB' 000
As at 1 January 2019				
Cost	3,229,642	41,007,229	1,785,889	46,022,760
Accumulated depreciation	(2,142,540)	(29,905,377)	(1,451,131)	(33,499,048)
Impairment loss	(53,872)	(815,329)	(8,121)	(877,322)
Net book amount	1,033,230	10,286,523	326,637	11,646,390
Year ended 31 December 2019				
Opening net book amount	1,033,230	10,286,523	326,637	11,646,390
Additions	–	99,041	15,578	114,619
Disposals	(4,114)	(60,503)	(5,988)	(70,605)
Reclassification	16,395	(82,604)	66,209	–
Transferred from construction in progress (Note 19)	26,655	999,412	97,553	1,123,620
Transferred from investment properties (Note 18)	6,924	–	–	6,924
Transferred to investment properties (Note 18)	(12,347)	–	–	(12,347)
Charge for the year	(92,123)	(1,346,725)	(68,956)	(1,507,804)
Closing net book amount	974,620	9,895,144	431,033	11,300,797
As at 31 December 2019				
Cost	3,336,375	41,455,159	1,871,684	46,663,218
Accumulated depreciation	(2,310,970)	(30,793,083)	(1,432,530)	(34,536,583)
Impairment loss	(50,785)	(766,932)	(8,121)	(825,838)
Net book amount	974,620	9,895,144	431,033	11,300,797
Year ended 31 December 2020				
Opening net book amount	974,620	9,895,144	431,033	11,300,797
Additions	707	228,153	65,380	294,240
Disposals	(7,020)	(42,246)	(2,866)	(52,132)
Impairment loss	(3,007)	(84,035)	(528)	(87,570)
Reclassification	22,878	(25,571)	2,693	–
Transferred from construction in progress (Note 19)	24,199	1,440,695	85,419	1,550,313
Acquisition of subsidiary (Note 20(a))	124,849	146,172	4,694	275,715
Transferred to investment properties (Note 18)	(15,302)	–	–	(15,302)
Charge for the year	(91,070)	(1,367,861)	(94,108)	(1,553,039)
Closing net book amount	1,030,854	10,190,451	491,717	11,713,022
As at 31 December 2020				
Cost	3,481,210	42,742,330	1,958,220	48,181,760
Accumulated depreciation	(2,396,564)	(31,700,912)	(1,457,854)	(35,555,330)
Impairment loss	(53,792)	(850,967)	(8,649)	(913,408)
Net book amount	1,030,854	10,190,451	491,717	11,713,022

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For the year ended 31 December 2020, the amount of depreciation expense charged to Cost of sales and Selling and administrative expense were RMB 1,543,891 thousands and RMB 9,148 thousands, respectively (2019: RMB 1,498,625 thousands and RMB 9,179 thousands, respectively; 2018: RMB 1,541,799 thousands and RMB 9,125 thousands, respectively). For the year ended 31 December 2020, impairment loss of RMB 87,570 thousands has been recognized in Cost of sales for the excess of carrying amount over its recoverable amount.

For the year ended 31 December 2019, the written off of impairment loss of the Group amounted to RMB 51,484 thousands due to the disposal of property, plant and equipment.

For the year ended 31 December 2018, the Group made impairment provision of RMB 58,652 thousands against these property, plant and equipment with schemes of technology upgrades and replacement in the coming years.

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Investment Properties	12 Months Ended Dec. 31, 2020
Disclosure of detailed information about investment property [abstract]	
Investment properties	

18 Investment properties

	RMB' 000
As at 1 January 2019	
Cost	594,135
Accumulated depreciation	(217,396)
Net book amount	376,739
Year ended 31 December 2019	
Opening net book amount	376,739
Transferred from property plant and equipment (Note 17)	12,347
Transferred to property plant and equipment (Note 17)	(6,924)
Charge for the year	(14,694)
Closing net book amount	367,468
As at 31 December 2019	
Cost	602,659
Accumulated depreciation	(235,191)
Net book amount	367,468
Year ended 31 December 2020	
Opening net book amount	367,468
Transferred from property plant and equipment (Note 17)	15,302
Charge for the year	(15,184)
Closing net book amount	367,586
As at 31 December 2020	
Cost	627,488
Accumulated depreciation	(259,902)
Net book amount	367,586

As at 31 December 2020, the Group had no contractual obligations for future repairs and maintenance (31 December 2019: Nil).

Investment properties represent certain floors of an office building leased to other entities including related parties.

(a) The fair value of the investment properties of the Group as at 31 December 2020 was estimated by the directors to be approximately RMB 1,202,626 thousands by reference to market values of similar properties in the nearby area (31 December 2019: RMB 1,230,191 thousands). This fair value estimation was at level 3 of fair value hierarchy by using market observable inputs. The investment properties have not been valued by external independent appraisers.

(b) Rental income of RMB 81,608 thousands was recognized in Other operating income by the Group for the year ended 31 December 2020 (2019: RMB 76,381 thousands, 2018: RMB 76,001 thousands).

(c) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or rate. Where

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considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	2019 RMB' 000	2020 RMB' 000
Within 1 year	43,322	51,396
Between 1 and 2 years	1,517	4,343
Above 2 years	–	629

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Construction in Progress

12 Months Ended
Dec. 31, 2020

Construction in progress [abstract]

Construction in progress

19 Construction in progress

	2019 RMB' 000	2020 RMB' 000
As at 1 January	1,559,401	1,815,549
Additions	1,380,254	1,444,888
Transferred to property plant and equipment (Note 17)	(1,123,620)	(1,550,313)
Impairment loss	(486)	–
As at 31 December	1,815,549	1,710,124

As at 31 December 2020, the impairment loss in construction in progress were RMB 24,486 thousands (31 December 2019: RMB 34,661 thousands).

For the year ended 31 December 2020, the impairment write-off of the Group amounted to RMB 10,175 thousands due to the disposal of construction in progress (2019 and 2018: Nil).

For the year ended 31 December 2020, the Group capitalized borrowing costs amounting to RMB 8,292 thousands (2019: RMB 5,594 thousands, 2018: RMB 5,179 thousands) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its general borrowings of 2.79% (2019: 3.35%, 2018: 3.63%).

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Subsidiaries

Disclosure of subsidiaries [abstract]

Subsidiaries

12 Months Ended
Dec. 31, 2020

20 Subsidiaries

The following list contains the particulars of major subsidiaries of the Group, all of which are limited companies established and operated in the PRC.

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities
As at 31 December 2020					
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	RMB 1,000,000	100.00	100.00	–	Investment management
China Jinshan Associated Trading Corporation ("Jinmao")	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	USD 50,000	–	100.00	–	Production of polyethylene products
Shanghai Jinshan Trading Corporation ("JMGJ")	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") (a)	RMB 400,000	–	100.00	–	Trading of petrochemical products

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities

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As at 31 December 2019					
Toufa	RMB 1,000,000	100.00	100.00	–	Investment management
Jinmao	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Jinchang	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Jinfei	USD 50,000	–	100.00	–	Production of polyethylene products
JMGJ	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products

The total comprehensive income attributable to non-controlling interests for the year ended 31 December 2020 is RMB 11,326 thousands (2019: comprehensive loss amounted RMB 11,437 thousands, 2018: comprehensive loss amounted RMB 113 thousands).

On 23 August 2019, the Group disposed 75% share of Zhejiang Jin Yong Acrylic Fiber Company Limited, a former subsidiary of the Group, due to its bankruptcy and liquidation. The disposal loss amounted RMB 60,951 thousands was included in Other gains - net (Note 9) for the year ended 31 December 2019.

(a) On 30 June 2020, one of the Company' s subsidiaries, Toufa acquired 100% share of Zhejiang Zhonghang Oil Petrochemical Storage and Transportation Co., Ltd., renamed as Jinlian, from China Aviation Oil Group Logistics Co., Ltd., with the total purchase consideration of RMB 340,369 thousands.

The assets and liabilities recognized as a result of the acquisition as at 30 June 2020 are as follows:

	Fair value RMB' 000
Cash and cash equivalents	54
Property, plant and equipment (Note 17)	275,715
Trade and other receivables	5
Right-of-use assets (Note 16)	102,283
Trade and other payables	(867)
Deferred tax liabilities	(36,715)
Net identifiable assets acquired	340,475
Add: Other operating income	(106)
Purchase consideration	340,369

The acquired business contributed revenue of RMB 293,197 thousands and net loss of RMB 11,024 thousands to the Group for the period from 1 July 2020 to 31 December 2020.

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Investments Accounted for Using the Equity Method

12 Months Ended Dec. 31, 2020

Investments accounted for using equity method [abstract]

Investments accounted for using the equity method

21 Investments accounted for using the equity method

The amounts recognized in the balance sheet are as follows:

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Associates		
-Share of net assets	4,973,464	5,146,160
Joint ventures		
-Share of net assets	235,294	241,674
	5,208,758	5,387,834

The amounts recognized in the share of profit of investments accounted for using the equity method are as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Associates	839,425	927,814	678,077
Joint ventures	46,172	44,779	46,663
	885,597	972,593	724,740

Investment in associates

	2019 RMB' 000	2020 RMB' 000
As at 1 January	4,297,265	4,973,464
Additions (a)	320,000	27,603
Share of profit	904,265	678,077
Other comprehensive income/(loss)	7,449	(11,512)
Cash dividends distribution	(555,515)	(521,472)
As at 31 December	4,973,464	5,146,160

Set out below are the material associates of the Group as at 31 December 2020. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Principal activities of material associates as at 31 December 2020.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method
Shanghai Secco Petrochemical Company Limited ("Shanghai Secco")	PRC	20.00	Manufacturing and distribution of chemical products	Equity

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Shanghai Chemical Industry Park Development Company Limited (“Chemical Industry”)	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Shanghai Jinsen Hydrocarbon Resins Company Limited (“Jinsen”)	PRC	40.00	Production of resins products	Equity
Shanghai Azbil Automation Company Limited (“Azbil”)	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shanghai Shidian Energy Company Limited (“Shidian Energy”) (b)	PRC	40.00	Electric power supply	Equity

Principal activities of material associates as at 31 December 2019.

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method
Shanghai Secco	PRC	20.00	Manufacturing and distribution of chemical products	Equity
Chemical Industry	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Jinsen	PRC	40.00	Production of resins products	Equity
Azbil	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shidian Energy (b)	PRC	40.00	Electric power supply	Equity

Shanghai Secco, Chemical Industry, Jinsen, Azbil and Shidian Energy are private companies and there are no quoted market prices available for their shares.

There are no contingent liabilities relating to the Group’ s interest in the associates.

(a) In 2020, Toufa invested RMB 27,603 thousands to acquire 29% share of Pinghu China Aviation Oil Port Co., Ltd.(“Pinghu Port”).

(b) In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

Summarized financial information for material associates

Set out below are the summarized financial information for the above associates.

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Summarized balance sheet for material associates

As at 31 December 2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	11,858,124	4,356,339	85,302	204,965	745,425
- Current liabilities	(3,196,334)	(1,468,162)	(18,114)	(75,572)	(9,849)
Non-current					
- Non-current assets	5,020,292	3,153,858	69,154	3,049	69,588
- Non-current liabilities	(12,730)	(485,735)	–	–	–
Net Assets	13,669,352	5,556,300	136,342	132,442	805,164

As at 31 December 2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	10,430,726	4,618,722	74,170	227,172	790,069
- Current liabilities	(2,783,216)	(1,761,431)	(10,481)	(73,450)	(20,650)
Non-current					
- Non-current assets	6,099,126	3,523,528	64,421	3,984	72,441
- Non-current liabilities	(32,482)	(528,237)	–	–	–
Net Assets	13,714,154	5,852,582	128,110	157,706	841,860

Summarized statement of comprehensive income for material associates

2018	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000
Revenue	26,319,957	1,880,004	208,901	255,554
Post-tax profit/(loss) from continuing operations	3,228,682	472,804	(12,845)	30,119
Other comprehensive loss	–	(18,331)	–	–
Total comprehensive income/(loss)	3,228,682	454,473	(12,845)	30,119
Dividends declared by associate	3,675,840	61,001	–	25,900

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	28,341,032	1,936,537	197,199	297,694	112,143
Post-tax profit/(loss) from continuing operations	3,383,582	609,540	(16,996)	38,448	5,166
Other comprehensive income	–	19,470	–	–	–
Total comprehensive income/(loss)	3,383,582	629,010	(16,996)	38,448	5,166
Dividends declared by associate	2,537,000	79,000	–	30,000	–

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	21,626,059	1,683,096	187,580	340,905	472,640
Post-tax profit/(loss) from continuing operations	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Total comprehensive income/(loss)	2,412,802	374,028	(8,232)	48,264	36,696
Dividends declared by associate	2,368,000	85,000	–	23,000	–

The information above reflects the amounts presented in the financial statements of the associates (and not the Group' s share of those amounts) adjusted for differences in accounting policies between the Group and the associates.

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Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interest in material associates

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	12,822,770	5,057,821	153,338	123,994	–
Profit/(loss) for the year	3,383,582	609,540	(16,996)	38,448	5,166
Increase in share capital	–	–	–	–	800,000
Other comprehensive Income	–	19,470	–	–	–
Decrease in reserves	–	(51,535)	–	–	–
Declared dividends	(2,537,000)	(79,000)	–	(30,000)	–
Closing net assets	13,669,352	5,556,296	136,342	132,442	805,166
% of ownership interest	20.00 %	38.26 %	40.00 %	40.00 %	40.00 %
Interest in associates	2,733,872	2,125,839	54,537	52,977	322,066
Unrealized upstream and downstream transaction	(9,512)	–	–	–	(22,708)
Unentitled portion (Note a)	–	(328,629)	–	–	–
Carrying value	2,724,360	1,797,210	54,537	52,977	299,358

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	13,669,352	5,556,296	136,342	132,442	805,164
Profit/(loss) for the year	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Increase in reserves (Note a)	–	7,258	–	–	–
Declared dividends	(2,368,000)	(85,000)	–	(23,000)	–
Closing net assets	13,714,154	5,852,582	128,110	157,706	841,860
% of ownership interest	20.00 %	38.26 %	40.00 %	40.00 %	40.00 %
Interest in associates	2,742,832	2,239,198	51,244	63,083	336,744
Unrealized upstream and downstream transaction	(11,285)	–	–	–	(19,343)
Unentitled portion (Note a)	–	(331,407)	–	–	–
Carrying value	2,731,547	1,907,791	51,244	63,083	317,401

Note a: Unentitled portion represented the earnings from sales of the lands injected by Government in Chemical Industry that cannot be shared by other shareholders.

Summarized financial information for other associates

	2019 RMB' 000	2020 RMB' 000
Aggregate carrying value of investments at 31 December	45,022	75,094
Aggregate amounts of the group' s share of:		
Profit for the year	6,400	8,619
Total comprehensive income	6,400	8,619

Investment in joint ventures

	2019 RMB' 000	2020 RMB' 000
As at 1 January	229,868	235,294
Share of profit	44,779	46,663
Cash dividends distribution	(39,353)	(40,283)

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As at 31 December	235,294	241,674

The joint venture listed below has share capital consisting solely of ordinary shares, which is held directly by the Group as at 31 December 2019 and 31 December 2020.

As at 31 December 2020 and 31 December 2019	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measure-ment method
BOC	PRC	50.00	Production and sales of industrial gases	Equity
Shanghai Petrochemical Pressure Vessel Testing Center("JYJC")	PRC	50.00	Provide inspection and testing service	Equity
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	PRC	50.00	Production and sales of industrial gases	Equity

BOC, JYJC and Yangu Gas are private companies and there are no quoted market prices available for their shares.

Summarized financial information for joint ventures

Set out below are the summarized financial information for joint ventures which are accounted for using the equity method.

Summarized balance sheet for joint ventures

As at 31 December 2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	182,548	11,200	51,386
Other current assets (excluding cash)	64,837	9,557	12,565
Total current assets	247,385	20,757	63,951
Total current liabilities	(37,444)	(3,993)	(3,460)
Non-current			
Total non-current assets	181,372	1,937	36,972
Total non-current liabilities	(26,378)	–	–
Net assets	364,935	18,701	97,463

As at 31 December 2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	233,898	13,281	62,878
Other current assets (excluding cash)	67,809	6,077	11,812
Total current assets	301,707	19,358	74,690
Total current liabilities	(57,153)	(2,453)	(3,463)
Non-current			
Total non-current assets	147,717	1,800	26,066
Total non-current liabilities	(21,417)	–	–
Net assets	370,854	18,705	97,293

Summarized statement of comprehensive income for joint ventures

2018	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	423,160	21,542	58,679
Depreciation and amortization	(46,456)	–	(2,245)
Interest income	1,154	27	541

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Interest expense	–	–	–
Profit/(loss) from continuing operations	114,275	1,833	(2,518)
Income tax expense	(27,799)	(450)	–
Post-tax profit/(loss) from continuing operations	86,476	1,383	(2,518)
Other comprehensive income	–	–	–
Total comprehensive income/(loss)	86,476	1,383	(2,518)
Dividends declared by joint venture	73,000	64	–

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	414,374	29,290	55,302
Depreciation and amortization	(50,199)	–	(11,272)
Interest income	636	308	1,119
Interest expense	–	–	–
Profit from continuing operations	108,565	3,107	40
Income tax expense	(28,382)	(777)	–
Post-tax profit from continuing operations	80,183	2,330	40
Other comprehensive income	–	–	–
Total comprehensive income	80,183	2,330	40
Dividends declared by joint venture	77,800	906	–

2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	420,160	21,674	58,463
Depreciation and amortization	(45,756)	(350)	(8,313)
Interest income	2,246	304	1,483
Interest expense	–	–	–
Profit from continuing operations	108,677	2,279	1,830
Income tax expense	(26,290)	(177)	–
Post-tax profit from continuing operations	82,387	2,102	1,830
Other comprehensive income	–	–	–
Total comprehensive income	82,387	2,102	1,830
Dividends declared by joint venture	76,468	2,098	2,000

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group' s share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interest in material joint ventures

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	362,552	17,277	97,423
Profit for the year	80,183	2,330	40
Other comprehensive income	–	–	–
Declared dividends	(77,800)	(906)	–
Closing net assets	364,935	18,701	97,463
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	182,467	9,350	48,733
Unrealized downstream transactions	(5,256)	–	–
Carrying value	177,211	9,350	48,733

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2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	364,935	18,701	97,463
Profit for the year	82,387	2,102	1,830
Other comprehensive income	–	–	–
Declared dividends	(76,468)	(2,098)	(2,000)
Closing net assets	370,854	18,705	97,293
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	185,427	9,352	48,648
Unrealized downstream transactions	(1,753)	–	–
Carrying value	183,674	9,352	48,648

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Inventories

12 Months Ended
Dec. 31, 2020

Classes of current inventories [abstract]
Inventories

22 Inventories

	As at 31 December 2019			As at 31 December 2020		
	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000
Raw materials	4,567,648	–	4,567,648	2,569,136	–	2,569,136
Work in progress	1,072,040	(78,981)	993,059	696,227	(122,081)	574,146
Finished goods	1,022,335	(33,763)	988,572	591,485	(46,652)	544,833
Spare parts and consumables	247,873	(42,718)	205,155	260,431	(59,800)	200,631
	6,909,896	(155,462)	6,754,434	4,117,279	(228,533)	3,888,746

The cost of inventories recognized in Cost of sales amounted to RMB 53,622,798 thousands for the year ended 31 December 2020 (2019: RMB 78,595,380 thousands, 2018: RMB 82,981,590 thousands) which excluded an inventory provision of RMB 220,888 thousands (2019: RMB 70,178 thousands, 2018: RMB 86,003 thousands).

As at 31 December 2020, the provision for inventory write-down was RMB 228,533 thousands (31 December 2019: RMB 155,462 thousands). For the year ended 31 December 2020, the Group sold certain finished goods and utilized certain spare parts and consumables which were previously provided for. The related provision of RMB 147,817 thousands was reversed and included in Cost of sales in the consolidated income statement (2019: RMB 72,945 thousands, 2018: RMB 73,266 thousands).

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Financial Assets and Financial Liabilities	12 Months Ended Dec. 31, 2020
Financial assets and financial liabilities [abstract]	
Financial assets and financial liabilities	

23 Financial assets and financial liabilities

The Group holds the following financial instruments:

Financial assets	Note	As at 31 December 2019 RMB' 000	2020 RMB' 000
Financial assets at amortized cost			
Trade receivables	(a)	120,739	113,163
Other receivables	(a)	26,101	18,101
Amounts due from related parties excluded prepayments	(a)	1,521,187	1,065,539
Cash and cash equivalents	(b)	7,449,699	6,916,408
Time deposits with financial banks	(c)	5,020,073	11,092,283
Financial assets at fair value through other comprehensive income	(d)	1,545,921	1,212,114
Financial assets at fair value through profit or loss	(e)	3,318,407	–
Derivative financial assets		263	–
		19,002,390	20,417,608
Financial liabilities			
Financial liabilities at amortized cost			
Borrowings	(f)	1,547,600	1,548,000
Short-term bonds	(g)	–	3,017,811
Trade payables	(h)	2,142,402	1,294,138
Other payables	(h)	747,133	1,499,749
Bills payables	(h)	673,900	26,196
Amounts due to related parties excluded contract liabilities	(h)	5,708,394	3,655,724
Lease liabilities	16	22,043	12,471
Derivative financial liabilities		799	–
		10,842,271	11,054,089

The Company' s exposure to various risks associated with the financial instruments is discussed in Note 4. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(a) Trade and other receivables

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Trade receivables	120,739	113,797
Less: impairment provision	–	(634)
	120,739	113,163
Amounts due from related parties excluded prepayments (Note 29(c))	1,521,187	1,065,539
	1,641,926	1,178,702
Other receivables	26,240	18,240
Less: impairment provision	(139)	(139)
	26,101	18,101

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	1,668,027	1,196,803

For the year ended 31 December 2020, certain associates and joint ventures of the Group declared dividends with total amount of RMB 561,755 thousands to the Group (2019: RMB 594,868 thousands, 2018: RMB 811,473 thousands). As at 31 December 2019 and 31 December 2020, all these declared dividends had been received by the Group.

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

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

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Within 1 year	1,641,926	1,177,222
1-2 year	–	1,480
	1,641,926	1,178,702

Movements of the Group' s impairment provision for trade and other receivables are as follows:

	2019 RMB' 000	2020 RMB' 000
As at 1 January	198	139
Reversal of previous impairment losses	(59)	–
Provision for loss allowance recognized in profit or loss	–	634
As at 31 December	139	773

For the year ended 31 December 2020, the Group recovered previously written off receivables amounted to RMB 121,550 thousands due to the liquidation of Zhejiang Jin Yong Acrylic Fiber Company Limited, a former subsidiary of the Group (2019 and 2018: Nil).

As at 31 December 2019 and 31 December 2020, 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.

(b) Cash and cash equivalents

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Cash deposits with a related party (i)	67,015	5,667
Cash at bank and on hand	7,382,684	6,910,741
	7,449,699	6,916,408

(i) Cash deposits with a related party were cash deposits at Sinopec Finance Company Limited ("Sinopec Finance"), which is a financial institution.

(c) Time deposits with banks

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Time deposits with banks within one year	1,508,839	4,049,443

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Time deposits with banks above one year	3,511,234	7,042,840
	5,020,073	11,092,283

As at 31 December 2020, interest rates of time deposits with banks within one year ranged from 3.15% to 4.10% per annum (31 December 2019: 3.95% to 4.10% per annum), which were presented as current assets. Time deposits with banks above one year were time deposits of three years with the interest rates from 3.85% to 4.20% per annum, which were presented as non-current assets in the balance sheet (31 December 2019: 4.13% to 4.18% per annum).

(d) Financial assets at fair value through other comprehensive income

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Trade and bill receivables (i)	1,540,921	1,207,114
Equity investments (ii)	5,000	5,000
	1,545,921	1,212,114

(i) As at 31 December 2019 and 31 December 2020, certain trade receivables and bills receivable were classified as financial assets at FVOCI, as the Group' s business model is achieved both by collecting contractual cash flows and selling of these assets.

(ii) In July 2019, Toufa invested RMB 5,000 thousands in Shanghai Carbon Fiber Composites Innovation Research Institute Co., Ltd. to acquire 16.67% of its share.

(e) Financial assets at fair value through profit or loss

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Structured deposits	3,318,407	–

As at 31 December 2019, financial assets at fair value through profit or loss are mainly structured deposits with banks, which are presented as current assets since they are expected to be collected within 6 months from the end of the reporting period.

(f) Borrowings

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Credit loans due within one year		
- Short term bank loans	1,547,600	1,548,000

The weighted average interest rate for the Group' s borrowings was 2.79% for the year ended 31 December 2020 (2019: 3.35%, 2018: 3.63%).

As at 31 December 2020, no borrowings were secured by property, plant and equipment (31 December 2019: Nil).

(g) Short-term bonds

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Short-term bonds	–	3,017,811

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In August 2020, the Company issued 169-day short-term bonds of face value RMB 3,000,000 thousands to institutional investors in inter-bank bond market. The effective yield of the short-term bonds is 1.70% per annum.

(h) Trade and other payables

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Trade payables	2,142,402	1,294,138
Bills payables	673,900	26,196
Amounts due to related parties excluded contract liabilities	5,708,394	3,655,724
	8,524,696	4,976,058
Interest payable	1,686	1,246
Dividends payable	29,144	29,522
Construction payable	277,184	299,205
Other liabilities	439,119	1,169,776
	747,133	1,499,749
	9,271,829	6,475,807

As at 31 December 2019 and 31 December 2020, all trade and other payables of the Group were non-interest bearing, and their fair value approximated their carrying amounts due to their short maturities.
Majority of amount due to related parties were trade payable for purchasing crude oil from related parties.

As at 31 December 2019 and 31 December 2020, the ageing analysis of the trade payables (including bills payables and amounts due to related parties with trading nature) based on invoice date was as follows:

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Within one year	8,509,327	4,973,711
Between one and two years	11,209	1,973
Over two years	4,160	374
	8,524,696	4,976,058

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Other assets and assets classified as held for sale	12 Months Ended Dec. 31, 2020
Other assets and assets classified as held for sale [abstract]	
Other assets and assets classified as held for sale	**24Other assets and assets classified as held for sale**

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Prepayments	23,767	19,552
Prepayments to related parties	44,806	26,777
	68,573	46,329

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Contract liabilities

12 Months Ended
Dec. 31, 2020

Contract liabilities [abstract]

Contract liabilities

25 Contract liabilities

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Contract liabilities	655,117	495,404

The contract liabilities of the Group are advance for goods from customers. Revenue amounted to RMB 579,750 thousands has been recognized in the current year relates to carried‐forward contract liabilities (2019: RMB 446,702 thousands, 2018: RMB 465,706 thousands).

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Deferred Income	12 Months Ended Dec. 31, 2020
Accruals and deferred income [abstract]	
Deferred income	**26Deferred income**

	2019 RMB' 000	2020 RMB' 000
As at 1 January	10,442	10,005
Additions	–	3,865
Amortization	(437)	(437)
As at 31 December	10,005	13,433

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Share Capital

12 Months Ended
Dec. 31, 2020

Disclosure of classes of share capital [abstract]

Share capital

27 Share capital

	Ordinary A shares listed in PRC RMB' 000	Foreign invested H shares listed overseas RMB' 000	Total RMB' 000
As at 31 December 2020 and 31 December 2019	7,328,814	3,495,000	10,823,814

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Reserves

12 Months Ended
Dec. 31, 2020

Disclosure of reserves within equity [abstract]

Reserves

28 Reserves

	Legal surplus RMB' 000	Capital surplus RMB' 000	Surplus reserve RMB' 000	Other reserve RMB' 000	Hedging RMB' 000	Share premium RMB' 000	Safety production fund RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2019	4,072,476	13,739	101,355	10,389	–	106,846	57,135	15,160,309	19,522,249
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,215,728	2,215,728
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Appropriation of safety production fund	–	–	–	–	–	–	2	(2)	–
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	13,739	101,355	17,838	–	106,846	57,137	14,670,083	19,039,474
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	645,072	645,072
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,460	(88,460)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	13,739	101,355	6,326	–	106,846	145,597	13,927,837	18,374,176

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Related Party Transactions

12 Months Ended
Dec. 31, 2020

Disclosure of transactions between related parties [abstract]

Related party transactions

29 Related party transactions

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

Names of related parties	Relationship with the Company
Sinopec Group	Ultimate parent company
JYJC	Joint venture of the Group
BOC	Joint venture of the Group
Yangu Gas	Joint venture of the Group
Azbil	Associate of the Group
Chemical Industry	Associate of the Group
Jinsen	Associate of the Group
Secco	Associate of the Group
Shanghai Chemical Industry Park Logistics Company Limited	Associate of the Group
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Associate of the Group
Shanghai Nam Kwong Petro-Chemical Company Limited	Associate of the Group
Shidian Energy	Associate of the Group
Pinghu Port	Associate of the Group
Anqing Refinery Shuguang Oxo Company Limited	Subsidiary of the immediate parent company
BASF Gao-Qiao Performance Chemicals (Shanghai) Company Limited	Subsidiary of the immediate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
China Petrochemical International (Nanjing) Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Beijing Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Ningbo Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Shanghai Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Tianjin Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Wuhan Company Limited	Subsidiary of the immediate parent company
China Petrochemical Technology Company Limited	Subsidiary of the immediate parent company
China Yanshan United Foreign Trade Co., Ltd.	Subsidiary of the immediate parent company
Dalian Frip Science and Technology Company Limited	Subsidiary of the immediate parent company
Epec Commercial Factoring Company Limited	Subsidiary of the immediate parent company
Epec E-commerce Co., Ltd.	Subsidiary of the immediate parent company
Fujian Gulei Petrochemical Company Limited	Subsidiary of the immediate parent company
Fujian Refining & Petrochemical Company Limited (FREP)	Subsidiary of the immediate parent company
Nanjing Yangzi Petrochemical Rubber Company Limited	Subsidiary of the immediate parent company

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Ningbo Minggang Gas Company Limited	Subsidiary of the immediate parent company
Ningbo Eastsea Linefan Technology Company Limited	Subsidiary of the immediate parent company
Petro-CyberWorks Information Technology Company Limited	Subsidiary of the immediate parent company
Qingdao Sinosun Management System Certification Center Company Limited	Subsidiary of the immediate parent company
Rizhao Shihua Crude Oil Terminal Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Jinshan Trading Corporation	Subsidiary of the immediate parent company
Shanghai KSD Bulk Solids Engineering Company Limited	Subsidiary of the immediate parent company
Shanghai Leader Catalyst Company Limited	Subsidiary of the immediate parent company
Shengli Oil Field Exploration And Development Research Institute	Subsidiary of the immediate parent company
Sinopec Baling Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Research Institute of Chemical Industry	Subsidiary of the immediate parent company
Sinopec Catalyst Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Dalian (Fushun) Research Institute of Petroleum and Petrochemicals	Subsidiary of the immediate parent company
Sinopec Europe Company Limited	Subsidiary of the immediate parent company
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the immediate parent company
Sinopec International (Singapore) Pte. Ltd.	Subsidiary of the immediate parent company
Sinopec Japan Company Limited	Subsidiary of the immediate parent company
Sinopec Lubricant Co., Ltd. Shanghai Research Institute	Subsidiary of the immediate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the immediate parent company
Sinopec Materials & Equipment (East China) Company Limited	Subsidiary of the immediate parent company
Sinopec Nanguang (Shanghai) Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petroleum Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Refinery Product Sales Company Limited	Subsidiary of the immediate parent company
Sinopec Research Institute of Petroleum Processing	Subsidiary of the immediate parent company
Sinopec Safety Engineering Institute	Subsidiary of the immediate parent company
Sinopec Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Research Institute of Petrochemical Technology	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yangzi Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yizheng Chemical Fibre Company Limited	Subsidiary of the immediate parent company
Sinopec Zhongyuan Petrol-Chemical Industry Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Company Limited	Subsidiary of the immediate parent company
Sinopec Nanjing Valve Supply Reserve Centers	Subsidiary of the immediate parent company
Sinopec Qingdao Refining&Chemical Company Limited	Subsidiary of the immediate parent company

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Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the immediate parent company
Unipec (Ningbo) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec America, Inc	Subsidiary of the immediate parent company
Unipec Singapore	Subsidiary of the immediate parent company
Zhoushan Shihua Crude Oil Terminal Company Limited	Subsidiary of the immediate parent company
BASF-YPC Company Limited	Joint venture of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Limited Company	Joint venture of the immediate parent company
Shanghai Changshi Shipping Co., Ltd.	Subsidiary of the ultimate parent company
Beijing Petrochemical Engineering Consulting Company Limited	Subsidiary of the ultimate parent company
Beijing Shihua Hotel	Subsidiary of the ultimate parent company
Beijing Victory Hotel Company Limited	Subsidiary of the ultimate parent company
China Petrochemical Press Company Limited	Subsidiary of the ultimate parent company
Jiangsu Jinling Opta Polymer Company Limited	Subsidiary of the ultimate parent company
National Petrochemical Project Risk Assessment Technology Center	Subsidiary of the ultimate parent company
Petrochemical Engineering Quality Supervision Centre	Subsidiary of the ultimate parent company
Shanghai Petrochemical Machinery Manufacture Limited Company	Subsidiary of the ultimate parent company
Shanghai Petrochemical Seawall Management Office	Subsidiary of the ultimate parent company
Shanghai Sanopec Company Limited	Subsidiary of the ultimate parent company
Sinopec Consulting Company Limited	Subsidiary of the ultimate parent company
Sinopec Economics & Development Research Institute	Subsidiary of the ultimate parent company
Sinopec Energy Saving Technology Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Engineering Incorporation	Subsidiary of the ultimate parent company
Sinopec Finance	Subsidiary of the ultimate parent company
Sinopec Group Shanghai Training Center	Subsidiary of the ultimate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Management Institute	Subsidiary of the ultimate parent company
Sinopec Nanjing Chemical Industries Company Limited	Subsidiary of the ultimate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec News	Subsidiary of the ultimate parent company
Sinopec Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited	Subsidiary of the ultimate parent company
Sinopec Shanghai Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Shared Services Company Limited	Subsidiary of the ultimate parent company
Sinopec Tendering Company Limited	Subsidiary of the ultimate parent company
Sinopec Zhongyuan Oilfield	Subsidiary of the ultimate parent company
Sinopec (Shenzhen) E-Commerce Company Limited	Subsidiary of the ultimate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Tenth Construction Company of Sinopec	Subsidiary of the ultimate parent company

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Yihua Tory Polyester Film Company Limited	Subsidiary of the ultimate parent company
Shaoxing Huabin Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Petrochemical Management Cadre College	Subsidiary of the ultimate parent company
Zhongan United Coal Chemical Co., Ltd.	Subsidiary of the ultimate parent company
China Economicbooks Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Shengli Petroleum Administration Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Jiangsu Petroleum Exploration Bureau Co., Ltd. Yangzhou Science and Industry Lianchuang Branch	Subsidiary of the ultimate parent company
Sinopec Group Baichuan Economic and Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Asset Management Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Nanjing Research Institute of Chemical Industry Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Petroleum Engineering Geophysics Ltd.	Subsidiary of the ultimate parent company
Beijing Yanshan Petrochemical Special Equipment Inspection Co., Ltd.	Subsidiary of the ultimate parent company

The following is a summary of significant balances and transactions between the Group and its related parties except for the dividends received as disclosed in the forgoing Note 21.

(a) Most of the transactions undertaken by the Group during the year ended 31 December 2020 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.

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 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).

Transactions between the Group and Sinopec Corp., its subsidiaries and joint ventures were as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of petroleum products	49,209,765	50,354,162	39,879,549
Sales other than petroleum products	7,112,332	8,642,514	6,790,568
Purchases of crude oil	44,175,644	43,886,966	27,934,926

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Purchases other than crude oil	8,996,814	9,579,239	9,937,862
Sales commissions	139,837	125,619	104,598
Rental income	29,551	31,972	32,829

(b) Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group were as follows:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of goods and service fee income			
- Sinopec Group and its subsidiaries	11,486	7,724	14,870
- Associates and joint ventures of the Group	4,130,295	2,843,909	2,019,997
	4,141,781	2,851,633	2,034,867
Purchase			
- Sinopec Group and its subsidiaries	2,253,446	1,918,873	832,617
- Associates and joint ventures of the Group	3,982,729	4,579,969	3,648,667
	6,236,175	6,498,842	4,481,284
Insurance premiums expenses			
- Sinopec Group and its subsidiaries	121,329	108,223	107,495
Lease expenses			
- Sinopec Group and its subsidiaries	59,160	–	–
Depreciation of right-of-use assets			
- Sinopec Group and its subsidiaries	–	80,552	9,388
- Joint ventures of the Group	–	88	155
	–	80,640	9,543
Interest expense of lease liabilities			
- Sinopec Group and its subsidiaries	–	2,285	205
- Joint ventures of the Group	–	19	8
	–	2,304	213
Loans borrowed			
- Sinopec Finance	50,000	–	–
Interest income			
- Sinopec Finance	610	1,295	2,088
Loans repayment			
- Sinopec Finance	50,000	–	–
Interest expense			
- Sinopec Finance	1,326	–	–
Construction and installation cost			
- Sinopec Group and its subsidiaries	109,146	143,560	233,591
Rental income			
- Associates and joint ventures of the Group	–	11,370	15,577
- Sinopec Group and its subsidiaries	–	461	464
	–	11,831	16,041

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 Note 29(a) and 29(b) were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

(c) The relevant amounts due from/to Sinopec Corp., its subsidiaries and joint venture, Sinopec Group and its subsidiaries, associates and joint ventures of the Group, arising from purchases, sales and other transactions as disclosed in Note 29(a) and 29(b), are summarized as follows:

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	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Amounts due from related parties		
- Sinopec Corp., its subsidiaries and joint ventures	1,505,836	1,054,127
- Associates and joint ventures of the Group	60,157	38,189
	1,565,993	1,092,316
Amounts due to related parties		
- Sinopec Corp., its subsidiaries and joint ventures	4,756,382	2,505,532
- Associates and joint ventures of the Group	749,459	889,035
- Sinopec Group and its subsidiaries	202,553	262,274
	5,708,394	3,656,841
Lease liabilities		
- Sinopec Group and its subsidiaries	15,571	8,453
- Joint ventures of the Group	698	574
	16,269	9,027
Cash deposits, maturing within 3 months		
- Sinopec Finance	67,015	5,667

(d) As at 31 December 2019 and 31 December 2020, cash deposits with Sinopec Finance were at an interest rate of 0.35% per annum.

(e) Key management personnel compensation and post-employment benefit plans

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:

	Year ended 31 December		
	2018	2019	2020
	RMB' 000	RMB' 000	RMB' 000
Short-term employee benefits	7,561	9,120	9,859
Post-employment benefits	159	225	441
	7,720	9,345	10,300

(f) Contributions to defined contribution retirement plans

The Group participates in defined contribution retirement plans organized by municipal governments for its staff. The contributions to defined contribution retirement plans are as follows:

	Year ended 31 December		
	2018	2019	2020
	RMB' 000	RMB' 000	RMB' 000
Municipal retirement scheme costs	262,728	258,328	199,196
Supplementary retirement scheme costs	75,312	125,370	142,877

As at 31 December 2019 and 31 December 2020, there was no material outstanding contribution to the above defined contribution retirement plans.

(g) Transactions with other state-owned entities in the PRC

The Group is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government (collectively

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referred to as "state-controlled entities") through its government authorities, agencies, affiliations and other organizations.

Apart from transactions with related parties, the Group has transactions with other state-controlled entities which include, but are not limited to, the following:

sales and purchases of goods and ancillary materials;

rendering and receiving services;

lease of assets, purchase of property, plant and equipment;

placing deposits and obtaining finance; and

use of public utilities

These transactions are conducted in the ordinary course of the Group' s business on terms comparable to those with other entities that are not state controlled. The Group has established its procurement policies, pricing strategy and approval process for purchases and sales of products and services which do not depend on whether the counterparties are state-controlled entities or not.

(h) Commitments with related parties

Construction and installation cost

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Sinopec Group and its subsidiaries	156,309	145,959

(i) Investment commitments with related parties

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Capital contribution to Shanghai Secco (i)	111,263	111,263
Capital contribution to Shidian Energy (ii)	80,000	80,000
	191,263	191,263

(i) Pursuant to the resolution of the 18th meeting of the 7th term of Board of Directors on 5 December 2013, the Group was approved to make capital contribution of USD 30,017 thousands (RMB 182,804 thousands equivalent) to Shanghai Secco, an associate of the Group. As at 31 December 2020, the Company has contributed RMB 71,541 thousands to Shanghai Secco. According to the approval by Shanghai Municipal Commission of Commerce as issued on 19 October 2015, the rest of the capital contribution to Shanghai Secco should be within 50 years starting from its registration date.

(ii) Pursuant to the articles of association of Shidian Energy in August 2019, Toufa agreed to make capital contribution of RMB 400,000 thousands to acquire 40% share of Shidian Energy. As at 31 December 2020, Toufa has contributed RMB 320,000 thousands to Shidian Energy, and the rest of the capital contribution to Shidian Energy should be paid before January 2022 in accordance with the agreement.

Except for the above disclosed in Note 29(h) and 29(i), the Group had no other material commitments with related parties as at 31 December 2020, which are contracted, but not included in the financial statements.

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Dividend	12 Months Ended Dec. 31, 2020
Dividend [abstract]	
Dividend	

30 Dividend

An annual dividend in respect of the year ended 31 December 2020 of RMB 0.1 per share, amounting to a total dividend of RMB 1,082,381 thousands, was approved by the Board of Directors on 24 March 2021. This financial statement has not reflected such dividend payable.

An annual dividend in respect of the year ended 31 December 2019 of RMB 0.12 per share, amounting to a total dividend of RMB 1,298,858 thousands, was approved by the Board of Directors on 25 March 2020.

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Cash Generated from Operations	12 Months Ended Dec. 31, 2020
Cash flows from (used in) operating activities [abstract]	
Cash generated from operations	

31 Cash generated from operations

Reconciliation of profit before income tax to cash used in operation:

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Adjustment items:			
Interest income	(443,661)	(398,176)	(339,505)
Share of profit of investments accounted for using the equity method	(885,597)	(972,593)	(724,740)
(Gains)/losses on disposal of subsidiary	(1,622)	60,951	–
Net (gains)/losses on foreign exchange option and forward exchange contracts	(14,519)	12,315	376
Gains from structured deposits	(19,811)	(85,444)	(114,283)
Payments for sale of financial assets at fair value through other comprehensive income	–	19,513	9,513
Interest expense	35,574	53,784	64,169
Foreign exchange losses/(gains)	18,034	(18,571)	5,514
Depreciation of property, plant and equipment	1,550,924	1,507,804	1,553,039
Depreciation of investment property	14,527	14,694	15,184
Depreciation of right-of-use assets	–	101,998	32,653
Amortization of lease prepayments and other non-current assets	242,162	214,292	226,263
Impairment loss on property, plant, equipment and construction in progress	82,652	486	87,570
(Gains)/losses on disposal of property, plant and equipment and other long-term assets-net	(172,508)	(158,551)	1,212
Share-based payment	(13,004)	–	–
Profit on operation before change of working capital	7,201,272	3,008,630	1,407,743
(Increase)/decrease in inventories	(1,523,277)	1,366,441	2,865,687
(Increase)/decrease in operation receivables	(469,339)	(92,354)	308,333
Increase/(decrease) in operation payables	2,767,557	(487,877)	(1,008,800)
Increase/(decrease) in balances to related parties-net	525,286	1,860,836	(1,577,876)

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Cash generated from operating activities	8,501,499	5,655,676	1,995,087

(a) Reconciliation of liabilities arising from financing activities

	Borrowings RMB' 000	Lease liabilities RMB' 000	Short-term bonds RMB' 000	Total RMB' 000
As at 31 December 2018	497,249	76,731	–	573,980
Financing cash flows	1,059,892	(89,124)	–	970,768
Addition of lease liabilities	–	34,436	–	34,436
Foreign exchange movements	(9,541)	–	–	(9,541)
As at 31 December 2019	1,547,600	22,043	–	1,569,643
Financing cash flows	(2,456)	(15,586)	2,998,469	2,980,427
Addition of lease liabilities	–	6,014	–	6,014
Foreign exchange movements	2,856	–	–	2,856
As at 31 December 2020	1,548,000	12,471	2,998,469	4,558,940

(b) In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net book amount	37,614	23,113	60,854
Losses/(gains) on disposal of property, plant and equipment - net	172,508	44,390	(1,212)
Net proceeds from disposal of property, plant and equipment	210,122	67,503	59,642

(c) Non-cash investing activities

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Purchase of non-current assets settled by bills	50,110	73,812	65,800

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Commitments

	12 Months Ended Dec. 31, 2020
Commitments [abstract]	
Commitments	**32Commitments**

Capital commitments

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Property, plant and equipment		
Contracted but not provided for	247,220	585,870

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Subsequent Event	12 Months Ended Dec. 31, 2020
Subsequent event [abstract]	
Subsequent event	**33 Subsequent event** A dividend in respect of the year ended 31 December 2020 of RMB 0.1 per share, amounting to a total dividend of RMB 1,082,381 thousands, was proposed by the Board of Directors on 24 March 2021.

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Balance Sheet and Reserve Movement of the Company

12 Months Ended Dec. 31, 2020

Balance sheet and reserve movement of the Company [abstract]

Balance sheet and reserve movement of the Company

34 Balance sheet and reserve movement of the Company

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Assets		
Non-current assets		
Property, plant and equipment	11,101,389	11,279,484
Right-of-use assets	319,434	296,371
Investment properties	397,573	396,676
Construction in progress	1,814,985	1,694,937
Investments in subsidiaries	1,848,328	2,048,328
Investments accounted for using the equity method	4,476,683	4,594,451
Deferred tax assets	138,648	238,040
Time deposits with banks	3,511,234	7,042,840
Other non-current assets	455,391	402,304
	24,063,665	27,993,431
Current assets		
Inventories	6,368,389	3,685,456
Financial assets at fair value through other comprehensive income	669,889	735,262
Financial assets at fair value through profit or loss	3,318,407	–
Trade receivables	2,114	1,484
Other receivables	12,627	6,447
Prepayments	3,099	6,559
Amounts due from related parties	1,354,793	975,952
Cash and cash equivalents	5,754,440	5,460,067
Time deposits with banks	1,508,839	4,049,441
	18,992,597	14,920,668
Total assets	43,056,262	42,914,099

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	10,823,814	10,823,814
Reserves (a)	18,620,152	17,697,677
Total equity	29,443,966	28,521,491
Liabilities		
Non-current liabilities		
Lease liabilities	8,860	1,911
Deferred income	10,005	13,433
	18,865	15,344
Current liabilities		
Borrowings	1,500,000	1,500,000
Short-term bonds	–	3,017,811
Lease liabilities	10,059	7,897
Contract liabilities	597,688	423,838
Trade and other payables	2,420,912	2,287,762
Amounts due to related parties	5,104,639	3,507,497
Current tax liabilities	3,558,441	3,392,922
Staff salaries and welfares payable	183,912	239,537
Income tax payable	217,780	–
	13,593,431	14,377,264
Total liabilities	13,612,296	14,392,608
Total equity and liabilities	43,056,262	42,914,099

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The balance sheet of the Company was approved by the Board of Directors on 28 April 2021 and were signed on its behalf.

Wu Haijun	**Du Jun**
Chairman	Vice General Manager and Chief Financial Officer

(a) Reserve movement of the Company

	Legal Surplus RMB' 000	Capital surplus RMB' 000	Surplus reserve RMB' 000	Other reserve RMB' 000	Hedging RMB' 000	Share premium RMB' 000	Safety production fund RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2019	4,072,476	4,180	101,355	10,389	–	106,846	57,135	14,965,864	19,318,245
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,000,410	2,000,410
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	4,180	101,355	17,838	–	106,846	57,135	14,260,322	18,620,152
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	387,895	387,895
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,462	(88,462)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	4,180	101,355	6,326	–	106,846	145,597	13,260,897	17,697,677

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Benefits and Interests of Directors and Supervisors

12 Months Ended Dec. 31, 2020

Benefits and interests of directors and supervisors [abstract]

Benefits and interests of directors and Supervisors

35 Benefits and interests of directors and supervisors

(i) Directors' and supervisors' emoluments:

	2018				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun (a)	393	19	910	–	1,322
Shi Wei (b)	84	6	58	–	148
Jin Qiang	226	19	523	–	768
Guo Xiaojun	216	19	518	–	753
Zhou Meiyun	185	19	498	–	702
Jin Wenmin (c)	187	19	528	–	734
Gao Jinping (d)	215	12	549	–	776
Independent non-executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	274	14	288	–	576
Zuo Qiang	135	17	411	–	563
Li Xiaoxia	143	16	418	–	577
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,258	160	4,701	600	7,719

(a) Resigned general manager in September 2018 while other titles remained.
(b) Appointed in September 2018.
(c) Appointed in June 2018.
(d) Resigned in September 2018.

	2019				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun	343	26	557	–	926
Shi Wei (a)	329	26	797	–	1,152
Jin Qiang	289	26	745	–	1,060
Guo Xiaojun (b)	283	26	751	–	1,060
Zhou Meiyun	248	26	709	–	983
Jin Wenmin	260	26	721	–	1,007

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Independent non- executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	267	22	685	–	974
Zuo Qiang (c)	102	15	324	–	441
Li Xiaoxia (d)	102	14	529	–	645
Zhang Feng (e)	31	9	107	–	147
Chen Hongjun (f)	34	9	110	–	153
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,488	225	6,035	600	9,348

(a) Resigned in December 2019.
(b) Resigned in December 2019.
(c) Resigned in September 2019.
(d) Resigned in September 2019.
(e) Appointed in October 2019.
(f) Appointed in October 2019.

	2020				
	Salaries and other benefits RMB' 000	**Retirement scheme contributions RMB' 000**	**Discretionary bonus RMB' 000**	**Fees RMB' 000**	**Total RMB' 000**
Executive Directors					
Wu Haijun	359	44	799	–	1,202
Guan Zemin (a)	367	41	397	–	805
Jin Qiang	354	44	716	–	1,114
Jin Wenmin	250	44	721	–	1,015
Huang Xiangyu (b)	275	39	440	–	754
Huang Fei (c)	217	39	426	–	682
Zhou Meiyun (d)	181	33	668	–	882
Non- executive directors					
Xie Zhenglin (e)	–	–	–	–	–
Peng Kun (f)	96	25	246	–	367
Independent non- executive directors					
Li Yuanqin	–	–	–	150	150
Tang Song (g)	–	–	–	75	75
Chen Haifeng (h)	–	–	–	75	75
Yang Jun (i)	–	–	–	75	75
Gao Song (j)	–	–	–	75	75
Zhang Yimin (k)	–	–	–	75	75
Liu Yunhong (l)	–	–	–	75	75
Du Weifeng (m)	–	–	–	75	75
Supervisors					
Ma Yanhui	332	42	720	–	1,094
Zhang Feng	148	40	485	–	673
Chen Hongjun	159	38	485	–	682

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Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,938	429	6,103	675	10,145

(a) Appointed in February 2020.
(b) Appointed in June 2020.
(c) Appointed in June 2020.
(d) Resigned in September 2020.
(e) Appointed in June 2020.
(f) Appointed in June 2020.
(g) Appointed in June 2020.
(h) Appointed in June 2020.
(i) Appointed in June 2020.
(j) Appointed in June 2020.
(k) Resigned in June 2020.
(l) Resigned in June 2020.
(m) Resigned in June 2020.

(ii) Directors' retirement benefits

No specific retirement benefits were paid to directors in respect of services in connection with the management of the affairs of the company or its subsidiary undertaking (2019 and 2018: Nil).

(iii) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group' s business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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Summary of Significant Accounting Policies (Policies)	12 Months Ended Dec. 31, 2020
Summary of significant accounting policies [abstract]	
Basis of preparation	

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group' s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

2.1.1Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Definition of Material – Amendments to IAS 1 and IAS 8

Definition of a Business – Amendments to IFRS 3

Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7

Revised Conceptual Framework for Financial Reporting

Covid-19-related Rent Concessions – Amendments to IFRS 16

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group:

IFRS 17 'Insurance Contracts' , effective for the accounting period beginning on or after 1 January 2023;

Classification of Liabilities as Current or Non-current – Amendments to IAS 1, effective for the accounting period beginning on or after 1 January 2023;

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16, effective for the accounting period beginning on or after 1 January 2022;

Reference to the Conceptual Framework – Amendments to IFRS 3, effective for the accounting period beginning on or after 1 January 2022;

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37, effective for the accounting period beginning on or after 1 January 2022;

Annual Improvements to IFRS Standards 2018 – 2020 Cycle, effective for the accounting period beginning on or after 1 January 2022;

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Interest rate benchmark (IBOR) reform – phase 2, effective for the accounting period beginning on or after 1 January 2021, and

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28, effective date has not been finalized.

These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Subsidiaries

2.2 Subsidiaries

2.2.1Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

fair values of the assets transferred

liabilities incurred to the former owners of the acquired business

equity interests issued by the Group

fair value of any asset or liability resulting from a contingent consideration arrangement, and

fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest' s proportionate share of the acquired entity' s net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

consideration transferred,

amount of any non-controlling interest in the acquired entity, and

acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity' s incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer' s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in the income statement.

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Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated income statement, statement of comprehensive income and changes in equity respectively.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the income statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

2.2.2Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee' s net assets including goodwill.

Investments in joint ventures and associates are accounted for using the equity method of accounting.

Associates

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor' s share of the profit or loss of the investee after the date of acquisition. The Group' s investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group' s share of the net fair value of the associate' s identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

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The Group' s share of post-acquisition profit or loss is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group' s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to share of net profit of associates and joint ventures accounted for using the equity method in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group' s financial statements only to the extent of unrelated investor' s interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognized in the income statement.

Joint arrangements

2.4 Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group' s share of the post-acquisition profits or losses and movements in other comprehensive income. The Group' s investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group' s share of the net fair value of the joint venture' s identifiable assets and liabilities is accounted for as goodwill. When the Group' s share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group' s interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

Segment reporting

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Foreign currency translation

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group' s entities are measured using the currency of the primary economic environment in which the entity operates ("the

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functional currency"). The consolidated financial statements are presented in RMB, which is the Company' s functional and the Group' s presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within Finance income or expenses. All other foreign exchange gains and losses are presented in the income statement within Other gains - net.

Property, plant and equipment

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset' s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	12-40 years
Plant and machinery	12-20 years
Vehicles and other equipment	4-20 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset' s carrying amount is written down immediately to its recoverable amount if the asset' s carrying amount is greater than its estimated recoverable amount (Note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other gains - net in the income statement.

Construction in progress

2.8 Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less government grants that compensate the Company for the cost of construction, and impairment losses. Cost comprises direct costs of construction as well as interest charges, and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the period of construction. Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Investment properties

2.9 Investment properties

Investment properties are properties which are owned either to earn rental income and/or for capital appreciation.

Investment properties are stated in the balance sheet at cost less accumulated depreciation and impairment losses (Note 2.11). Depreciation is provided over their estimated useful lives on a straight-line basis, after taking into account their estimated residual values. Estimated useful lives of the Group' s investment properties are 30-40 years.

Other non-current assets

2.10Other non-current assets

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Other non-current assets mainly represent patents and catalysts used in production. These assets are carried at cost less accumulated amortization and impairment losses. Other non-current assets are amortized on a straight-line basis over the respective periods of the rights and the estimated useful lives of the catalysts, as follows:

Patents	10-28 years
Catalyst	2-5 years

Impairment of non-financial assets

2.11Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset' s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset' s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Investments and financial assets

2.12Investments and financial assets

2.12.1 Classification

The Group classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and

those to be measured at amortized cost.

The classification depends on the Group' s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the income statement or other comprehensive income ("OCI"). For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.12.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.12.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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Subsequent measurement of debt instruments depends on the Group' s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the income statement and presented in Other gains - net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in the income statement. When the financial asset is derecognized, the cumulative gains or losses previously recognized in OCI is reclassified from equity to the income statement and recognized in Other gains - net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in Other gains - net and impairment expenses are presented as separate line item in the consolidated income statement.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in the income statement and presented net within Other gains - net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group' s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss when the Group' s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in Other gains - net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.12.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For financial instruments that have low credit risk at the balance sheet date, except for receivables related to revenue, the Group assumes that there is no significant increase in credit risk since the initial recognition, on first stage, and measures the loss allowance at an amount equal to 12-month expected credit losses. If there has been a significant increase in credit risk or credit impairment has occurred since the initial recognition of a financial instrument, on second stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognizes a loss allowance at an amount equal to lifetime expected credit losses.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 4.1(b) for further details.

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Offsetting financial instruments

2.13Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derivative and hedging activities

2.14Derivative and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in Note 4.1(a). Movements in the hedging reserve in shareholders' equity are shown in Note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the income statement, within Other gains – net.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognized in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognized within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognized in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognized within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the income statement, as follows:

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Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognized in the income statement as the hedged item affects profit or loss (for example through cost of sales).

The gain or loss relating to the effective portion of the interest rate swaps hedging variable borrowings is recognized in the income statement within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to Other gains – net.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the income statement and are included in Other gains – net.

Assets classified as held for sale

2.15Assets classified as held for sale

Assets, including non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable within 12 months. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the asset that is classified as held for sale (or disposal group) is recognized at the date of derecognition.

The assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Assets classified as held for sale are presented separately in current assets of the balance sheet.

Inventories

2.16Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and the related taxes.

Trade receivables and other receivables

2.17Trade receivables and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade receivables and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables and other receivables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method, less

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allowance for impairment. See Note 2.12.4 for a description of the Group' s impairment policies.

Cash and cash equivalents

2.18Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the balance sheet.

Share capital

2.19Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Safety production fund

2.20Safety production fund

Under China' s law and regulation, the Group is required to accrue safety production fund at a certain percentage of the sales of dangerous goods. The fund is earmarked for improving the safety of production. The fund is accrued from retained earnings to other reserves and converted back to retained earnings when used.

Trade and other payables

2.21Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method.

Borrowings

2.22Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs

2.23Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

Current and deferred income tax

2.24Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company' s subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate' s undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Employee benefits

2.25Employee benefits

(a) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of

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their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group' s future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Share-based payment

2.26Share-based payment

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

including any market performance conditions such as an entity' s share price;

excluding the impact of any service and non-market performance vesting conditions such as profitability, sales growth targets and remaining an employee of the entity over a specified time period; and

including the impact of any non-vesting conditions such as the requirement for employees to save or holding shares for a specified period of time.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(b) Share-based payment transactions among Group entities

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

Provisions

2.27Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties

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and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Revenue recognition

2.28Revenue recognition

(i) Sales of petroleum and chemical products

The Group manufactures and sells petroleum and chemical products. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Advance from customers but goods not yet delivered is recorded as contract liabilities and is recognized as revenues when a customer obtains control over the relevant goods.

Revenue excludes value added tax and is after deduction of any estimated trade discounts.

The Group has elected to apply the practical expedient that contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred. The Group also applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(b) Overseas shipping services

The Group arranges overseas shipping services for the customer and revenue is recognized over time and based on the actual shipping service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual passages of time (days) relative to the total expected shipping days.

Interest income

2.29Interest income

Interest income from financial assets at FVPL is included in Other gains - net, see Note 9 below. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated income statement as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as Finance income where it is earned from financial assets that are held for cash management purposes, see Note 10 below.

Dividend income

2.30Dividend income

Dividend income is recognized when the right to receive payment is established.

Government grants

2.31Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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Government grants relating to costs are deferred and recognized in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in the income statement over the useful life of the asset by way of reduced depreciation expense.

Leases

2.32Leases

The Group has changed its accounting policy for leases from 1 January 2019. The impact of the change is described in Note 3.

The Group leases various land, buildings, equipment, vehicles and others. Rental contracts of buildings, equipment, vehicles and others are typically made for fixed periods of 1 to 30 years. Rental contracts of land use rights are typically made for fixed periods of 30 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases were classified as either finance leases or operating leases. From 1 January 2019, leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee' s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,

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any initial direct costs, and

restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset' s useful life and the lease term on a straight-line basis, as follows:

Land use rights	30-50 years
Buildings	1-30 years
Equipment	1-2 years
Vehicles and others	1-5 years

Payments associated with short-term leases of equipment and vehicles are recognized on a straight-line basis as an expense in the income statement. Short-term leases are leases with a lease term of 12 months or less. A single discount rate was applied to the portfolio of the leases with reasonably similar characteristics.

Until 31 December 2018, leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the income statement on a straight-line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard. The respective leased assets are included in the balance sheet bases on their nature.

Dividend distribution

2.33Dividend distribution

Dividend distribution to the Company' s shareholders is recognized as a liability in the Group' s financial statements in the period in which the dividends are approved by the Company' s shareholders.

Research and development costs

2.34Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

it is technically feasible to complete the research and development project so that it will be available for use or sale;

management intends to complete the research and development project, and use or sell it;

it can be demonstrated how the research and development project will generate economic benefits;

there are adequate technical, financial and other resources to complete the development and the ability to use or sell the research and development project; and

the expenditure attributable to the research and development project during its development phase can be reliably measured.

Other research and development expenditure that do not meet these criteria are recognized as an expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Related parties

2.35Related parties

(a) A person, or a close member of that person' s family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

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(iii) is a member of the key management personnel of the Group or the Group' s parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (i).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Rounding of amounts

2.36 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

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Summary of Significant Accounting Policies (Tables)	12 Months Ended Dec. 31, 2020
Disclosure of initial application of standards or interpretations [line items]	
Summary of estimated useful lives of property, plant and equipment	
Buildings	12-40 years
Plant and machinery	12-20 years
Vehicles and other equipment	4-20 years
Summary of estimated useful lives of other non-current assets	
Patents	10-28 years
Catalyst	2-5 years
Previously stated [member]	
Disclosure of initial application of standards or interpretations [line items]	
Summary of estimated useful lives of other non-current assets	
Land use rights	30-50 years
Buildings	1-30 years
Equipment	1-2 years
Vehicles and others	1-5 years

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Changes in Accounting Policies (Tables) - IFRS 16 [member]

12 Months Ended

Dec. 31, 2020

Disclosure of initial application of standards or interpretations [line items]

Measurement of lease liabilities

	RMB' 000
Operating lease commitments disclosed as at 31 December 2018	84,746
Discounted using the lessee' s incremental borrowing rate of at the date of initial application	77,046
(Less): short-term leases recognized on a straight-line basis as expense	(315)
Lease liability recognized as at 1 January 2019	76,731
Of which are:	
Current lease liabilities	74,093
Non-current lease liabilities	2,638

Impact on segment disclosures

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Addition to allocated assets		
Synthetic fibres	9,047	168
Resins and plastics	50,006	12,252
Intermediate petrochemicals	46,320	1,886
Petroleum products	236,531	291,723
Trading of petrochemical products	13	102,296
Others	1,943	2,476
	343,860	410,801
Addition to allocated liabilities		
Synthetic fibres	536	155
Resins and plastics	5,177	3,423
Intermediate petrochemicals	2,738	1,719
Petroleum products	13,371	4,618
Trading of petrochemical products	–	–
Others	221	2,556
	22,043	12,471

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Financial Risk Management (Tables)

12 Months Ended Dec. 31, 2020

Disclosure of nature and extent of risks arising from financial instruments [abstract]

Derivative financial instruments

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Current derivative financial instrument assets		
Foreign exchange options	263	–
Current derivative financial instrument liabilities		
Foreign exchange options	799	–

Reconciliation of hedging reserves in cash flow

	Swaps contracts RMB' 000
As at 31 December 2019	–
Add: Change in fair value of hedging instrument recognized in OCI	(63,840)
Less: Reclassified to the cost of inventory - not included in OCI	63,840
As at 31 December 2020	–

Reconciliation of hedging reserves in income statement

	2019 RMB' 000	2020 RMB' 000
Net losses on foreign exchange options not qualifying as hedges included in Other gains - net (Note 9)	(12,315)	(376)

The aggregate net foreign exchange gains/ (losses) recognized in the income statement

	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains included in Other gains - net (Note 9)	2,648	12,248
Net foreign exchange gains/(losses) included in Finance income/ (expenses) (Note 10)	18,571	(5,514)
Total net foreign exchange recognized in profit before income tax for the year	21,219	6,734

Net reversal of impairment losses on financial assets recognized in income statement

	2019 RMB' 000	2020 RMB' 000
Impairment losses		
- movement in loss allowance for trade receivables	–	(634)
Recoveries on previously written off receivables (Note 23(a))	–	121,550
Reversal of previous impairment losses	59	–
Net reversal of impairment losses on financial assets	59	120,916

Maturity analysis for financial liabilities

Contractual maturities of financial liabilities 31 December 2019	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,575,176	–	–	–	1,575,176

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Lease liabilities	11,700	8,846	2,435	495	23,476
Bills payables	673,900	–	–	–	673,900
Trade payables	2,142,402	–	–	–	2,142,402
Other payables	747,133	–	–	–	747,133
Amounts due to related parties	5,702,728	–	–	–	5,702,728
	10,853,039	8,846	2,435	495	10,864,815
Derivatives					
Derivative financial instruments	799	–	–	–	799

Contractual maturities of financial liabilities 31 December 2020	Less than 1 year RMB' 000	Between 1 and 2 years RMB' 000	Between 2 and 5 years RMB' 000	Over 5 years RMB' 000	Total RMB' 000
Non-derivatives					
Borrowings	1,558,702	–	–	–	1,558,702
Short-term bonds	3,023,614	–	–	–	3,023,614
Lease liabilities	9,373	2,136	1,090	103	12,702
Bills payables	26,196	–	–	–	26,196
Trade payables	1,294,138	–	–	–	1,294,138
Other payables	1,498,503	–	–	–	1,498,503
Amounts due to related parties	3,655,724	–	–	–	3,655,724
	11,066,250	2,136	1,090	103	11,069,579

[Recurring fair value measurements]

Recurring fair value measurements As at 31 December 2019	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets				
Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,540,921	–	1,540,921
Equity investments	–	–	5,000	5,000
Structured deposits	–	–	3,318,407	3,318,407
Foreign exchange options	–	263	–	263
	–	1,541,184	3,323,407	4,864,591
Financial liabilities				
Foreign exchange options	–	799	–	799

Recurring fair value measurements As at 31 December 2020	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets				
Financial assets at fair value through other comprehensive income				
Trade and bill receivables	–	1,207,114	–	1,207,114
Equity investments	–	–	5,000	5,000
	–	1,207,114	5,000	1,212,114

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Changes in level 3 items

	Equity investments RMB' 000	Structured deposits RMB' 000	Total RMB' 000
As at 31 December 2018	–	2,719,811	2,719,811
Acquisitions	5,000	3,800,000	3,805,000
Disposals	–	(3,200,000)	(3,000,000)
Fair value change	–	(1,404)	(1,404)
As at 31 December 2019	5,000	3,318,407	3,323,407
Acquisitions	–	7,600,000	7,600,000
Disposals	–	(10,900,000)	(10,900,000)
Fair value change	–	(18,407)	(18,407)
As at 31 December 2020	5,000	–	5,000

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Segment Information (Tables)

Disclosure of operating segments [abstract]

Segment information

12 Months Ended Dec. 31, 2020

2018	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,225,594	10,868,758	26,327,039	66,009,608	27,650,410	1,488,856	134,570,265
Inter - segment revenue	–	(138,481)	(13,923,959)	(11,037,010)	(1,090,056)	(691,852)	(26,881,358)
Revenue from external customers	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Timing of revenue recognition							
At a point in time	2,225,594	10,730,277	12,403,080	54,972,598	26,537,983	797,004	107,666,536
Over time	–	–	–	–	22,371	–	22,371
	2,225,594	10,730,277	12,403,080	54,972,598	26,560,354	797,004	107,688,907
Total gross (loss)/profit	(537,590)	1,081,206	2,135,060	2,936,678	149,236	9,916	5,774,506

2019	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	2,200,229	10,304,812	24,698,643	66,754,731	21,881,214	1,502,840	127,342,469
Inter - segment revenue	–	(141,101)	(14,187,500)	(11,868,026)	(175,200)	(700,975)	(27,072,802)
Revenue from external customers	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Timing of revenue recognition							
At a point in time	2,200,229	10,163,711	10,511,143	54,886,705	21,695,864	801,865	100,259,517
Over time	–	–	–	–	10,150	–	10,150
	2,200,229	10,163,711	10,511,143	54,886,705	21,706,014	801,865	100,269,667
Total gross (loss)/profit	(501,062)	542,015	649,435	750,850	121,193	25,314	1,587,745

2020	Synthetic fibers RMB' 000	Resins and plastics RMB' 000	Intermediate petrochemicals RMB' 000	Petroleum products RMB' 000	Trading of petrochemical products RMB' 000	Other segments RMB' 000	Total RMB' 000
Total segment revenue	1,480,576	9,576,944	19,777,574	49,711,547	12,023,744	1,583,236	94,153,621
Inter - segment revenue	–	(101,057)	(11,526,322)	(6,631,343)	(438,634)	(832,690)	(19,530,046)
Revenue from external customers	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Timing of revenue recognition							
At a point in time	1,480,576	9,475,887	8,251,252	43,080,204	11,583,709	750,546	74,622,174
Over time	–	–	–	–	1,401	–	1,401
	1,480,576	9,475,887	8,251,252	43,080,204	11,585,110	750,546	74,623,575
Total gross (loss)/profit	(338,633)	1,435,079	724,152	(2,232,013)	88,004	(16,838)	(340,249)

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Segment result - profit/(loss) from operations			
Petroleum products	2,910,063	705,469	(2,198,705)
Resins and plastics	900,440	401,454	1,262,029
Intermediate petrochemicals	1,934,926	413,914	581,597
Trading of petrochemical products	104,900	53,214	42,039
Synthetic fibers	(573,503)	(540,280)	(364,211)
Others	308,286	286,801	211,015
Profit/(loss) from operations	5,585,112	1,320,572	(466,236)
Net finance income	337,412	362,963	332,274
Share of profit of investments accounted for using the equity method	885,597	972,593	724,740
Profit before income tax	6,808,121	2,656,128	590,778

Other profit and loss disclosures

	2018			2019			2020		
	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write down RMB' 000	Depreciation and amortisation RMB' 000	Impairment loss RMB' 000	Inventory write-down RMB' 000

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Synthetic fibers	(68,428)	(47,937)	(35,945)	(68,589)	7	(48,844)	(78,030)	88,550	(39,657)
Resins and plastics	(139,447)	(9)	(19,219)	(125,464)	6	(12,073)	(138,204)	–	(26,382)
Intermediate petrochemicals	(575,025)	(34,695)	(8,630)	(497,469)	(478)	(9,094)	(465,425)	(55,204)	(15,418)
Petroleum products	(862,659)	(50)	(22,209)	(972,688)	38	(167)	(917,637)	–	(138,537)
Trading of petrochemical products	(111)	–	–	(211)	–	–	(19,938)	–	(788)
Others	(161,943)	–	–	(174,367)	–	–	(207,905)	–	(106)
	(1,807,613)	(82,691)	(86,003)	(1,838,788)	(427)	(70,178)	(1,827,139)	33,346	(220,888)

	As at 31 December 2019 Total assets RMB' 000	2020 Total assets RMB' 000
Allocated assets		
Synthetic fibers	997,650	986,391
Resins and plastics	1,802,681	1,654,920
Intermediate petrochemicals	3,721,337	3,176,092
Petroleum products	14,014,403	11,344,760
Trading of petrochemical products	1,492,405	1,357,884
Others	2,294,668	2,432,339
Allocated assets	24,323,144	20,952,386
Unallocated assets		
Investments accounted for using the equity method	5,208,758	5,387,834
Cash and cash equivalents	7,449,699	6,916,408
Time deposits with banks	5,020,073	11,092,283
Deferred tax assets	150,832	252,121
Financial assets at fair value through profit or loss	3,318,407	–
Derivative financial assets	263	–
Others	22,899	18,098
Unallocated assets	21,170,931	23,666,744
Total assets	45,494,075	44,619,130

	As at 31 December 2019 Total liabilities RMB' 000	2020 Total liabilities RMB' 000
Allocated liabilities		
Synthetic fibers	340,034	209,621
Resins and plastics	1,372,574	1,233,286
Intermediate petrochemicals	1,736,967	1,267,313
Petroleum products	8,482,596	6,669,419
Trading of petrochemical products	1,946,530	1,224,420
Others	73,127	78,928
Allocated liabilities	13,951,828	10,682,987
Unallocated liabilities		
Borrowings	1,547,600	1,548,000
Short-term bonds	–	3,017,811
Deferred tax liabilities	–	35,357
Derivative financial liabilities	799	–
Unallocated liabilities	1,548,399	4,601,168
Total liabilities	15,500,227	15,284,155

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Synthetic fibers	124,188	294,515	496,125
Resins and plastics	112,638	74,633	139,212
Intermediate petrochemicals	246,857	204,021	278,788
Petroleum products	806,833	1,024,626	779,392
Trading of petrochemical products	–	89	378,292
Others	98,737	103,418	222,080
	1,389,253	1,701,302	2,293,889

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Other Operating Income (Tables)

12 Months Ended Dec. 31, 2020

Other operating income [abstract]

Other operating income

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Government grants (i)	116,330	69,678	61,296
Rental income from investment property (Note 18)	76,001	76,381	81,608
Others	10,286	4,655	5,772
	202,617	150,714	148,676

(i) Government grants

Grants related to R&D, other tax refund and subsidies of RMB 60,859 thousands (2019: RMB 69,241 thousands, 2018: RMB 115,893 thousands) are included in the government grants line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

Deferral and presentation of government grants

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. For the year ended 31 December 2020, RMB 437 thousands were included in the government grants line item (2019: RMB 437 thousands, 2018: RMB 437 thousands).

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Other Operating Expenses (Tables)

12 Months Ended Dec. 31, 2020

Other operating expenses [abstract]

Other operating expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost related to lease of investment properties	(19,367)	(16,199)	(15,625)
Others	(13,181)	(5,726)	(9,061)
	(32,548)	(21,925)	(24,686)

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Other (losses)/gains - net (Tables)

Other gains - net [abstract]

Other (losses)/gains - net

12 Months Ended Dec. 31, 2020

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net gains/(losses) on disposal of land, property, plant and equipment	172,508	158,551	(1,212)
Gains from structured deposits	19,811	85,444	114,283
Gains/(losses) from disposal of subsidiaries (Note 20)	1,622	(60,951)	–
Net foreign exchange (losses)/gains	(31,770)	2,648	12,248
Net gains/(losses) on foreign exchange option contracts	14,519	(12,315)	(376)
Losses on sale of FVOCI	–	(19,513)	(9,513)
	176,690	153,864	115,430

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Finance Income and Expenses (Tables)

12 Months Ended Dec. 31, 2020

Finance income and expenses [abstract]

Finance income and expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net foreign exchange gains	–	18,571	–
Interest income	443,661	398,176	431,228
Finance income	443,661	416,747	431,228
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(84,425)	(59,378)	(101,732)
Less: amounts capitalized on qualifying assets	5,179	5,594	8,292
Net interest expense	(79,246)	(53,784)	(93,440)
Net foreign exchange loss	(27,003)	–	(5,514)
Finance expenses	(106,249)	(53,784)	(98,954)
Finance income - net	337,412	362,963	332,274

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Expense by Nature (Tables)

Expenses by nature [abstract]

Expense by nature

12 Months Ended
Dec. 31, 2020

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Cost of raw material	56,601,977	57,101,961	42,082,307
Cost of trading products	26,392,366	21,566,364	11,467,420
Employee benefit expenses (Note 12)	2,888,572	3,147,372	3,143,219
Depreciation and amortization (Note 15, 17, 18)	1,807,613	1,736,790	1,794,486
Repairs and maintenance expenses	1,265,919	1,089,829	1,060,624
Other expenses	771,401	1,107,017	1,030,020
Change of goods in process and finished goods	(277,403)	446,779	862,652
Transportation costs	326,553	297,416	274,002
Inventory write-down (Note 22)	86,003	70,178	220,888
External processing fee	185,164	215,288	215,467
Sales commissions (Note 29)	139,954	125,641	104,598
Impairment loss (Note 17, 19)	82,652	486	87,570
Depreciation charge of right-of-use assets (Note 16)	–	101,998	32,653
Auditors' remuneration - audit services	7,800	7,800	7,800
Leasing expenses	96,520	2,961	3,731
Total cost of sales, selling and administrative expenses	90,375,091	87,017,880	62,387,437

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Employee Benefit Expenses (Tables)

12 Months Ended Dec. 31, 2020

Classes of employee benefits expense [abstract]

Employee benefit expenses

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Wages and salaries	1,814,991	1,931,121	2,009,645
Social welfare costs	712,556	782,789	714,484
Others	374,029	433,462	419,090
Share-based payments granted to directors and employees	(13,004)	–	–
Total employee benefit expense	2,888,572	3,147,372	3,143,219

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Income Tax (Tables)

12 Months Ended
Dec. 31, 2020

Income tax [abstract]

Summary of major components of income tax expense

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
- Current income tax	(1,471,671)	(460,720)	(37,027)
- Deferred taxation	(232)	31,757	102,647
Income tax (expense)/credit	(1,471,903)	(428,963)	65,620

Summary of reconciliation of expected income tax and actual income tax

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Expected PRC income tax at the statutory tax rate of 25%	(1,702,032)	(664,032)	(147,695)
Tax effect of share of profit of investments accounted for using the equity method	218,024	239,562	178,685
Tax effect of other non-taxable income	14,770	7,459	54,379
Tax deductions for R&D expenses	2,500	7,500	11,863
Tax effect of non-deductible loss, expenses and costs	(20,123)	(42,906)	(51,543)
True up for final settlement of enterprise income taxes in respect of previous years	(12,678)	2,618	9,188
Tax losses for which no deferred income tax asset was recognized	(10,017)	(9,578)	(2,821)
Utilization of previously unrecognized tax losses	37,653	30,414	13,564
Actual income tax (expense)/credit	(1,471,903)	(428,963)	65,620

Summary of deferred tax assets and deferred tax liabilities

	2019 RMB' 000	2020 RMB' 000
Deferred tax assets:		
- Deferred tax asset to be recovered after more than 12 months	219,557	246,900
- Deferred tax asset to be recovered within 12 months	117,625	255,646
	337,182	502,546
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	(166,183)	(275,174)
- Deferred tax liabilities to be recovered within 12 months	(20,167)	(10,608)
	(186,350)	(285,782)

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Deferred tax assets - net	150,832	252,121
Deferred tax liabilities - net	–	(35,357)

Summary of movements in deferred tax assets and liabilities

	Balance as at 1 January 2019 RMB' 000	(Charged)/ deducted to profit or loss RMB' 000	Balance as at 31 December 2019 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	39,606	(705)	38,901
Provision for impairment losses in property, plant and equipment and construction in progress	219,610	(11,978)	207,632
Others	9,417	81,232	90,649
	268,633	68,549	337,182
Deferred tax liabilities			
Gains of financial assets at fair value	–	(4,604)	(4,604)
Difference in depreciation	(145,709)	(33,091)	(178,800)
Capitalization of borrowing costs	(3,849)	903	(2,946)
	(149,558)	(36,792)	(186,350)
Deferred tax assets - net	119,075	31,757	150,832

	Balance as at 1 January 2020 RMB' 000	Deducted/ (charged) to profit or loss RMB' 000	Balance as at 31 December 2020 RMB' 000
Deferred tax assets			
Impairment for bad and doubtful debts and provision for inventories	38,901	18,425	57,326
Provision for impairment losses in property, plant and equipment and construction in progress	207,632	18,803	226,435
Tax losses	1,986	85,813	87,799
Others	88,663	42,323	130,986

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	337,182	165,364	502,546
Deferred tax liabilities			
Gains of financial assets at fair value	(4,604)	4,604	–
Difference in depreciation	(178,800)	(104,939)	(283,739)
Capitalization of borrowing costs	(2,946)	903	(2,043)
	(186,350)	(99,432)	(285,782)
Deferred tax assets - net	150,832	101,289	252,121
Deferred tax liabilities - net	–	(35,357)	(35,357)

Summary of tax losses carried forward and not recognised as deferred tax assets

	2019 RMB' 000	2020 RMB' 000
2020	17,775	–
2021	12,880	–
2022	12,687	12,687
2023	40,069	10,415
2024	38,312	38,312
2025	–	11,285
	121,723	72,699

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Earnings per Share (Tables)

Earnings per share [abstract]

Summary of earnings per share, basic

	12 Months Ended Dec. 31, 2020		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net profit attributable to owners of the Company	5,336,331	2,215,728	645,072
Weighted average number of ordinary shares in issue (thousands of shares)	10,823,497	10,823,814	10,823,814
Basic earnings per share (RMB per share)	RMB 0.493	RMB 0.205	RMB 0.060
Basic earnings per ADS (RMB per ADS)	RMB 49.303	RMB 20.452	RMB 5.96

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Other Non-current Assets (Tables)

Other non-current assets [abstract]

Summary of other non-current assets

12 Months Ended Dec. 31, 2020

	Intangible assets RMB' 000	Long-term prepaid expense RMB' 000	Total RMB' 000
As at 1 January 2019			
Cost	84,093	502,689	586,782
Accumulated amortization	(63,525)	–	(63,525)
Net book amount	20,568	502,689	523,257
Year ended 31 December 2019			
Opening net book amount	20,568	502,689	523,257
Additions	1,762	170,687	172,449
Charge for the year	(4,695)	(209,597)	(214,292)
Closing net book amount	17,635	463,779	481,414
As at 31 December 2019			
Cost	85,855	463,779	549,634
Accumulated amortization	(68,220)	–	(68,220)
Net book amount	17,635	463,779	481,414
Year ended 31 December 2020			
Opening net book amount	17,635	463,779	481,414
Additions	53	169,755	169,808
Charge for the year	(2,919)	(223,344)	(226,263)
Closing net book amount	14,769	410,190	424,959
As at 31 December 2020			
Cost	85,908	410,190	496,098
Accumulated amortization	(71,139)	–	(71,139)
Net book amount	14,769	410,190	424,959

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Leases (Tables)

	12 Months Ended Dec. 31, 2020

Disclosure of quantitative information about leases for lessee [abstract]

Balance sheet amounts relating to leases

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Right-of-use assets		
Land use rights	320,212	397,808
Buildings	22,205	11,221
Equipment	168	879
Others	1,275	893
	343,860	410,801
Lease liabilities		
Current	11,450	9,352
Non-current	10,593	3,119
	22,043	12,471

Income statement amounts relating to leases

	2019 RMB' 000	2020 RMB' 000
Depreciation charge of right-of-use assets		
Land use rights	(14,814)	(15,965)
Buildings	(12,541)	(15,481)
Equipment	(74,025)	(449)
Others	(618)	(758)
	(101,998)	(32,653)
Interest expense (included in Finance expenses)	(2,570)	(887)
Expense relating to short-term leases (included in Cost of sales)	(2,961)	(3,731)

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Property, Plant and Equipment (Tables)

Property, plant and equipment [abstract]

Summary of property, plant and equipment

	Buildings RMB' 000	Plant and machinery RMB' 000	Vehicles and other equipment RMB' 000	Total RMB' 000
				12 Months Ended Dec. 31, 2020
As at 1 January 2019				
Cost	3,229,642	41,007,229	1,785,889	46,022,760
Accumulated depreciation	(2,142,540)	(29,905,377)	(1,451,131)	(33,499,048)
Impairment loss	(53,872)	(815,329)	(8,121)	(877,322)
Net book amount	1,033,230	10,286,523	326,637	11,646,390
Year ended 31 December 2019				
Opening net book amount	1,033,230	10,286,523	326,637	11,646,390
Additions	–	99,041	15,578	114,619
Disposals	(4,114)	(60,503)	(5,988)	(70,605)
Reclassification	16,395	(82,604)	66,209	–
Transferred from construction in progress (Note 19)	26,655	999,412	97,553	1,123,620
Transferred from investment properties (Note 18)	6,924	–	–	6,924
Transferred to investment properties (Note 18)	(12,347)	–	–	(12,347)
Charge for the year	(92,123)	(1,346,725)	(68,956)	(1,507,804)
Closing net book amount	974,620	9,895,144	431,033	11,300,797
As at 31 December 2019				
Cost	3,336,375	41,455,159	1,871,684	46,663,218
Accumulated depreciation	(2,310,970)	(30,793,083)	(1,432,530)	(34,536,583)
Impairment loss	(50,785)	(766,932)	(8,121)	(825,838)
Net book amount	974,620	9,895,144	431,033	11,300,797
Year ended 31 December 2020				
Opening net book amount	974,620	9,895,144	431,033	11,300,797
Additions	707	228,153	65,380	294,240
Disposals	(7,020)	(42,246)	(2,866)	(52,132)
Impairment loss	(3,007)	(84,035)	(528)	(87,570)
Reclassification	22,878	(25,571)	2,693	–
Transferred from construction in progress (Note 19)	24,199	1,440,695	85,419	1,550,313
Acquisition of subsidiary (Note 20(a))	124,849	146,172	4,694	275,715
Transferred to investment properties (Note 18)	(15,302)	–	–	(15,302)

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Charge for the year	(91,070)	(1,367,861)	(94,108)	(1,553,039)
Closing net book amount	1,030,854	10,190,451	491,717	11,713,022
As at 31 December 2020				
Cost	3,481,210	42,742,330	1,958,220	48,181,760
Accumulated depreciation	(2,396,564)	(31,700,912)	(1,457,854)	(35,555,330)
Impairment loss	(53,792)	(850,967)	(8,649)	(913,408)
Net book amount	1,030,854	10,190,451	491,717	11,713,022

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Investment Properties (Tables)

12 Months Ended Dec. 31, 2020

Disclosure of detailed information about investment property [abstract]

Summary of investment properties

	RMB' 000
As at 1 January 2019	
Cost	594,135
Accumulated depreciation	(217,396)
Net book amount	376,739
Year ended 31 December 2019	
Opening net book amount	376,739
Transferred from property plant and equipment (Note 17)	12,347
Transferred to property plant and equipment (Note 17)	(6,924)
Charge for the year	(14,694)
Closing net book amount	367,468
As at 31 December 2019	
Cost	602,659
Accumulated depreciation	(235,191)
Net book amount	367,468
Year ended 31 December 2020	
Opening net book amount	367,468
Transferred from property plant and equipment (Note 17)	15,302
Charge for the year	(15,184)
Closing net book amount	367,586
As at 31 December 2020	
Cost	627,488
Accumulated depreciation	(259,902)
Net book amount	367,586

Summary of minimum lease payments receivable on leases of investment properties

	2019 RMB' 000	2020 RMB' 000
Within 1 year	43,322	51,396
Between 1 and 2 years	1,517	4,343
Above 2 years	–	629

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Construction in Progress (Tables)

12 Months Ended Dec. 31, 2020

Construction in progress [abstract]

Construction in progress

	2019 RMB' 000	2020 RMB' 000
As at 1 January	1,559,401	1,815,549
Additions	1,380,254	1,444,888
Transferred to property plant and equipment (Note 17)	(1,123,620)	(1,550,313)
Impairment loss	(486)	–
As at 31 December	1,815,549	1,710,124

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Subsidiaries (Tables)

Disclosure of subsidiaries [abstract]

Summary of major subsidiaries

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities
			12 Months Ended Dec. 31, 2020		
As at 31 December 2020					
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	RMB 1,000,000	100.00	100.00	–	Investment management
China Jinshan Associated Trading Corporation ("Jinmao")	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	USD 50,000	–	100.00	–	Production of polyethylene products
Shanghai Jinshan Trading Corporation ("JMGJ")	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") (a)	RMB 400,000	–	100.00	–	Trading of petrochemical products

Company	Registered capital ' 000	Percentage of equity directly held by the Company %	Percentage of equity held by the Group %	Percentage of equity held by non-controlling interests %	Principal activities
As at 31 December 2019					
Toufa	RMB 1,000,000	100.00	100.00	–	Investment management

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Jinmao	RMB 25,000	67.33	67.33	32.67	Import and export of petrochemical products and equipment
Jinchang	USD 9,154	–	74.25	25.75	Production of polypropylene compound products
Jinfei	USD 50,000	–	100.00	–	Production of polyethylene products
JMGJ	RMB 100,000	–	67.33	32.67	Import and export of petrochemical products

(a) On 30 June 2020, one of the Company' s subsidiaries, Toufa acquired 100% share of Zhejiang Zhonghang Oil Petrochemical Storage and Transportation Co., Ltd., renamed as Jinlian, from China Aviation Oil Group Logistics Co., Ltd., with the total purchase consideration of RMB 340,369 thousands.

Transaction in acquisition of Jinlian

	Fair value RMB' 000
Cash and cash equivalents	54
Property, plant and equipment (Note 17)	275,715
Trade and other receivables	5
Right-of-use assets (Note 16)	102,283
Trade and other payables	(867)
Deferred tax liabilities	(36,715)
Net identifiable assets acquired	340,475
Add: Other operating income	(106)
Purchase consideration	340,369

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Investments Accounted for Using the Equity Method (Tables)

12 Months Ended

Dec. 31, 2020

Disclosure of significant investments in associates and joint ventures [line items]

Summary of amounts recognized in balance sheet

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Associates		
-Share of net assets	4,973,464	5,146,160
Joint ventures		
-Share of net assets	235,294	241,674
	5,208,758	5,387,834

Summary of amounts recognized in share of profit of investments accounted for using the equity method

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Associates	839,425	927,814	678,077
Joint ventures	46,172	44,779	46,663
	885,597	972,593	724,740

Joint ventures [member]

Disclosure of significant investments in associates and joint ventures [line items]

Summary of investments in associates/joint ventures

	2019 RMB' 000	2020 RMB' 000
As at 1 January	229,868	235,294
Share of profit	44,779	46,663
Cash dividends distribution	(39,353)	(40,283)
As at 31 December	235,294	241,674

Summary of principal activities of material associates/joint ventures

As at 31 December 2020 and 31 December 2019	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measure-ment method
BOC	PRC	50.00	Production and sales of industrial gases	Equity
Shanghai Petrochemical Pressure Vessel Testing Center("JYJC")	PRC	50.00	Provide inspection and testing service	Equity
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	PRC	50.00	Production and sales of industrial gases	Equity

Summarized financial information for associates/joint ventures

As at 31 December 2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	182,548	11,200	51,386
Other current assets (excluding cash)	64,837	9,557	12,565
Total current assets	247,385	20,757	63,951
Total current liabilities	(37,444)	(3,993)	(3,460)
Non-current			

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Total non-current assets	181,372	1,937	36,972
Total non-current liabilities	(26,378)	–	–
Net assets	364,935	18,701	97,463

As at 31 December 2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Current			
Cash and cash equivalents	233,898	13,281	62,878
Other current assets (excluding cash)	67,809	6,077	11,812
Total current assets	301,707	19,358	74,690
Total current liabilities	(57,153)	(2,453)	(3,463)
Non-current			
Total non-current assets	147,717	1,800	26,066
Total non-current liabilities	(21,417)	–	–
Net assets	370,854	18,705	97,293

2018	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	423,160	21,542	58,679
Depreciation and amortization	(46,456)	–	(2,245)
Interest income	1,154	27	541
Interest expense	–	–	–
Profit/(loss) from continuing operations	114,275	1,833	(2,518)
Income tax expense	(27,799)	(450)	–
Post-tax profit/(loss) from continuing operations	86,476	1,383	(2,518)
Other comprehensive income	–	–	–
Total comprehensive income/(loss)	86,476	1,383	(2,518)
Dividends declared by joint venture	73,000	64	–

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	414,374	29,290	55,302
Depreciation and amortization	(50,199)	–	(11,272)
Interest income	636	308	1,119
Interest expense	–	–	–
Profit from continuing operations	108,565	3,107	40
Income tax expense	(28,382)	(777)	–
Post-tax profit from continuing operations	80,183	2,330	40
Other comprehensive income	–	–	–
Total comprehensive income	80,183	2,330	40
Dividends declared by joint venture	77,800	906	–

2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Revenue	420,160	21,674	58,463
Depreciation and amortization	(45,756)	(350)	(8,313)
Interest income	2,246	304	1,483
Interest expense	–	–	–
Profit from continuing operations	108,677	2,279	1,830
Income tax expense	(26,290)	(177)	–
Post-tax profit from continuing operations	82,387	2,102	1,830
Other comprehensive income	–	–	–

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Total comprehensive income	82,387	2,102	1,830
Dividends declared by joint venture	76,468	2,098	2,000

Reconciliation of summarized financial information for joint ventures

2019	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	362,552	17,277	97,423
Profit for the year	80,183	2,330	40
Other comprehensive income	–	–	–
Declared dividends	(77,800)	(906)	–
Closing net assets	364,935	18,701	97,463
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	182,467	9,350	48,733
Unrealized downstream transactions	(5,256)	–	–
Carrying value	177,211	9,350	48,733

2020	BOC RMB' 000	JYJC RMB' 000	Yangu Gas RMB' 000
Opening net assets 1 January	364,935	18,701	97,463
Profit for the year	82,387	2,102	1,830
Other comprehensive income	–	–	–
Declared dividends	(76,468)	(2,098)	(2,000)
Closing net assets	370,854	18,705	97,293
% of ownership interest	50.00 %	50.00 %	50.00 %
Interest in joint ventures	185,427	9,352	48,648
Unrealized downstream transactions	(1,753)	–	–
Carrying value	183,674	9,352	48,648

Associates [member]

Disclosure of significant investments in associates and joint ventures [line items]

Summary of investments in associates/joint ventures

	2019 RMB' 000	2020 RMB' 000
As at 1 January	4,297,265	4,973,464
Additions (a)	320,000	27,603
Share of profit	904,265	678,077
Other comprehensive income/(loss)	7,449	(11,512)
Cash dividends distribution	(555,515)	(521,472)
As at 31 December	4,973,464	5,146,160

(a) In 2020, Toufa invested RMB 27,603 thousands to acquire 29% share of Pinghu China Aviation Oil Port Co., Ltd.("Pinghu Port").

Material associates [member]

Disclosure of significant investments in associates and joint ventures [line items]

Summary of principal activities of material associates/joint ventures

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method

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Shanghai Secco Petrochemical Company Limited ("Shanghai Secco")	PRC	20.00	Manufacturing and distribution of chemical products	Equity
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Shanghai Jinsen Hydrocarbon Resins Company Limited ("Jinsen")	PRC	40.00	Production of resins products	Equity
Shanghai Azbil Automation Company Limited ("Azbil")	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shanghai Shidian Energy Company Limited ("Shidian Energy") (b)	PRC	40.00	Electric power supply	Equity

Name of entity	Place of business/ country of incorporation	% of ownership interest	Principal activities	Measurement method
Shanghai Secco	PRC	20.00	Manufacturing and distribution of chemical products	Equity
Chemical Industry	PRC	38.26	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Equity
Jinsen	PRC	40.00	Production of resins products	Equity
Azbil	PRC	40.00	Service and maintenance of building automation systems and products	Equity
Shidian Energy (b)	PRC	40.00	Electric power supply	Equity

(b) In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

Summarized financial information for associates/joint ventures

As at 31 December 2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	11,858,124	4,356,339	85,302	204,965	745,425
- Current liabilities	(3,196,334)	(1,468,162)	(18,114)	(75,572)	(9,849)

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Non-current					
- Non-current assets	5,020,292	3,153,858	69,154	3,049	69,588
- Non-current liabilities	(12,730)	(485,735)	–	–	–
Net Assets	13,669,352	5,556,300	136,342	132,442	805,164

As at 31 December 2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Current					
- Current assets	10,430,726	4,618,722	74,170	227,172	790,069
- Current liabilities	(2,783,216)	(1,761,431)	(10,481)	(73,450)	(20,650)
Non-current					
- Non-current assets	6,099,126	3,523,528	64,421	3,984	72,441
- Non-current liabilities	(32,482)	(528,237)	–	–	–
Net Assets	13,714,154	5,852,582	128,110	157,706	841,860

2018	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000
Revenue	26,319,957	1,880,004	208,901	255,554
Post-tax profit/(loss) from continuing operations	3,228,682	472,804	(12,845)	30,119
Other comprehensive loss	–	(18,331)	–	–
Total comprehensive income/(loss)	3,228,682	454,473	(12,845)	30,119
Dividends declared by associate	3,675,840	61,001	–	25,900

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	28,341,032	1,936,537	197,199	297,694	112,143
Post-tax profit/(loss) from continuing operations	3,383,582	609,540	(16,996)	38,448	5,166
Other comprehensive income	–	19,470	–	–	–
Total comprehensive income/(loss)	3,383,582	629,010	(16,996)	38,448	5,166
Dividends declared by associate	2,537,000	79,000	–	30,000	–

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Revenue	21,626,059	1,683,096	187,580	340,905	472,640
Post-tax profit/(loss) from continuing operations	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Total comprehensive income/(loss)	2,412,802	374,028	(8,232)	48,264	36,696
Dividends declared by associate	2,368,000	85,000	–	23,000	–

[Reconciliation of summarized financial information for material associates]

2019	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	12,822,770	5,057,821	153,338	123,994	–
Profit/(loss) for the year	3,383,582	609,540	(16,996)	38,448	5,166
Increase in share capital	–	–	–	–	800,000
Other comprehensive Income	–	19,470	–	–	–
Decrease in reserves	–	(51,535)	–	–	–
Declared dividends	(2,537,000)	(79,000)	–	(30,000)	–
Closing net assets	13,669,352	5,556,296	136,342	132,442	805,166

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% of ownership interest	20.00 %	38.26 %	40.00 %	40.00 %	40.00 %
Interest in associates	2,733,872	2,125,839	54,537	52,977	322,066
Unrealized upstream and downstream transaction	(9,512)	–	–	–	(22,708)
Unentitled portion (Note a)	–	(328,629)	–	–	–
Carrying value	2,724,360	1,797,210	54,537	52,977	299,358

2020	Shanghai Secco RMB' 000	Chemical Industry RMB' 000	Jinsen RMB' 000	Azbil RMB' 000	Shidian Energy RMB' 000
Opening net assets 1 January	13,669,352	5,556,296	136,342	132,442	805,164
Profit/(loss) for the year	2,412,802	404,117	(8,232)	48,264	36,696
Other comprehensive loss	–	(30,089)	–	–	–
Increase in reserves (Note a)	–	7,258	–	–	–
Declared dividends	(2,368,000)	(85,000)	–	(23,000)	–
Closing net assets	13,714,154	5,852,582	128,110	157,706	841,860
% of ownership interest	20.00 %	38.26 %	40.00 %	40.00 %	40.00 %
Interest in associates	2,742,832	2,239,198	51,244	63,083	336,744
Unrealized upstream and downstream transaction	(11,285)	–	–	–	(19,343)
Unentitled portion (Note a)	–	(331,407)	–	–	–
Carrying value	2,731,547	1,907,791	51,244	63,083	317,401

Note a: Unentitled portion represented the earnings from sales of the lands injected by Government in Chemical Industry that cannot be shared by other shareholders.

Other associates [member]

Disclosure of significant investments in associates and joint ventures [line items]

Summarized financial information for associates/joint ventures

	2019 RMB' 000	2020 RMB' 000
Aggregate carrying value of investments at 31 December	45,022	75,094
Aggregate amounts of the group' s share of:		
Profit for the year	6,400	8,619
Total comprehensive income	6,400	8,619

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Inventories (Tables)

Classes of current inventories [abstract]

Inventories

	12 Months Ended Dec. 31, 2020					
	As at 31 December 2019			As at 31 December 2020		
	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000	Gross carrying amount RMB' 000	Provision for declines in the value of inventories RMB' 000	Carrying amount RMB' 000
Raw materials	4,567,648	–	4,567,648	2,569,136	–	2,569,136
Work in progress	1,072,040	(78,981)	993,059	696,227	(122,081)	574,146
Finished goods	1,022,335	(33,763)	988,572	591,485	(46,652)	544,833
Spare parts and consumables	247,873	(42,718)	205,155	260,431	(59,800)	200,631
	6,909,896	(155,462)	6,754,434	4,117,279	(228,533)	3,888,746

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Financial Assets and Financial Liabilities (Tables)

12 Months Ended Dec. 31, 2020

Financial assets and financial liabilities [abstract]

Financial assets and financial liabilities

Financial assets	Note	As at 31 December 2019 RMB' 000	2020 RMB' 000
Financial assets at amortized cost			
Trade receivables	(a)	120,739	113,163
Other receivables	(a)	26,101	18,101
Amounts due from related parties excluded prepayments	(a)	1,521,187	1,065,539
Cash and cash equivalents	(b)	7,449,699	6,916,408
Time deposits with financial banks	(c)	5,020,073	11,092,283
Financial assets at fair value through other comprehensive income	(d)	1,545,921	1,212,114
Financial assets at fair value through profit or loss	(e)	3,318,407	–
Derivative financial assets		263	–
		19,002,390	20,417,608
Financial liabilities			
Financial liabilities at amortized cost			
Borrowings	(f)	1,547,600	1,548,000
Short-term bonds	(g)	–	3,017,811
Trade payables	(h)	2,142,402	1,294,138
Other payables	(h)	747,133	1,499,749
Bills payables	(h)	673,900	26,196
Amounts due to related parties excluded contract liabilities	(h)	5,708,394	3,655,724
Lease liabilities	16	22,043	12,471
Derivative financial liabilities		799	–
		10,842,271	11,054,089

Summary of trade and other receivables

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Trade receivables	120,739	113,797
Less: impairment provision	–	(634)
	120,739	113,163
Amounts due from related parties excluded prepayments (Note 29(c))	1,521,187	1,065,539
	1,641,926	1,178,702
Other receivables	26,240	18,240
Less: impairment provision	(139)	(139)
	26,101	18,101
	1,668,027	1,196,803

Summary of aging analysis in trade and other receivables

	As at 31 December 2019 RMB' 000	2020 RMB' 000
Within 1 year	1,641,926	1,177,222
1-2 year	–	1,480
	1,641,926	1,178,702

Summary of movements in the Group's impairment provision for trade and other receivables

	2019 RMB' 000	2020 RMB' 000
As at 1 January	198	139

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Reversal of previous impairment losses	(59)	–
Provision for loss allowance recognized in profit or loss	–	634
As at 31 December	139	773

Cash and cash equivalents

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Cash deposits with a related party (i)	67,015	5,667
Cash at bank and on hand	7,382,684	6,910,741
	7,449,699	6,916,408

(i) Cash deposits with a related party were cash deposits at Sinopec Finance Company Limited ("Sinopec Finance"), which is a financial institution.

Time deposits with banks

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Time deposits with banks within one year	1,508,839	4,049,443
Time deposits with banks above one year	3,511,234	7,042,840
	5,020,073	11,092,283

Financial assets at fair value through other comprehensive income

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Trade and bill receivables (i)	1,540,921	1,207,114
Equity investments (ii)	5,000	5,000
	1,545,921	1,212,114

(i) As at 31 December 2019 and 31 December 2020, certain trade receivables and bills receivable were classified as financial assets at FVOCI, as the Group' s business model is achieved both by collecting contractual cash flows and selling of these assets.

(ii) In July 2019, Toufa invested RMB 5,000 thousands in Shanghai Carbon Fiber Composites Innovation Research Institute Co., Ltd. to acquire 16.67% of its share.

Financial assets at fair value through profit or loss

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Structured deposits	3,318,407	–

Borrowings

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Credit loans due within one year		
- Short term bank loans	1,547,600	1,548,000

Short-term bonds

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Short-term bonds	–	3,017,811

Trade and other payables

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Trade payables	2,142,402	1,294,138
Bills payables	673,900	26,196
Amounts due to related parties excluded contract liabilities	5,708,394	3,655,724
	8,524,696	4,976,058
Interest payable	1,686	1,246
Dividends payable	29,144	29,522
Construction payable	277,184	299,205

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Other liabilities	439,119	1,169,776
	747,133	1,499,749
	9,271,829	6,475,807

Aging analysis of trade payables (including bills payable and amounts due to related parties with trading nature)

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Within one year	8,509,327	4,973,711
Between one and two years	11,209	1,973
Over two years	4,160	374
	8,524,696	4,976,058

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Other assets and assets classified as held for sale (Tables)

12 Months Ended

Dec. 31, 2020

Other assets and assets classified as held for sale [abstract]

Other assets and assets classified as held for sale

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Prepayments	23,767	19,552
Prepayments to related parties	44,806	26,777
	68,573	46,329

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Contract liabilities (Tables)

12 Months Ended
Dec. 31, 2020

Contract liabilities [abstract]

Contract liabilities

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Contract liabilities	655,117	495,404

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Deferred Income (Tables)

12 Months Ended
Dec. 31, 2020

Accruals and deferred income [abstract]

Deferred income

	2019 RMB' 000	2020 RMB' 000
As at 1 January	10,442	10,005
Additions	–	3,865
Amortization	(437)	(437)
As at 31 December	10,005	13,433

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Share Capital (Tables)

12 Months Ended
Dec. 31, 2020

Disclosure of classes of share capital [abstract]

Share capital

	Ordinary A shares listed in PRC RMB' 000	Foreign invested H shares listed overseas RMB' 000	Total RMB' 000
As at 31 December 2020 and 31 December 2019	7,328,814	3,495,000	10,823,814

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Reserves (Tables)

Disclosure of reserves within equity [abstract]

Reserves

	12 Months Ended Dec. 31, 2020								
	Legal surplus RMB' 000	Capital surplus RMB' 000	Surplus reserve RMB' 000	Other reserve RMB' 000	Hedging RMB' 000	Share premium RMB' 000	Safety production fund RMB' 000	Retained earnings RMB' 000	Total RMB' 000
Balance at 1 January 2019	4,072,476	13,739	101,355	10,389	–	106,846	57,135	15,160,309	19,522,249
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,215,728	2,215,728
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Appropriation of safety production fund	–	–	–	–	–	–	2	(2)	–
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	13,739	101,355	17,838	–	106,846	57,137	14,670,083	19,039,474
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	645,072	645,072
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,460	(88,460)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	13,739	101,355	6,326	–	106,846	145,597	13,927,837	18,374,176

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Related Party Transactions (Tables)

12 Months Ended Dec. 31, 2020

Disclosure of transactions between related parties [abstract]

Summary of major related parties

Names of related parties	Relationship with the Company
Sinopec Group	Ultimate parent company
JYJC	Joint venture of the Group
BOC	Joint venture of the Group
Yangu Gas	Joint venture of the Group
Azbil	Associate of the Group
Chemical Industry	Associate of the Group
Jinsen	Associate of the Group
Secco	Associate of the Group
Shanghai Chemical Industry Park Logistics Company Limited	Associate of the Group
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Associate of the Group
Shanghai Nam Kwong Petro-Chemical Company Limited	Associate of the Group
Shidian Energy	Associate of the Group
Pinghu Port	Associate of the Group
Anqing Refinery Shuguang Oxo Company Limited	Subsidiary of the immediate parent company
BASF Gao-Qiao Performance Chemicals (Shanghai) Company Limited	Subsidiary of the immediate parent company
China International United Petroleum and Chemical Company Limited	Subsidiary of the immediate parent company
China Petrochemical International (Nanjing) Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Beijing Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Ningbo Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Shanghai Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Tianjin Company Limited	Subsidiary of the immediate parent company
China Petrochemical International Wuhan Company Limited	Subsidiary of the immediate parent company
China Petrochemical Technology Company Limited	Subsidiary of the immediate parent company
China Yanshan United Foreign Trade Co., Ltd.	Subsidiary of the immediate parent company
Dalian Frip Science and Technology Company Limited	Subsidiary of the immediate parent company
Epec Commercial Factoring Company Limited	Subsidiary of the immediate parent company
Epec E-commerce Co., Ltd.	Subsidiary of the immediate parent company
Fujian Gulei Petrochemical Company Limited	Subsidiary of the immediate parent company
Fujian Refining & Petrochemical Company Limited (FREP)	Subsidiary of the immediate parent company
Nanjing Yangzi Petrochemical Rubber Company Limited	Subsidiary of the immediate parent company
Ningbo Minggang Gas Company Limited	Subsidiary of the immediate parent company
Ningbo Eastsea Linefan Technology Company Limited	Subsidiary of the immediate parent company

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Petro-CyberWorks Information Technology Company Limited	Subsidiary of the immediate parent company
Qingdao Sinosun Management System Certification Center Company Limited	Subsidiary of the immediate parent company
Rizhao Shihua Crude Oil Terminal Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Jinshan Trading Corporation	Subsidiary of the immediate parent company
Shanghai KSD Bulk Solids Engineering Company Limited	Subsidiary of the immediate parent company
Shanghai Leader Catalyst Company Limited	Subsidiary of the immediate parent company
Shengli Oil Field Exploration And Development Research Institute	Subsidiary of the immediate parent company
Sinopec Baling Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Research Institute of Chemical Industry	Subsidiary of the immediate parent company
Sinopec Catalyst Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Dalian (Fushun) Research Institute of Petroleum and Petrochemicals	Subsidiary of the immediate parent company
Sinopec Europe Company Limited	Subsidiary of the immediate parent company
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the immediate parent company
Sinopec International (Singapore) Pte. Ltd.	Subsidiary of the immediate parent company
Sinopec Japan Company Limited	Subsidiary of the immediate parent company
Sinopec Lubricant Co., Ltd. Shanghai Research Institute	Subsidiary of the immediate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the immediate parent company
Sinopec Materials & Equipment (East China) Company Limited	Subsidiary of the immediate parent company
Sinopec Nanguang (Shanghai) Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petroleum Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Refinery Product Sales Company Limited	Subsidiary of the immediate parent company
Sinopec Research Institute of Petroleum Processing	Subsidiary of the immediate parent company
Sinopec Safety Engineering Institute	Subsidiary of the immediate parent company
Sinopec Sales Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Research Institute of Petrochemical Technology	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yangzi Petrochemical Company Limited	Subsidiary of the immediate parent company
Sinopec Yizheng Chemical Fibre Company Limited	Subsidiary of the immediate parent company
Sinopec Zhongyuan Petrol-Chemical Industry Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Company Limited	Subsidiary of the immediate parent company
Sinopec Nanjing Valve Supply Reserve Centers	Subsidiary of the immediate parent company
Sinopec Qingdao Refining&Chemical Company Limited	Subsidiary of the immediate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the immediate parent company

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Unipec (Ningbo) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the immediate parent company
Unipec America, Inc	Subsidiary of the immediate parent company
Unipec Singapore	Subsidiary of the immediate parent company
Zhoushan Shihua Crude Oil Terminal Company Limited	Subsidiary of the immediate parent company
BASF-YPC Company Limited	Joint venture of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Limited Company	Joint venture of the immediate parent company
Shanghai Changshi Shipping Co., Ltd.	Subsidiary of the ultimate parent company
Beijing Petrochemical Engineering Consulting Company Limited	Subsidiary of the ultimate parent company
Beijing Shihua Hotel	Subsidiary of the ultimate parent company
Beijing Victory Hotel Company Limited	Subsidiary of the ultimate parent company
China Petrochemical Press Company Limited	Subsidiary of the ultimate parent company
Jiangsu Jinling Opta Polymer Company Limited	Subsidiary of the ultimate parent company
National Petrochemical Project Risk Assessment Technology Center	Subsidiary of the ultimate parent company
Petrochemical Engineering Quality Supervision Centre	Subsidiary of the ultimate parent company
Shanghai Petrochemical Machinery Manufacture Limited Company	Subsidiary of the ultimate parent company
Shanghai Petrochemical Seawall Management Office	Subsidiary of the ultimate parent company
Shanghai Sanopec Company Limited	Subsidiary of the ultimate parent company
Sinopec Consulting Company Limited	Subsidiary of the ultimate parent company
Sinopec Economics & Development Research Institute	Subsidiary of the ultimate parent company
Sinopec Energy Saving Technology Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Engineering Incorporation	Subsidiary of the ultimate parent company
Sinopec Finance	Subsidiary of the ultimate parent company
Sinopec Group Shanghai Training Center	Subsidiary of the ultimate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the ultimate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Management Institute	Subsidiary of the ultimate parent company
Sinopec Nanjing Chemical Industries Company Limited	Subsidiary of the ultimate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec News	Subsidiary of the ultimate parent company
Sinopec Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited	Subsidiary of the ultimate parent company
Sinopec Shanghai Engineering Company Limited	Subsidiary of the ultimate parent company
Sinopec Shared Services Company Limited	Subsidiary of the ultimate parent company
Sinopec Tendering Company Limited	Subsidiary of the ultimate parent company
Sinopec Zhongyuan Oilfield	Subsidiary of the ultimate parent company
Sinopec (Shenzhen) E-Commerce Company Limited	Subsidiary of the ultimate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the ultimate parent company
The Tenth Construction Company of Sinopec	Subsidiary of the ultimate parent company
Yihua Tory Polyester Film Company Limited	Subsidiary of the ultimate parent company
Shaoxing Huabin Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Petrochemical Management Cadre College	Subsidiary of the ultimate parent company

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Zhongan United Coal Chemical Co., Ltd.	Subsidiary of the ultimate parent company
China Economicbooks Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Shengli Petroleum Administration Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Jiangsu Petroleum Exploration Bureau Co., Ltd. Yangzhou Science and Industry Lianchuang Branch	Subsidiary of the ultimate parent company
Sinopec Group Baichuan Economic and Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Group Asset Management Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Nanjing Research Institute of Chemical Industry Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Petroleum Engineering Geophysics Ltd.	Subsidiary of the ultimate parent company
Beijing Yanshan Petrochemical Special Equipment Inspection Co., Ltd.	Subsidiary of the ultimate parent company

Transactions between the Group and Sinopec Corp., its subsidiaries and joint ventures

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of petroleum products	49,209,765	50,354,162	39,879,549
Sales other than petroleum products	7,112,332	8,642,514	6,790,568
Purchases of crude oil	44,175,644	43,886,966	27,934,926
Purchases other than crude oil	8,996,814	9,579,239	9,937,862
Sales commissions	139,837	125,619	104,598
Rental income	29,551	31,972	32,829

Other transactions between the Group and Sinopec Group and its subsidiaries, associates and joint ventures of the Group

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Sales of goods and service fee income			
- Sinopec Group and its subsidiaries	11,486	7,724	14,870
- Associates and joint ventures of the Group	4,130,295	2,843,909	2,019,997
	4,141,781	2,851,633	2,034,867
Purchase			
- Sinopec Group and its subsidiaries	2,253,446	1,918,873	832,617
- Associates and joint ventures of the Group	3,982,729	4,579,969	3,648,667
	6,236,175	6,498,842	4,481,284
Insurance premiums expenses			
- Sinopec Group and its subsidiaries	121,329	108,223	107,495
Lease expenses			
- Sinopec Group and its subsidiaries	59,160	–	–
Depreciation of right-of-use assets			
- Sinopec Group and its subsidiaries	–	80,552	9,388
- Joint ventures of the Group	–	88	155
	–	80,640	9,543
Interest expense of lease liabilities			
- Sinopec Group and its subsidiaries	–	2,285	205
- Joint ventures of the Group	–	19	8
	–	2,304	213
Loans borrowed			
- Sinopec Finance	50,000	–	–
Interest income			
- Sinopec Finance	610	1,295	2,088

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Loans repayment			
- Sinopec Finance	50,000	–	–
Interest expense			
- Sinopec Finance	1,326	–	–
Construction and installation cost			
- Sinopec Group and its subsidiaries	109,146	143,560	233,591
Rental income			
- Associates and joint ventures of the Group	–	11,370	15,577
- Sinopec Group and its subsidiaries	–	461	464
	–	11,831	16,041

The relevant amounts due from/to related parties

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Amounts due from related parties		
- Sinopec Corp., its subsidiaries and joint ventures	1,505,836	1,054,127
- Associates and joint ventures of the Group	60,157	38,189
	1,565,993	1,092,316
Amounts due to related parties		
- Sinopec Corp., its subsidiaries and joint ventures	4,756,382	2,505,532
- Associates and joint ventures of the Group	749,459	889,035
- Sinopec Group and its subsidiaries	202,553	262,274
	5,708,394	3,656,841
Lease liabilities		
- Sinopec Group and its subsidiaries	15,571	8,453
- Joint ventures of the Group	698	574
	16,269	9,027
Cash deposits, maturing within 3 months		
- Sinopec Finance	67,015	5,667

Key personnel compensations

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Short-term employee benefits	7,561	9,120	9,859
Post-employment benefits	159	225	441
	7,720	9,345	10,300

Contributions to defined contribution retirement plans

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Municipal retirement scheme costs	262,728	258,328	199,196
Supplementary retirement scheme costs	75,312	125,370	142,877

Commitments with related parties

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Sinopec Group and its subsidiaries	156,309	145,959

Investment commitments with related parties

	As at 31 December	
	2019 RMB' 000	2020 RMB' 000
Capital contribution to Shanghai Secco (i)	111,263	111,263
Capital contribution to Shidian Energy (ii)	80,000	80,000
	191,263	191,263

(i) Pursuant to the resolution of the 18th meeting of the 7th term of Board of Directors on 5 December 2013, the Group was approved to make capital contribution of USD 30,017 thousands (RMB 182,804 thousands equivalent) to Shanghai Secco, an associate of the Group. As at 31 December 2020, the Company has contributed RMB 71,541 thousands to

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Shanghai Secco. According to the approval by Shanghai Municipal Commission of Commerce as issued on 19 October 2015, the rest of the capital contribution to Shanghai Secco should be within 50 years starting from its registration date.

(ii) Pursuant to the articles of association of Shidian Energy in August 2019, Toufa agreed to make capital contribution of RMB 400,000 thousands to acquire 40% share of Shidian Energy. As at 31 December 2020, Toufa has contributed RMB 320,000 thousands to Shidian Energy, and the rest of the capital contribution to Shidian Energy should be paid before January 2022 in accordance with the agreement.

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Cash Generated from Operations (Tables)

12 Months Ended Dec. 31, 2020

Cash flows from (used in) operating activities [abstract]

Reconciliation of profit before taxation to cash used in operation

	Year ended 31 December		
	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Profit before income tax	6,808,121	2,656,128	590,778
Adjustment items:			
Interest income	(443,661)	(398,176)	(339,505)
Share of profit of investments accounted for using the equity method	(885,597)	(972,593)	(724,740)
(Gains)/losses on disposal of subsidiary	(1,622)	60,951	–
Net (gains)/losses on foreign exchange option and forward exchange contracts	(14,519)	12,315	376
Gains from structured deposits	(19,811)	(85,444)	(114,283)
Payments for sale of financial assets at fair value through other comprehensive income	–	19,513	9,513
Interest expense	35,574	53,784	64,169
Foreign exchange losses/ (gains)	18,034	(18,571)	5,514
Depreciation of property, plant and equipment	1,550,924	1,507,804	1,553,039
Depreciation of investment property	14,527	14,694	15,184
Depreciation of right-of-use assets	–	101,998	32,653
Amortization of lease prepayments and other non-current assets	242,162	214,292	226,263
Impairment loss on property, plant, equipment and construction in progress	82,652	486	87,570
(Gains)/losses on disposal of property, plant and equipment and other long-term assets-net	(172,508)	(158,551)	1,212
Share-based payment	(13,004)	–	–
Profit on operation before change of working capital	7,201,272	3,008,630	1,407,743
(Increase)/decrease in inventories	(1,523,277)	1,366,441	2,865,687
(Increase)/decrease in operation receivables	(469,339)	(92,354)	308,333
Increase/(decrease) in operation payables	2,767,557	(487,877)	(1,008,800)
Increase/(decrease) in balances to related parties-net	525,286	1,860,836	(1,577,876)

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Cash generated from operating activities	8,501,499	5,655,676	1,995,087

Reconciliation of liabilities arising from financing activities

	Borrowings RMB' 000	Lease liabilities RMB' 000	Short-term bonds RMB' 000	Total RMB' 000
As at 31 December 2018	497,249	76,731	–	573,980
Financing cash flows	1,059,892	(89,124)	–	970,768
Addition of lease liabilities	–	34,436	–	34,436
Foreign exchange movements	(9,541)	–	–	(9,541)
As at 31 December 2019	1,547,600	22,043	–	1,569,643
Financing cash flows	(2,456)	(15,586)	2,998,469	2,980,427
Addition of lease liabilities	–	6,014	–	6,014
Foreign exchange movements	2,856	–	–	2,856
As at 31 December 2020	1,548,000	12,471	2,998,469	4,558,940

Proceeds from sale of property, plant and equipment

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Net book amount	37,614	23,113	60,854
Losses/(gains) on disposal of property, plant and equipment - net	172,508	44,390	(1,212)
Net proceeds from disposal of property, plant and equipment	210,122	67,503	59,642

Non-cash investing activities

	2018 RMB' 000	2019 RMB' 000	2020 RMB' 000
Purchase of non-current assets settled by bills	50,110	73,812	65,800

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Commitments (Tables)

12 Months Ended
Dec. 31, 2020

Commitments [abstract]
Capital Commitments

	As at 31 December	
	2019	2020
	RMB' 000	RMB' 000
Property, plant and equipment		
Contracted but not provided for	247,220	585,870

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Balance Sheet and Reserve Movement of the Company (Tables)

Balance sheet and reserve movement of the Company [abstract]

Balance sheet of the Company

12 Months Ended

Dec. 31, 2020

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Assets		
Non-current assets		
Property, plant and equipment	11,101,389	11,279,484
Right-of-use assets	319,434	296,371
Investment properties	397,573	396,676
Construction in progress	1,814,985	1,694,937
Investments in subsidiaries	1,848,328	2,048,328
Investments accounted for using the equity method	4,476,683	4,594,451
Deferred tax assets	138,648	238,040
Time deposits with banks	3,511,234	7,042,840
Other non-current assets	455,391	402,304
	24,063,665	27,993,431
Current assets		
Inventories	6,368,389	3,685,456
Financial assets at fair value through other comprehensive income	669,889	735,262
Financial assets at fair value through profit or loss	3,318,407	–
Trade receivables	2,114	1,484
Other receivables	12,627	6,447
Prepayments	3,099	6,559
Amounts due from related parties	1,354,793	975,952
Cash and cash equivalents	5,754,440	5,460,067
Time deposits with banks	1,508,839	4,049,441
	18,992,597	14,920,668
Total assets	43,056,262	42,914,099

	As at 31 December 2019 RMB' 000	As at 31 December 2020 RMB' 000
Equity and liabilities		
Equity attributable to owners of the Company		
Share capital	10,823,814	10,823,814
Reserves (a)	18,620,152	17,697,677
Total equity	29,443,966	28,521,491
Liabilities		
Non-current liabilities		
Lease liabilities	8,860	1,911
Deferred income	10,005	13,433
	18,865	15,344
Current liabilities		
Borrowings	1,500,000	1,500,000
Short-term bonds	–	3,017,811
Lease liabilities	10,059	7,897
Contract liabilities	597,688	423,838
Trade and other payables	2,420,912	2,287,762
Amounts due to related parties	5,104,639	3,507,497
Current tax liabilities	3,558,441	3,392,922
Staff salaries and welfares payable	183,912	239,537
Income tax payable	217,780	–
	13,593,431	14,377,264
Total liabilities	13,612,296	14,392,608
Total equity and liabilities	43,056,262	42,914,099

Reserve movement of the Company

Legal Surplus	Capital surplus	Surplus reserve	Other reserve	Hedging	Share premium	Safety production fund	Retained earnings	Total

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	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000	RMB' 000
Balance at 1 January 2019	4,072,476	4,180	101,355	10,389	–	106,846	57,135	14,965,864	19,318,245
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	2,000,410	2,000,410
Dividends proposed and approved	–	–	–	–	–	–	–	(2,705,952)	(2,705,952)
Share of other comprehensive loss of investments accounted for using the equity method	–	–	–	7,449	–	–	–	–	7,449
Balance at 31 December 2019	4,072,476	4,180	101,355	17,838	–	106,846	57,135	14,260,322	18,620,152
Net profit attributable to shareholders of the Company	–	–	–	–	–	–	–	387,895	387,895
Dividends proposed and approved	–	–	–	–	–	–	–	(1,298,858)	(1,298,858)
Appropriation of safety production fund	–	–	–	–	–	–	88,462	(88,462)	–
Change in fair value of hedging instruments	–	–	–	–	(63,840)	–	–	–	(63,840)
Reclassified to cost of inventory	–	–	–	–	63,840	–	–	–	63,840
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	(11,512)	–	–	–	–	(11,512)
Balance at 31 December 2020	4,072,476	4,180	101,355	6,326	–	106,846	145,597	13,260,897	17,697,677

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Benefits and Interests of Directors and Supervisors (Tables)

[Benefits and interests of directors and supervisors [abstract]](#)

Directors' and supervisors' emoluments

12 Months Ended

Dec. 31, 2020

	2018				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun (a)	393	19	910	–	1,322
Shi Wei (b)	84	6	58	–	148
Jin Qiang	226	19	523	–	768
Guo Xiaojun	216	19	518	–	753
Zhou Meiyun	185	19	498	–	702
Jin Wenmin (c)	187	19	528	–	734
Gao Jinping (d)	215	12	549	–	776
Independent non-executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	274	14	288	–	576
Zuo Qiang	135	17	411	–	563
Li Xiaoxia	143	16	418	–	577
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,258	160	4,701	600	7,719

(a) Resigned general manager in September 2018 while other titles remained.
(b) Appointed in September 2018.
(c) Appointed in June 2018.
(d) Resigned in September 2018.

	2019				
	Salaries and other benefits RMB' 000	Retirement scheme contributions RMB' 000	Discretionary bonus RMB' 000	Fees RMB' 000	Total RMB' 000
Executive Directors					
Wu Haijun	343	26	557	–	926
Shi Wei (a)	329	26	797	–	1,152
Jin Qiang	289	26	745	–	1,060
Guo Xiaojun (b)	283	26	751	–	1,060
Zhou Meiyun	248	26	709	–	983
Jin Wenmin	260	26	721	–	1,007

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Independent non-executive directors					
Zhang Yimin	–	–	–	150	150
Liu Yunhong	–	–	–	150	150
Du Weifeng	–	–	–	150	150
Li Yuanqin	–	–	–	150	150
Supervisors					
Ma Yanhui	267	22	685	–	974
Zuo Qiang (c)	102	15	324	–	441
Li Xiaoxia (d)	102	14	529	–	645
Zhang Feng (e)	31	9	107	–	147
Chen Hongjun (f)	34	9	110	–	153
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,488	225	6,035	600	9,348

(a) Resigned in December 2019.
(b) Resigned in December 2019.
(c) Resigned in September 2019.
(d) Resigned in September 2019.
(e) Appointed in October 2019.
(f) Appointed in October 2019.

	2020				
	Salaries and other benefits RMB' 000	**Retirement scheme contributions RMB' 000**	**Discretionary bonus RMB' 000**	**Fees RMB' 000**	**Total RMB' 000**
Executive Directors					
Wu Haijun	359	44	799	–	1,202
Guan Zemin (a)	367	41	397	–	805
Jin Qiang	354	44	716	–	1,114
Jin Wenmin	250	44	721	–	1,015
Huang Xiangyu (b)	275	39	440	–	754
Huang Fei (c)	217	39	426	–	682
Zhou Meiyun (d)	181	33	668	–	882
Non- executive directors					
Xie Zhenglin (e)	–	–	–	–	–
Peng Kun (f)	96	25	246	–	367
Independent non-executive directors					
Li Yuanqin	–	–	–	150	150
Tang Song (g)	–	–	–	75	75
Chen Haifeng (h)	–	–	–	75	75
Yang Jun (i)	–	–	–	75	75
Gao Song (j)	–	–	–	75	75

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Zhang Yimin (k)	–	–	–	75	75
Liu Yunhong (l)	–	–	–	75	75
Du Weifeng (m)	–	–	–	75	75
Supervisors					
Ma Yanhui	332	42	720	–	1,094
Zhang Feng	148	40	485	–	673
Chen Hongjun	159	38	485	–	682
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
	2,938	429	6,103	675	10,145

(a) Appointed in February 2020.
(b) Appointed in June 2020.
(c) Appointed in June 2020.
(d) Resigned in September 2020.
(e) Appointed in June 2020.
(f) Appointed in June 2020.
(g) Appointed in June 2020.
(h) Appointed in June 2020.
(i) Appointed in June 2020.
(j) Appointed in June 2020.
(k) Resigned in June 2020.
(l) Resigned in June 2020.
(m) Resigned in June 2020.

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	General Information (Reorganisation) (Details) - China Petrochemical Corporation ("Sinopec Group") [member] - Sinopec Shanghai Petrochemical Company Limited ("the Company") [member] - China Petroleum & Chemical Corporation ("Sinopec Corp.") [member]
	Feb. 26, 2000 shares
General information [line items]	
State-owned legal shares transferred	4,000,000,000
Percentage of issued share capital, state-owned legal shares transferred	55.56%

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General Information (Share Segregation Reform Resolution) (Details) - shares	Aug. 21, 2013	Aug. 17, 2013	12 Months Ended Dec. 31, 2020
General information [line items]			
Description of shares offered by controlling shareholder			5 shares for every 10 circulating A shares held by shareholders of circulating A shares
The circulation date			Aug. 20, 2013
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member]			
General information [line items]			
Description of scheme of converting surplus to share capital			No less than 4 shares for every 10 shares
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition one [member]			
General information [line items]			
Description of restricted conditions			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").
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition two [member]			
General information [line items]			
Description of restricted conditions			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.
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition two, part one [member]			
General information [line items]			
Restriction period under restricted conditions			12 months
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition two, part one [member] | Top of range [member]			
General information [line items]			
Percentage of shares can be sold	5.00%		

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China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition two, part two [member]			
General information [line items]			
Restriction period under restricted conditions			24 months
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | Restricted condition two, part two [member] | Top of range [member]			
General information [line items]			
Percentage of shares can be sold	10.00%		
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | A shares [member]			
General information [line items]			
Aggregate shares offered by controlling shareholder		360,000,000	
China Petroleum & Chemical Corporation ("Sinopec Corp.") [member] | A shares [member] | Restricted condition one [member]			
General information [line items]			
Number of shares not allowed to be traded on SSE or transferred within restriction period	3,640,000,000		
Restriction period under restricted conditions			12 months
Social legal person [member] | Restricted condition three [member]			
General information [line items]			
Description of restricted conditions			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.
Social legal person [member] | Non-circulating A shares [member] | Restricted condition three [member]			
General information [line items]			
Number of shares not allowed to be traded on SSE or transferred within restriction period	150,000,000		
Restriction period under restricted conditions			12 months

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General Information (The Fifteenth Meeting of the Seventh Term of Board of Directors) (Details) ¥ in Thousands	Jan. 13, 2018 CNY (¥) Grantees	Sep. 28, 2017 shares	Aug. 30, 2017 CNY (¥) Grantees	Aug. 29, 2013 CNY (¥) shares	12 Months Ended Dec. 31, 2020 CNY (¥) shares	12 Months Ended Dec. 31, 2019 CNY (¥) shares	12 Months Ended Dec. 31, 2018 CNY (¥)
General information [line items]							
Cash payment received by the company					¥ 0	¥ 0	¥ 37,102
Exercise of share option							¥ 37,102
Sinopec Shanghai Petrochemical Company Limited ("the Company") [member]							
General information [line items]							
Distribution plan of the resolution					A distribution of 5 shares and a cash dividend distribution of RMB 0.5 (tax included) for every 10 shares based on the 7,200,000 thousands ordinary shares as at 30 June 2013.		
Number of shares distributed | shares				5			
Number of shares distributed, converted from share premium | shares				3.36			
Share premium converted to distribution shares				¥ 2,420,841			
Number of shares distributed, converted from surplus reserves | shares				1.64			
Surplus reserves converted to distribution shares				¥ 1,179,159			
Total shares of the Company | shares					10,823,814,000	10,823,814,000	

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Tranche 1 [member] | Sinopec Shanghai Petrochemical Company Limited ("the Company") [member]			
General information [line items]			
Cash payment received by the company			¥ 54,580
Number of grantees | Grantees			199
Tranche 1 [member] | Sinopec Shanghai Petrochemical Company Limited ("the Company") [member] | A shares [member]			
General information [line items]			
Ordinary A shares registered | shares		14,177,000	
Tranche 2 [member] | Sinopec Shanghai Petrochemical Company Limited ("the Company") [member]			
General information [line items]			
Cash payment received by the company	¥ 37,102		
Number of grantees | Grantees	185		
Exercise of share option	¥ 9,637		

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Summary of Significant Accounting Policies (Property, Plant and Equipment) (Details)	12 Months Ended Dec. 31, 2020
Buildings [member]	
Disclosure of detailed information about property, plant and equipment [line items]	
Estimated useful lives of property, plant and equipment	12-40 years
Plant and machinery [member]	
Disclosure of detailed information about property, plant and equipment [line items]	
Estimated useful lives of property, plant and equipment	12-20 years
Vehicles and other equipment [member]	
Disclosure of detailed information about property, plant and equipment [line items]	
Estimated useful lives of property, plant and equipment	4-20 years

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Summary of Significant Accounting Policies (Investment Properties) (Details)	12 Months Ended
	Dec. 31, 2020
Disclosure of detailed information about investment property [abstract]	
Estimated useful lives of investment properties	30-40 years

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Summary of Significant Accounting Policies (Other Non-current Assets) (Details)	12 Months Ended Dec. 31, 2020
Patents [member]	
Disclosure of information about other non-current assets [line items]	
Estimated useful lives of other non-current assets	10-28 years
Catalyst [member]	
Disclosure of information about other non-current assets [line items]	
Estimated useful lives of other non-current assets	2-5 years

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Summary of Significant Accounting Policies (Leases) (Details)	12 Months Ended Dec. 31, 2020
Land use rights [member]	
Disclosure of quantitative information about right-of-use assets [line items]	
Estimated useful lives of right-of-use assets	30-50 years
Buildings [member]	
Disclosure of quantitative information about right-of-use assets [line items]	
Estimated useful lives of right-of-use assets	1-30 years
Equipment [member]	
Disclosure of quantitative information about right-of-use assets [line items]	
Estimated useful lives of right-of-use assets	1-2 years
Vehicles and others [member]	
Disclosure of quantitative information about right-of-use assets [line items]	
Estimated useful lives of right-of-use assets	1-5 years

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Changes in Accounting Policies (Impact of Adoption, Narrative) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Jan. 01, 2019
Disclosure of initial application of standards or interpretations [line items]			
Right-of-use assets	¥ 410,801	¥ 343,860	
Lease liabilities	12,471	22,043	
IFRS 16 [member]			
Disclosure of initial application of standards or interpretations [line items]			
The lessee's incremental borrowing rate			4.90%
Right-of-use assets			¥ 411,878
Lease prepayments and other non-current assets			(335,026)
Prepayment			(121)
Lease liabilities			¥ 76,731
IFRS 16 [member] | Previously stated [member]			
Disclosure of initial application of standards or interpretations [line items]			
The lessee's incremental borrowing rate			4.35%
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member]			
Disclosure of initial application of standards or interpretations [line items]			
Right-of-use assets	410,801	343,860	
Lease liabilities	¥ 12,471	¥ 22,043	

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Changes in Accounting Policies (Impact of Adoption, Measurement of Lease Liabilities) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Jan. 01, 2019	Dec. 31, 2018
Disclosure of initial application of standards or interpretations [line items]				
Lease liability recognized as at 1 January 2019	¥ 12,471	¥ 22,043		
Of which are:				
Current lease liabilities	9,352	11,450		
Non-current lease liabilities	¥ 3,119	¥ 10,593		
IFRS 16 [member]				
Disclosure of initial application of standards or interpretations [line items]				
Operating lease commitments disclosed as at 31 December 2018				¥ 84,746
Discounted using the lessee's incremental borrowing rate of at the date of initial application				77,046
(Less): short-term leases recognized on a straight-line basis as expense				¥ (315)
Lease liability recognized as at 1 January 2019			¥ 76,731	
Of which are:				
Current lease liabilities			74,093	
Non-current lease liabilities			¥ 2,638	

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Changes in Accounting Policies (Impact of Adoption, Impact on Segment Disclosures) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Jan. 01, 2019
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	¥ 410,801	¥ 343,860	
Addition to allocated liabilities	12,471	22,043	
IFRS 16 [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets			¥ 411,878
Addition to allocated liabilities			¥ 76,731
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	410,801	343,860	
Addition to allocated liabilities	12,471	22,043	
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Synthetic fibres [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	168	9,047	
Addition to allocated liabilities	155	536	
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Resins and plastics [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	12,252	50,006	
Addition to allocated liabilities	3,423	5,177	
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Intermediate petrochemicals [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	1,886	46,320	
Addition to allocated liabilities	1,719	2,738	
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Petroleum products [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	291,723	236,531	
Addition to allocated liabilities	4,618	13,371	
IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Trading of petrochemical products [member]			
Disclosure of initial application of standards or interpretations [line items]			
Addition to allocated assets	102,296	13	
Addition to allocated liabilities	0	0	

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IFRS 16 [member] | Increase (decrease) due to application of IFRS 16 [member] | Others [member]		
Disclosure of initial application of standards or interpretations [line items]		
Addition to allocated assets	2,476	1,943
Addition to allocated liabilities	¥ 2,556	¥ 221

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Financial Risk Management (Financial Risk Factors, Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended			
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Disclosure of nature and extent of risks arising from financial instruments [line items]				
Borrowings	¥ 1,548,000	¥ 1,547,600		
Cash and cash equivalents	¥ 6,916,408	7,449,699	¥ 8,741,893	¥ 7,504,266
Foreign exchange risk [member]				
Disclosure of nature and extent of risks arising from financial instruments [line items]				
Description of change in foreign exchange risk/interest rate risk with all other variables held constant	if US dollar had weakened/strengthened by 5% against RMB with all other variables held constant			
Description of change in net profit	the Group's net profit for the year would have been RMB 2,401 thousands decreased/increased (31 December 2019: RMB 13,699 thousands increased/decreased in net profit) before considering the impact of foreign exchange option contracts as a result of foreign exchange gains/ losses on translation of foreign currencies denominated trade receivables and payables			
Foreign currencies weakened/ strengthened rate against RMB	5.00%			
Estimated change in net profit due to sensitivity analysis	¥ 2,401	13,699		
Foreign exchange risk [member] | US dollar foreign exchange options [member]				
Disclosure of nature and extent of risks arising from financial instruments [line items]				
Nominal amount		40,754		
Maturity period of foreign exchange option contracts entered	6 months			

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Cash flow and fair value interest rate risk [member] | Floating interest rate [member]		
Disclosure of nature and extent of risks arising from financial instruments [line items]		
Description of change in foreign exchange risk/interest rate risk with all other variables held constant	if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant	
Description of change in net profit	the Group's net profit would have decreased/ increased by approximately RMB 180 thousands (31 December 2019: RMB 179 thousands), mainly as a result of higher/lower interest expense on floating rate borrowings	
Estimated change in net profit due to sensitivity analysis	¥ 180	179
Borrowings	¥ 48,000	¥ 47,600
Short-term borrowings, percentage of total borrowing balance	3.00%	3.00%
Interest rates on the floating rate borrowings risen/fallen basis points	0.50%	
Liquidity risk [member]		
Disclosure of nature and extent of risks arising from financial instruments [line items]		
Credit facilities with several PRC financial institutions	¥ 32,516,787	
Unused facilities	27,350,766	
Cash and cash equivalents	6,916,408	¥ 7,449,699
Trade receivables (including trade receivables with related parties and those carried at FVOCI)	1,469,431	¥ 2,376,098
Liquidity risk [member] | Later than one year [member]		
Disclosure of nature and extent of risks arising from financial instruments [line items]		
Unused facilities	¥ 14,167,750	

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Financial Risk Management (Financial Risk Factors, Derivatives, Derivative Financial Instruments) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Current derivative financial instrument assets [member]		
Disclosure of nature and extent of risks arising from financial instruments [line items]		
Foreign exchange options	¥ 0	¥ 263
Current derivative financial instrument liabilities [member]		
Disclosure of nature and extent of risks arising from financial instruments [line items]		
Foreign exchange options	¥ 0	¥ 799

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Financial Risk Management (Financial Risk Factors, Derivatives, Reconciliation of Hedging Reserves in Cash Flow) (Details) - Swap contract [member] ¥ in Thousands	12 Months Ended Dec. 31, 2020 CNY (¥)
Disclosure of nature and extent of risks arising from financial instruments [line items]	
As at 31 December 2019	¥ 0
Add: Change in fair value of hedging instrument recognized in OCI	(63,840)
Less: Reclassified to the cost of inventory - not included in OCI	63,840
As at 31 December 2020	¥ 0

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Financial Risk Management (Financial Risk Factors, Derivatives, Reconciliation of Hedging Reserves in Income Statement) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of nature and extent of risks arising from financial instruments [abstract]			
Net losses on foreign exchange options not qualifying as hedges included in Other gains - net	¥ (376)	¥ (12,315)	¥ 14,519

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Financial Risk Management (Financial Risk Factors, Foreign Exchange Risk , Foreign Exchange Risk) (Details) - CNY (¥)	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of nature and extent of risks arising from financial instruments [abstract]			
Net foreign exchange gains included in Other gains - net	¥ 12,248,000	¥ 2,648,000	¥ (31,770,000)
Net foreign exchange gains/(losses) included in Finance income/(expenses)	(5,514,000)	18,571,000	¥ (31,770,000)
Total net foreign exchange recognized in profit before income tax for the year	¥ 6,734,000	¥ 21,219,000	

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Financial Risk Management (Financial Risk Factors, Net Reversal of Impairment Losses on Financial Assets Recognized in Income Statement) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of nature and extent of risks arising from financial instruments [abstract]			
Impairment losses - movement in loss allowance for trade receivables	¥ (634)	¥ 0	
Recoveries on previously written off receivables	121,550	0	
Reversal of previous impairment losses	0	59	
Net reversal of impairment losses on financial assets	¥ 120,916	¥ 59	¥ (39)

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Financial Risk Management (Financial Risk Factors, Maturity Analysis for Financial Liabilities) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Non-derivatives		
Short-term bonds	¥ 3,017,811	¥ 0
Lease liabilities	12,471	22,043
Bills payables	26,196	673,900
Derivatives		
Derivative financial liabilities	0	799
Liquidity risk [member] | Undiscounted cash flow [member]		
Non-derivatives		
Borrowings	1,558,702	1,575,176
Short-term bonds	3,023,614	
Lease liabilities	12,702	23,476
Bills payables	26,196	673,900
Trade payables	1,294,138	2,142,402
Other payables	1,498,503	747,133
Amounts due to related parties	3,655,724	5,702,728
Total non-derivatives	11,069,579	10,864,815
Derivatives		
Derivative financial liabilities		799
Liquidity risk [member] | Undiscounted cash flow [member] | Not later than one year [member]		
Non-derivatives		
Borrowings	1,558,702	1,575,176
Short-term bonds	3,023,614	
Lease liabilities	9,373	11,700
Bills payables	26,196	673,900
Trade payables	1,294,138	2,142,402
Other payables	1,498,503	747,133
Amounts due to related parties	3,655,724	5,702,728
Total non-derivatives	11,066,250	10,853,039
Derivatives		
Derivative financial liabilities		799
Liquidity risk [member] | Undiscounted cash flow [member] | Later than one year and not later than two years [member]		
Non-derivatives		
Borrowings	0	0
Short-term bonds	0	
Lease liabilities	2,136	8,846

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Bills payables	0	0
Trade payables	0	0
Other payables	0	0
Amounts due to related parties	0	0
Total non-derivatives	2,136	8,846
Liquidity risk [member] | Undiscounted cash flow [member] | Later than two years and not later than five years [member]		
Non-derivatives		
Borrowings	0	0
Short-term bonds	0	
Lease liabilities	1,090	2,435
Bills payables	0	0
Trade payables	0	0
Other payables	0	0
Amounts due to related parties	0	0
Total non-derivatives	1,090	2,435
Liquidity risk [member] | Undiscounted cash flow [member] | Later than five years [member]		
Non-derivatives		
Borrowings	0	0
Short-term bonds	0	
Lease liabilities	103	495
Bills payables	0	0
Trade payables	0	0
Other payables	0	0
Amounts due to related parties	0	0
Total non-derivatives	¥ 103	¥ 495

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Financial Risk Management (Fair Value Estimation, Recurring Fair Value Measurements) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Financial assets			
Trade and bill receivables	¥ 1,207,114	¥ 1,540,921	
Equity investments	[1] 5,000	5,000	
Structured deposits	0	3,318,407	
Total finanical assets	20,417,608	19,002,390	
Recurring fair value measurements [member]			
Financial assets			
Trade and bill receivables	1,207,114	1,540,921	
Equity investments	5,000	5,000	
Structured deposits		3,318,407	
Foreign exchange options		263	
Total finanical assets	1,212,114	4,864,591	
Finanical liabilities			
Foreign exchange options		799	
Level 1 of fair value hierarchy [member] | Recurring fair value measurements [member]			
Financial assets			
Trade and bill receivables	0	0	
Equity investments	0	0	
Structured deposits		0	
Foreign exchange options		0	
Total finanical assets	0	0	
Finanical liabilities			
Foreign exchange options		0	
Level 2 of fair value hierarchy [member] | Recurring fair value measurements [member]			
Financial assets			
Trade and bill receivables	1,207,114	1,540,921	
Equity investments	0	0	
Structured deposits		0	
Foreign exchange options		263	
Total finanical assets	1,207,114	1,541,184	
Finanical liabilities			
Foreign exchange options		799	
Level 3 of fair value hierarchy [member]			
Financial assets			
Total finanical assets	5,000	3,323,407	¥ 2,719,811

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Level 3 of fair value hierarchy [member] | Recurring fair value measurements [member]		
Financial assets		
Trade and bill receivables	0	0
Equity investments	5,000	5,000
Structured deposits		3,318,407
Foreign exchange options		0
Total finanical assets	¥ 5,000	3,323,407
Finanical liabilities		
Foreign exchange options		¥ 0

[1] In July 2019, Toufa invested RMB 5,000 thousands in Shanghai Carbon Fiber Composites Innovation Research Institute Co., Ltd. to acquire 16.67% of its share.

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Financial Risk Management (Fair Value Estimation, Changes in level 3 items) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Financial instruments, fair value measurement [line items]		
Beginning Balance	¥ 19,002,390	
Ending Balance	20,417,608	¥ 19,002,390
Level 3 of fair value hierarchy [member]		
Financial instruments, fair value measurement [line items]		
Beginning Balance	3,323,407	2,719,811
Acquisitions	7,600,000	3,805,000
Disposals	(10,900,000)	(3,000,000)
Fair value change	(18,407)	(1,404)
Ending Balance	5,000	3,323,407
Level 3 of fair value hierarchy [member] | Equity investments [member]		
Financial instruments, fair value measurement [line items]		
Beginning Balance	5,000	0
Acquisitions	0	5,000
Disposals	0	0
Fair value change	0	0
Ending Balance	5,000	5,000
Level 3 of fair value hierarchy [member] | Structured deposits [member]		
Financial instruments, fair value measurement [line items]		
Beginning Balance	3,318,407	2,719,811
Acquisitions	7,600,000	3,800,000
Disposals	(10,900,000)	(3,200,000)
Fair value change	(18,407)	(1,404)
Ending Balance	¥ 0	¥ 3,318,407

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Segment Information (Operating Segments, Narrative) (Details)	12 Months Ended Dec. 31, 2020 Segments
Disclosure of operating segments [abstract]	
Number of operating segments	5

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Segment Information (Revenue) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of operating segments [line items]			
Segment revenue	¥ 74,623,575	¥ 100,269,667	¥ 107,688,907
Total gross (loss)/profit	(340,249)	1,587,745	5,774,506
At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	74,622,174	100,259,517	107,666,536
Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,401	10,150	22,371
Synthetic fibers [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,480,576	2,200,229	2,225,594
Total gross (loss)/profit	(338,633)	(501,062)	(537,590)
Synthetic fibers [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,480,576	2,200,229	2,225,594
Synthetic fibers [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0
Resins and plastics [member]			
Disclosure of operating segments [line items]			
Segment revenue	9,475,887	10,163,711	10,730,277
Total gross (loss)/profit	1,435,079	542,015	1,081,206
Resins and plastics [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	9,475,887	10,163,711	10,730,277
Resins and plastics [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0
Intermediate petrochemicals [member]			
Disclosure of operating segments [line items]			
Segment revenue	8,251,252	10,511,143	12,403,080
Total gross (loss)/profit	724,152	649,435	2,135,060
Intermediate petrochemicals [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	8,251,252	10,511,143	12,403,080
Intermediate petrochemicals [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0

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Petroleum products [member]			
Disclosure of operating segments [line items]			
Segment revenue	43,080,204	54,886,705	54,972,598
Total gross (loss)/profit	(2,232,013)	750,850	2,936,678
Petroleum products [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	43,080,204	54,886,705	54,972,598
Petroleum products [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0
Trading of petrochemical products [member]			
Disclosure of operating segments [line items]			
Segment revenue	11,585,110	21,706,014	26,560,354
Total gross (loss)/profit	88,004	121,193	149,236
Trading of petrochemical products [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	11,583,709	21,695,864	26,537,983
Trading of petrochemical products [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,401	10,150	22,371
Other Segments [member]			
Disclosure of operating segments [line items]			
Segment revenue	750,546	801,865	797,004
Total gross (loss)/profit	(16,838)	25,314	9,916
Other Segments [member] | At a point in time [member]			
Disclosure of operating segments [line items]			
Segment revenue	750,546	801,865	797,004
Other Segments [member] | Over time [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0
Total segment revenue [member]			
Disclosure of operating segments [line items]			
Segment revenue	94,153,621	127,342,469	134,570,265
Total segment revenue [member] | Synthetic fibers [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,480,576	2,200,229	2,225,594
Total segment revenue [member] | Resins and plastics [member]			
Disclosure of operating segments [line items]			
Segment revenue	9,576,944	10,304,812	10,868,758
Total segment revenue [member] | Intermediate petrochemicals [member]			
Disclosure of operating segments [line items]			
Segment revenue	19,777,574	24,698,643	26,327,039

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Total segment revenue [member] | Petroleum products [member]			
Disclosure of operating segments [line items]			
Segment revenue	49,711,547	66,754,731	66,009,608
Total segment revenue [member] | Trading of petrochemical products [member]			
Disclosure of operating segments [line items]			
Segment revenue	12,023,744	21,881,214	27,650,410
Total segment revenue [member] | Other Segments [member]			
Disclosure of operating segments [line items]			
Segment revenue	1,583,236	1,502,840	1,488,856
Inter - segment revenue [member]			
Disclosure of operating segments [line items]			
Segment revenue	(19,530,046)	(27,072,802)	(26,881,358)
Inter - segment revenue [member] | Synthetic fibers [member]			
Disclosure of operating segments [line items]			
Segment revenue	0	0	0
Inter - segment revenue [member] | Resins and plastics [member]			
Disclosure of operating segments [line items]			
Segment revenue	(101,057)	(141,101)	(138,481)
Inter - segment revenue [member] | Intermediate petrochemicals [member]			
Disclosure of operating segments [line items]			
Segment revenue	(11,526,322)	(14,187,500)	(13,923,959)
Inter - segment revenue [member] | Petroleum products [member]			
Disclosure of operating segments [line items]			
Segment revenue	(6,631,343)	(11,868,026)	(11,037,010)
Inter - segment revenue [member] | Trading of petrochemical products [member]			
Disclosure of operating segments [line items]			
Segment revenue	(438,634)	(175,200)	(1,090,056)
Inter - segment revenue [member] | Other Segments [member]			
Disclosure of operating segments [line items]			
Segment revenue	¥ (832,690)	¥ (700,975)	¥ (691,852)

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Segment Information (Segment Result - Profit/ (Loss) from Operations) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	¥ (466,236)	¥ 1,320,572	¥ 5,585,112
Net finance income	332,274	362,963	337,412
Share of profit of investments accounted for using the equity method	724,740	972,593	885,597
Profit before income tax	590,778	2,656,128	6,808,121
Petroleum products [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	(2,198,705)	705,469	2,910,063
Resins and plastics [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	1,262,029	401,454	900,440
Intermediate petrochemicals [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	581,597	413,914	1,934,926
Trading of petrochemical products [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	42,039	53,214	104,900
Synthetic fibers [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	(364,211)	(540,280)	(573,503)
Others [member]			
Segment result - (loss)/profit from operations			
Profit/(loss) from operations	¥ 211,015	¥ 286,801	¥ 308,286

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Segment Information (Other Profit and Loss Disclosures) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of operating segments [line items]			
Depreciation and amortisation	¥ (1,827,139)	¥ (1,838,788)	¥ (1,807,613)
Impairment loss	33,346	(427)	(82,691)
Inventory write-down	(220,888)	(70,178)	(86,003)
Synthetic fibers [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(78,030)	(68,589)	(68,428)
Impairment loss	88,550	7	(47,937)
Inventory write-down	(39,657)	(48,844)	(35,945)
Resins and plastics [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(138,204)	(125,464)	(139,447)
Impairment loss	0	6	(9)
Inventory write-down	(26,382)	(12,073)	(19,219)
Intermediate petrochemicals [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(465,425)	(497,469)	(575,025)
Impairment loss	(55,204)	(478)	(34,695)
Inventory write-down	(15,418)	(9,094)	(8,630)
Petroleum products [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(917,637)	(972,688)	862,659
Impairment loss	0	38	(50)
Inventory write-down	(138,537)	(167)	(22,209)
Trading of petrochemical products [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(19,938)	(211)	(111)
Impairment loss	0	0	0
Inventory write-down	(788)	0	0
Others [member]			
Disclosure of operating segments [line items]			
Depreciation and amortisation	(207,905)	(174,367)	(161,943)
Impairment loss	0	0	0
Inventory write-down	¥ (106)	¥ 0	¥ 0

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Segment Information (Assets) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Disclosure of operating segments [line items]				
Investments accounted for using the equity method	¥ 5,387,834	¥ 5,208,758		
Cash and cash equivalents	6,916,408	7,449,699	¥ 8,741,893	¥ 7,504,266
Time deposits with banks	11,092,283	5,020,073		
Deferred tax assets	252,121	150,832		
Financial assets at fair value through profit or loss	0	3,318,407		
Derivative financial assets	0	263		
Assets	44,619,130	45,494,075		
Allocated amounts [member]				
Disclosure of operating segments [line items]				
Assets	20,952,386	24,323,144		
Allocated amounts [member] | Synthetic fibers [member]				
Disclosure of operating segments [line items]				
Assets	986,391	997,650		
Allocated amounts [member] | Resins and plastics [member]				
Disclosure of operating segments [line items]				
Assets	1,654,920	1,802,681		
Allocated amounts [member] | Intermediate petrochemicals [member]				
Disclosure of operating segments [line items]				
Assets	3,176,092	3,721,337		
Allocated amounts [member] | Petroleum products [member]				
Disclosure of operating segments [line items]				
Assets	11,344,760	14,014,403		
Allocated amounts [member] | Trading of petrochemical products [member]				
Disclosure of operating segments [line items]				
Assets	1,357,884	1,492,405		
Allocated amounts [member] | Others [member]				
Disclosure of operating segments [line items]				
Assets	2,432,339	2,294,668		
Unallocated amounts [member]				
Disclosure of operating segments [line items]				
Investments accounted for using the equity method	5,387,834	5,208,758		
Cash and cash equivalents	6,916,408	7,449,699		
Time deposits with banks	11,092,283	5,020,073		
Deferred tax assets	252,121	150,832		
Financial assets at fair value through profit or loss	0	3,318,407		
Derivative financial assets	0	263		
Others	18,098	22,899		

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Assets	¥ 23,666,744	¥ 21,170,931

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Segment Information (Liabilities) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of operating segments [line items]		
Borrowings	¥ 1,548,000	¥ 1,547,600
Short-term bonds	3,017,811	0
Deferred tax liabilities	285,782	186,350
Derivative financial liabilities	0	799
Liabilities	15,284,155	15,500,227
Allocated amounts [member]		
Disclosure of operating segments [line items]		
Liabilities	10,682,987	13,951,828
Allocated amounts [member] | Synthetic fibers [member]		
Disclosure of operating segments [line items]		
Liabilities	209,621	340,034
Allocated amounts [member] | Resins and plastics [member]		
Disclosure of operating segments [line items]		
Liabilities	1,233,286	1,372,574
Allocated amounts [member] | Intermediate petrochemicals [member]		
Disclosure of operating segments [line items]		
Liabilities	1,267,313	1,736,967
Allocated amounts [member] | Petroleum products [member]		
Disclosure of operating segments [line items]		
Liabilities	6,669,419	8,482,596
Allocated amounts [member] | Trading of petrochemical products [member]		
Disclosure of operating segments [line items]		
Liabilities	1,224,420	1,946,530
Allocated amounts [member] | Others [member]		
Disclosure of operating segments [line items]		
Liabilities	78,928	73,127
Unallocated amounts [member]		
Disclosure of operating segments [line items]		
Borrowings	1,548,000	1,547,600
Short-term bonds	3,017,811	0
Deferred tax liabilities	35,357	0
Derivative financial liabilities	0	799
Liabilities	¥ 4,601,168	¥ 1,548,399

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Segment Information (Additions to Property, Plant and Equipment, Construction in Progress, Right-of-Use Assets and Other Non-current Assets) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	¥ 2,293,889	¥ 1,701,302	¥ 1,389,253
Synthetic fibers [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	496,125	294,515	124,188
Resins and plastics [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	139,212	74,633	112,638
Intermediate petrochemicals [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	278,788	204,021	246,857
Petroleum products [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	779,392	1,024,626	806,833
Trading of petrochemical products [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	378,292	89	0
Others [member]			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets			
Additions to property, plant and equipment, construction in progress, right-of-use assets and other non-current assets	¥ 222,080	¥ 103,418	¥ 98,737

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Segment Information (Entity-wide information) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of operating segments [line items]			
Revenue derived from a single customer	¥ 74,623,575	¥ 100,269,667	¥ 107,688,907
Single customer [member]			
Disclosure of operating segments [line items]			
Revenue derived from a single customer	¥ 38,651,385	¥ 42,657,975	¥ 42,492,816

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Other Operating Income (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Other operating income [abstract]			
Government grants	[1] ¥ 61,296	¥ 69,678	¥ 116,330
Rental income from investment property	81,608	76,381	76,001
Others	5,772	4,655	10,286
Other operating income	148,676	150,714	202,617
Grants related to R&D and other tax refund	60,859	69,241	115,893
Government grants relating to the purchase of property, plant and equipment	¥ 437	¥ 437	¥ 437

[1] Government grants. Grants related to Research and Development, other tax refund and subsidies of RMB 60,859 thousands (2019: RMB 69,241 thousands, 2018: RMB 115,893 thousands) are included in the government grants line item. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance. Deferral and presentation of government grants. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets. For the year ended 31 December 2020, RMB 437 thousands were included in the government grants line item (2019: RMB 437 thousands, 2018: RMB 437 thousands).

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Other Operating Expenses (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Other operating expenses [abstract]			
Cost related to lease of investment properties	¥ (15,625)	¥ (16,199)	¥ (19,367)
Others	(9,061)	(5,726)	(13,181)
Other operating expenses	¥ (24,686)	¥ (21,925)	¥ (32,548)

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Other gains - net (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Other gains - net [abstract]			
Net gains/(losses) on disposal of land, property, plant and equipment	¥ (1,212)	¥ 158,551	¥ 172,508
Gains from structured deposits	114,283	85,444	19,811
Gains/(losses) from disposal of subsidiaries	0	(60,951)	1,622
Net foreign exchange (losses)/gains	12,248	2,648	(31,770)
Net gains/(losses) on foreign exchange option contracts	(376)	(12,315)	14,519
Losses on sale of FVOCI	(9,513)	(19,513)	0
Other gains - net	¥ 115,430	¥ 153,864	¥ 176,690

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Finance Income and Expenses (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Finance income and expenses [abstract]			
Net foreign exchange gains	¥ 0	¥ 18,571	¥ 0
Interest income	431,228	398,176	443,661
Finance income	431,228	416,747	443,661
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(101,732)	(59,378)	(84,425)
Less: amounts capitalized on qualifying assets	8,292	5,594	5,179
Net interest expense	(93,440)	(53,784)	(79,246)
Net foreign exchange loss	(5,514)	0	(27,003)
Finance expenses	(98,954)	(53,784)	(106,249)
Finance income - net	¥ 332,274	¥ 362,963	¥ 337,412

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Expense by Nature (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Expenses by nature [abstract]			
Cost of raw material	¥ 42,082,307	¥ 57,101,961	¥ 56,601,977
Cost of trading products	11,467,420	21,566,364	26,392,366
Employee benefit expenses	3,143,219	3,147,372	2,888,572
Depreciation and amortization	1,794,486	1,736,790	1,807,613
Repairs and maintenance expenses	1,060,624	1,089,829	1,265,919
Other expenses	1,030,020	1,107,017	771,401
Change of goods in process and finished goods	862,652	446,779	(277,403)
Transportation costs	274,002	297,416	326,553
Inventory write-down	220,888	70,178	86,003
External processing fee	215,467	215,288	185,164
Sales commissions	104,598	125,641	139,954
Impairment loss	87,570	486	82,652
Depreciation of right-of-use assets	32,653	101,998	0
Auditors' remuneration - audit services	7,800	7,800	7,800
Leasing expenses	3,731	2,961	96,520
Total cost of sales, selling and administrative expenses	¥ 62,387,437	¥ 87,017,880	¥ 90,375,091

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Employee Benefit Expenses (Details) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020 CNY (¥) Individuals	Dec. 31, 2019 CNY (¥) Individuals	Dec. 31, 2018 CNY (¥) Individuals
Classes of employee benefits expense [abstract]			
Wages and salaries	¥ 2,009,645	¥ 1,931,121	¥ 1,814,991
Social welfare costs	714,484	782,789	712,556
Others	419,090	433,462	374,029
Share-based payments granted to directors and employees	0	0	(13,004)
Total employee benefit expense	¥ 3,143,219	¥ 3,147,372	¥ 2,888,572
Number of individuals with the highest emoluments disclosed | Individuals	5	5	5

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Income Tax (Major Components of Income Tax Expense) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Major components of tax expense (income) [abstract]			
Current income tax	¥ (37,027)	¥ (460,720)	¥ (1,471,671)
Deferred taxation	102,647	31,757	(232)
Income tax (expense)/credit	¥ 65,620	¥ (428,963)	¥ (1,471,903)

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Income Tax (Reconciliation of Income Tax) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Reconciliation of accounting profit multiplied by applicable tax rates [abstract]			
Profit before income tax	¥ 590,778	¥ 2,656,128	¥ 6,808,121
Expected PRC income tax at the statutory tax rate of 25%	(147,695)	(664,032)	(1,702,032)
Tax effect of share of profit of investments accounted for using the equity method	178,685	239,562	218,024
Tax effect of other non-taxable income	54,379	7,459	14,770
Tax deductions for R&D expenses	11,863	7,500	2,500
Tax effect of non-deductible loss, expenses and costs	(51,543)	(42,906)	(20,123)
True up for final settlement of enterprise income taxes in respect of previous years	9,188	2,618	(12,678)
Tax losses for which no deferred income tax asset was recognized	(2,821)	(9,578)	(10,017)
Utilization of previously unrecognized tax losses	13,564	30,414	37,653
Income tax (expense)/credit	¥ 65,620	¥ (428,963)	¥ (1,471,903)
PRC income tax rate	25.00%	25.00%	25.00%

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Income Tax (Deferred Tax Assets and Deferred Tax Liabilities) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Deferred tax assets:		
Deferred tax asset to be recovered	¥ 502,546	¥ 337,182
Deferred tax liabilities:		
Deferred tax liabilities to be recovered	(285,782)	(186,350)
Deferred tax assets - net	252,121	150,832
Deferred tax liabilities - net	(35,357)	0
After more than 12 months [member]		
Deferred tax assets:		
Deferred tax asset to be recovered	246,900	219,557
Deferred tax liabilities:		
Deferred tax liabilities to be recovered	(275,174)	(166,183)
Within one year [member]		
Deferred tax assets:		
Deferred tax asset to be recovered	255,646	117,625
Deferred tax liabilities:		
Deferred tax liabilities to be recovered	¥ (10,608)	¥ (20,167)

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Income Tax (Movements in Deferred Tax Assets and Liabilities) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Deferred tax assets [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	¥ 337,182	¥ 268,633
(Charged)/deducted to profit or loss	165,364	68,549
Balance at 31 December	502,546	337,182
Deferred tax assets [member] | Impairment for bad and doubtful debts and provision for inventories [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	38,901	39,606
(Charged)/deducted to profit or loss	18,425	(705)
Balance at 31 December	57,326	38,901
Deferred tax assets [member] | Provision for impairment losses in property, plant and equipment and construction in progress [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	207,632	219,610
(Charged)/deducted to profit or loss	18,803	(11,978)
Balance at 31 December	226,435	207,632
Deferred tax assets [member] | Tax losses [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	1,986	
(Charged)/deducted to profit or loss	85,813	
Balance at 31 December	87,799	1,986
Deferred tax assets [member] | Others [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	90,649	9,417
(Charged)/deducted to profit or loss	42,323	81,232
Balance at 31 December	130,986	90,649
Deferred tax assets [member] | Others [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	88,663	
Balance at 31 December		88,663
Deferred tax liabilities [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	(186,350)	(149,558)
(Charged)/deducted to profit or loss	(99,432)	(36,792)
Balance at 31 December	(285,782)	(186,350)
Deferred tax liabilities [member] | Gains of financial assets at fair value [member]		
Movements in deferred tax assets and liabilities [line items]		

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Balance at 1 January	(4,604)	0
(Charged)/deducted to profit or loss	4,604	(4,604)
Balance at 31 December	0	(4,604)
Deferred tax liabilities [member] | Difference in depreciation [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	(178,800)	(145,709)
(Charged)/deducted to profit or loss	(104,939)	(33,091)
Balance at 31 December	(283,739)	(178,800)
Deferred tax liabilities [member] | Capitalization of borrowing costs and others [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	(2,946)	(3,849)
(Charged)/deducted to profit or loss	903	903
Balance at 31 December	(2,043)	(2,946)
Deferred tax assets - net [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	150,832	119,075
(Charged)/deducted to profit or loss	101,289	31,757
Balance at 31 December	252,121	150,832
Deferred tax liabilities - net [member]		
Movements in deferred tax assets and liabilities [line items]		
Balance at 1 January	0	
(Charged)/deducted to profit or loss	(35,357)	
Balance at 31 December	¥ (35,357)	¥ 0

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Income Tax (Deferred Tax Assets Not Recognized) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	¥ 72,699	¥ 121,723
2020 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	0	17,775
2021 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	0	12,880
2022 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	12,687	12,687
2023 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	10,415	40,069
2024 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	38,312	38,312
2025 [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of unused tax losses carried forward	11,285	0
Impairment losses on property, plant and equipment [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of temporary differences	29,969	29,969
Unused tax losses carried forward [member]		
Disclosure of deferred tax assets not recognized [line items]		
Deferred tax assets not recognized in respect of temporary differences	¥ 72,699	¥ 121,723

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Earnings per Share (Details) - CNY (¥) ¥ / shares in Units, ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Basic earnings per share [abstract]			
Net profit attributable to shareholders of the Company	¥ 645,072	¥ 2,215,728	¥ 5,336,331
Weighted average number of ordinary shares in issue (thousands of shares)	10,823,814,000	10,823,814,000	10,823,497,000
Basic earnings per share (RMB per share)	¥ 0.060	¥ 0.205	¥ 0.493
Basic earnings per ADS (RMB per ADS)	¥ 5.96	¥ 20.452	¥ 49.303
Number of H shares represented by each ADS	100		

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Other Non-current Assets (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of information about other non-current assets [line items]			
Other non-current assets	¥ 424,959	¥ 481,414	
Intangible assets [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	14,769	17,635	¥ 20,568
Intangible assets [member] | Cost [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	85,908	85,855	84,093
Intangible assets [member] | Accumulated amortization [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	(71,139)	(68,220)	(63,525)
Long-term prepaid expense [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	410,190	463,779	502,689
Long-term prepaid expense [member] | Cost [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	410,190	463,779	502,689
Long-term prepaid expense [member] | Accumulated amortization [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	0	0	0
Total [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	424,959	481,414	523,257
Total [member] | Cost [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	496,098	549,634	586,782
Total [member] | Accumulated amortization [member]			
Disclosure of information about other non-current assets [line items]			
Other non-current assets	¥ (71,139)	¥ (68,220)	¥ (63,525)

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Other Non-current Assets (Movement in Net Book Amount) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure of information about other non-current assets [line items]		
Opening net book amount	¥ 481,414	
Closing net book amount	424,959	¥ 481,414
Intangible assets [member]		
Disclosure of information about other non-current assets [line items]		
Opening net book amount	17,635	20,568
Additions	53	1,762
Charge for the year	(2,919)	(4,695)
Closing net book amount	14,769	17,635
Long-term prepaid expense [member]		
Disclosure of information about other non-current assets [line items]		
Opening net book amount	463,779	502,689
Additions	169,755	170,687
Charge for the year	(223,344)	(209,597)
Closing net book amount	410,190	463,779
Total [member]		
Disclosure of information about other non-current assets [line items]		
Opening net book amount	481,414	523,257
Additions	169,808	172,449
Charge for the year	(226,263)	(214,292)
Closing net book amount	¥ 424,959	¥ 481,414

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Other Non-current Assets (Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Other non-current assets [member]			
Disclosure of information about other non-current assets [line items]			
Amortization charged in cost of sales	¥ 226,263	¥ 214,292	¥ 242,162

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Leases - (Balance Sheet Amount Relating to Leases) (Details) - CNY (¥)	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Right-of-use assets			
Right-of-use assets	¥ 410,801,000	¥ 343,860,000	
Lease liabilities			
Current	9,352,000	11,450,000	
Non-current	3,119,000	10,593,000	
Lease liabilities	12,471,000	22,043,000	
Additions to right-of-use assets	109,238,000	33,980,000	¥ 0
Right-of-use assets generated by the acquisition of a subsidiary	102,283,000		
Land use rights [member]			
Right-of-use assets			
Right-of-use assets	397,808,000	320,212,000	
Buildings [member]			
Right-of-use assets			
Right-of-use assets	11,221,000	22,205,000	
Equipment [member]			
Right-of-use assets			
Right-of-use assets	879,000	168,000	
Others [member]			
Right-of-use assets			
Right-of-use assets	¥ 893,000	¥ 1,275,000	

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Leases - (Income Statement Amount Relating to Leases) (Details) - CNY (¥)	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Income statement amount relating to leases [line items]			
Depreciation of right-of-use assets	¥ (32,653,000)	¥ (101,998,000)	¥ 0
Interest expense (included in Finance expenses)	(887,000)	(2,570,000)	
Expense relating to short-term leases (included in Cost of sales)	(3,731,000)	(2,961,000)	
Total cash outflow for leases	20,204,000	94,441,000	¥ 0
Land use rights [member]			
Income statement amount relating to leases [line items]			
Depreciation of right-of-use assets	(15,965,000)	(14,814,000)	
Buildings [member]			
Income statement amount relating to leases [line items]			
Depreciation of right-of-use assets	(15,481,000)	(12,541,000)	
Equipment [member]			
Income statement amount relating to leases [line items]			
Depreciation of right-of-use assets	(449,000)	(74,025,000)	
Others [member]			
Income statement amount relating to leases [line items]			
Depreciation of right-of-use assets	¥ (758,000)	¥ (618,000)	

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Property, Plant and Equipment (Net Book Amount) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	¥ 11,713,022	¥ 11,300,797	¥ 11,646,390
Cost [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	48,181,760	46,663,218	46,022,760
Accumulated depreciation [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(35,555,330)	(34,536,583)	(33,499,048)
Impairment loss [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(913,408)	(825,838)	(877,322)
Buildings [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	1,030,854	974,620	1,033,230
Buildings [member] | Cost [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	3,481,210	3,336,375	3,229,642
Buildings [member] | Accumulated depreciation [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(2,396,564)	(2,310,970)	(2,142,540)
Buildings [member] | Impairment loss [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(53,792)	(50,785)	(53,872)
Plant and machinery [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	10,190,451	9,895,144	10,286,523
Plant and machinery [member] | Cost [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	42,742,330	41,455,159	41,007,229
Plant and machinery [member] | Accumulated depreciation [member]			

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Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(31,700,912)	(30,793,083)	(29,905,377)
Plant and machinery [member] | Impairment loss [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(850,967)	(766,932)	(815,329)
Vehicles and other equipment [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	491,717	431,033	326,637
Vehicles and other equipment [member] | Cost [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	1,958,220	1,871,684	1,785,889
Vehicles and other equipment [member] | Accumulated depreciation [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	(1,457,854)	(1,432,530)	(1,451,131)
Vehicles and other equipment [member] | Impairment loss [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Property, plant and equipment	¥ (8,649)	¥ (8,121)	¥ (8,121)

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Property, Plant and Equipment (Movement in Net Book Amount) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about property, plant and equipment [line items]			
Opening net book amount	¥ 11,300,797	¥ 11,646,390	
Additions	294,240	114,619	
Disposals	(52,132)	(70,605)	
Reclassification	0	0	
Transferred from construction in progress	1,550,313	1,123,620	
Transferred from investment properties		6,924	
Acquisition of subsidiary	275,715		
Transferred to investment properties	(15,302)	(12,347)	
Charge for the year	(1,553,039)	(1,507,804)	¥ (1,550,924)
Impairment loss	(87,570)		(58,652)
Closing net book amount	11,713,022	11,300,797	11,646,390
Buildings [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Opening net book amount	974,620	1,033,230	
Additions	707	0	
Disposals	(7,020)	(4,114)	
Reclassification	22,878	16,395	
Transferred from construction in progress	24,199	26,655	
Transferred from investment properties		6,924	
Acquisition of subsidiary	124,849		
Transferred to investment properties	(15,302)	(12,347)	
Charge for the year	(91,070)	(92,123)	
Impairment loss	(3,007)		
Closing net book amount	1,030,854	974,620	1,033,230
Plant and machinery [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Opening net book amount	9,895,144	10,286,523	
Additions	228,153	99,041	
Disposals	(42,246)	(60,503)	
Reclassification	(25,571)	(82,604)	
Transferred from construction in progress	1,440,695	999,412	
Transferred from investment properties		0	
Acquisition of subsidiary	146,172		

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Transferred to investment properties	0	0	
Charge for the year	(1,367,861)	(1,346,725)	
Impairment loss	(84,035)		
Closing net book amount	10,190,451	9,895,144	10,286,523
Vehicles and other equipment [member]			
Disclosure of detailed information about property, plant and equipment [line items]			
Opening net book amount	431,033	326,637	
Additions	65,380	15,578	
Disposals	(2,866)	(5,988)	
Reclassification	2,693	66,209	
Transferred from construction in progress	85,419	97,553	
Transferred from investment properties		0	
Acquisition of subsidiary	4,694		
Transferred to investment properties	0	0	
Charge for the year	(94,108)	(68,956)	
Impairment loss	(528)		
Closing net book amount	¥ 491,717	¥ 431,033	¥ 326,637

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Property, Plant and Equipment (Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Property, plant and equipment [abstract]			
Amount of depreciation expense charged to Cost of sales	¥ 1,543,891	¥ 1,498,625	¥ 1,541,799
Amount of depreciation expense charged to Selling and administrative expense	9,148	9,179	9,125
Impairment loss	¥ 87,570		¥ 58,652
Written off of impairment loss due to disposal of property, plant and equipment		¥ 51,484	

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Investment Properties (Net Book Amount) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about investment properties [line items]			
Investment properties	¥ 367,586	¥ 367,468	¥ 376,739
Cost [member]			
Disclosure of detailed information about investment properties [line items]			
Investment properties	627,488	602,659	594,135
Accumulated depreciation [member]			
Disclosure of detailed information about investment properties [line items]			
Investment properties	¥ (259,902)	¥ (235,191)	¥ (217,396)

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Investment Properties (Movement in Net Book Amount) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about investment property [abstract]			
Opening net book amount	¥ 367,468	¥ 376,739	
Transferred from property plant and equipment	15,302	12,347	
Transferred to property plant and equipment		(6,924)	
Charge for the year	(15,184)	(14,694)	¥ (14,527)
Closing net book amount	¥ 367,586	¥ 367,468	¥ 376,739

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Investment Properties (Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about investment properties [line items]			
Estimated fair value of the investment properties	¥ 367,586	¥ 367,468	¥ 376,739
Rental income	81,608	76,381	¥ 76,001
Fair value [member] | Level 3 of fair value hierarchy [member]			
Disclosure of detailed information about investment properties [line items]			
Estimated fair value of the investment properties	¥ 1,202,626	¥ 1,230,191	

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Investment Properties (Minimum Lease Payments Receivable on Leases of Investment Properties) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Within one year [member]		
Disclosure of detailed information about investment property [line items]		
Minimum lease payments receivable	¥ 51,396	¥ 43,322
Between one and two years [member]		
Disclosure of detailed information about investment property [line items]		
Minimum lease payments receivable	4,343	1,517
Above 2 years [member]		
Disclosure of detailed information about investment property [line items]		
Minimum lease payments receivable	¥ 629	¥ 0

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Construction in Progress (Details) - CNY (¥)	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Construction in progress [line items]			
As at 1 January	¥ 1,815,549,000		
As at 31 December	1,710,124,000	¥ 1,815,549,000	
Construction in progress [member]			
Construction in progress [line items]			
As at 1 January	1,815,549,000	1,559,401,000	
Additions	1,444,888,000	1,380,254,000	
Transferred to property plant and equipment	(1,550,313,000)	(1,123,620,000)	
Impairment loss	0	(486,000)	
As at 31 December	1,710,124,000	1,815,549,000	¥ 1,559,401,000
Impairment loss in construction in progress	24,486,000	34,661,000	
Impairment write-off due to the disposal of construction in progress	10,175,000	0	0
Capitalized borrowing costs	¥ 8,292,000	¥ 5,594,000	¥ 5,179,000
Weighted average rate of capitalized borrowing costs	2.79%	3.35%	3.63%

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Subsidiaries (Major Subsidiaries of the Group) (Details) ¥ in Thousands, $ in Thousands	12 Months Ended					
	Aug. 23, 2019	Dec. 31, 2020 CNY (¥)	Dec. 31, 2020 USD ($)	Dec. 31, 2019 CNY (¥)	Dec. 31, 2019 USD ($)	Dec. 31, 2018 CNY (¥)
Disclosure of subsidiaries [line items]						
Total comprehensive loss/ income attributable to non-controlling interests		¥ 11,326		¥ 11,437		¥ (113)
Losses on disposal of subsidiaries		¥ 0		¥ 60,951		¥ (1,622)
Shanghai Petrochemical Investment Development Company Limited ("Toufa") [member]						
Disclosure of subsidiaries [line items]						
Company		Shanghai Petrochemical Investment Development Company Limited ("Toufa")	Shanghai Petrochemical Investment Development Company Limited ("Toufa")	Toufa	Toufa	
Registered capital		¥ 1,000,000		¥ 1,000,000		
Percentage of equity directly held by the Company /held by the Group		100.00%	100.00%	100.00%	100.00%	
Percentage of equity directly held by non-controlling interests		0.00%	0.00%			
Principal activities		Investment management	Investment management	Investment management	Investment management	
Shanghai Petrochemical Investment Development Company Limited ("Toufa") [member] | The Company [member]						
Disclosure of subsidiaries [line items]						
Percentage of equity directly held by the Company /held by the Group		100.00%	100.00%	100.00%	100.00%	

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China Jinshan Associated Trading Corporation ("Jinmao") [member]				
Disclosure of subsidiaries [line items]				
Company	China Jinshan Associated Trading Corporation ("Jinmao")	China Jinshan Associated Trading Corporation ("Jinmao")	Jinmao	Jinmao
Registered capital	¥ 25,000		¥ 25,000	
Percentage of equity directly held by the Company /held by the Group	67.33%	67.33%	67.33%	67.33%
Percentage of equity directly held by non-controlling interests	32.67%	32.67%	32.67%	32.67%
Principal activities	Import and export of petrochemical products and equipment	Import and export of petrochemical products and equipment	Import and export of petrochemical products and equipment	Import and export of petrochemical products and equipment
China Jinshan Associated Trading Corporation ("Jinmao") [member] | The Company [member]				
Disclosure of subsidiaries [line items]				
Percentage of equity directly held by the Company /held by the Group	67.33%	67.33%	67.33%	67.33%
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang") [member]				
Disclosure of subsidiaries [line items]				
Company	Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	Jinchang	Jinchang
Registered capital | $		$ 9,154		$ 9,154
Percentage of equity directly held by the Company /held by the Group	74.25%	74.25%	74.25%	74.25%

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Percentage of equity directly held by non-controlling interests	25.75%	25.75%	25.75%	25.75%
Principal activities	Production of polypropylene compound products	Production of polypropylene compound products	Production of polypropylene compound products	Production of polypropylene compound products
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang") [member] | The Company [member]				
Disclosure of subsidiaries [line items]				
Percentage of equity directly held by the Company /held by the Group	0.00%	0.00%	0.00%	0.00%
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei") [member]				
Disclosure of subsidiaries [line items]				
Company	Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	Jinfei	Jinfei
Registered capital | $		$ 50,000		$ 50,000
Percentage of equity directly held by the Company /held by the Group	100.00%	100.00%	100.00%	100.00%
Percentage of equity directly held by non-controlling interests	0.00%	0.00%	0.00%	0.00%
Principal activities	Production of polyethylene products	Production of polyethylene products	Production of polyethylene products	Production of polyethylene products
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei") [member] | The Company [member]				
Disclosure of subsidiaries [line items]				
Percentage of equity directly held by the Company /held by the Group	0.00%	0.00%	0.00%	0.00%

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Shanghai Jinshan Trading Corporation ("JMGJ") [member]				
Disclosure of subsidiaries [line items]				
Company	Shanghai Jinshan Trading Corporation ("JMGJ")	Shanghai Jinshan Trading Corporation ("JMGJ")	JMGJ	JMGJ
Registered capital	¥ 100,000		¥ 100,000	
Percentage of equity directly held by the Company /held by the Group	67.33%	67.33%	67.33%	67.33%
Percentage of equity directly held by non-controlling interests	32.67%	32.67%	32.67%	32.67%
Principal activities	Import and export of petrochemical products	Import and export of petrochemical products	Import and export of petrochemical products	Import and export of petrochemical products
Shanghai Jinshan Trading Corporation ("JMGJ") [member] | The Company [member]				
Disclosure of subsidiaries [line items]				
Percentage of equity directly held by the Company /held by the Group	0.00%	0.00%	0.00%	0.00%
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") [member]				
Disclosure of subsidiaries [line items]				
Company	Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") (a)	Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") (a)		
Registered capital	¥ 400,000			
Percentage of equity directly held by the Company /held by the Group	100.00%	100.00%		
Percentage of equity directly held by non-controlling interests	0.00%	0.00%		

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Principal activities		Trading of petrochemical products	Trading of petrochemical products
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") [member] | The Company [member]			
Disclosure of subsidiaries [line items]			
Percentage of equity directly held by the Company /held by the Group		0.00%	0.00%
Jinyong [member]			
Disclosure of subsidiaries [line items]			
Disposed of the proportion of ownership interest in a subsidiary attributable to the entity, due to bankruptcy and liquidation	75.00%		

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Subsidiaries (Acquisition of Jinlian) (Details) - CNY (¥) ¥ in Thousands	1 Months Ended Jun. 30, 2020	6 Months Ended Dec. 31, 2020	12 Months Ended Dec. 31, 2020
Disclosure of subsidiaries [line items]			
Right-of-use assets		¥ (102,283)	¥ (102,283)
Contributed revenue of acquiree since acquisition date		293,197	
Net loss of acquiree since acquisition date		¥ (11,024)	
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") [member]			
Disclosure of subsidiaries [line items]			
Percentage of equity held by the subsidiary			100.00%
Shanghai Petrochemical Investment Development Company Limited ("Toufa") [member] | Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") [member]			
Disclosure of subsidiaries [line items]			
Percentage of equity held by the subsidiary	100.00%		
Shanghai Petrochemical Investment Development Company Limited ("Toufa") [member] | Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian") [member] | Fair value [member]			
Disclosure of subsidiaries [line items]			
Cash and cash equivalents	¥ 54		
Property, plant and equipment	275,715		
Trade and other receivables	5		
Right-of-use assets	102,283		
Trade and other payables	(867)		
Deferred tax liabilities	(36,715)		
Net identifiable assets acquired	340,475		
Add: Other operating income	(106)		
Purchase consideration	¥ 340,369		

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Investments Accounted for Using the Equity Method (Investments Recognized in Balance Sheet) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of significant investments in associates and joint ventures [line items]		
Share of net assets	¥ 5,387,834	¥ 5,208,758
Joint ventures [member]		
Disclosure of significant investments in associates and joint ventures [line items]		
Share of net assets	241,674	235,294
Associates [member]		
Disclosure of significant investments in associates and joint ventures [line items]		
Share of net assets	¥ 5,146,160	¥ 4,973,464

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Investments Accounted for Using the Equity Method (Investments Recognized in Share of Profit/(Loss)) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Share of profit (loss) of associates and joint ventures accounted for using equity method [abstract]			
Associates	¥ 678,077	¥ 927,814	¥ 839,425
Joint ventures	46,663	44,779	46,172
Total	¥ 724,740	¥ 972,593	¥ 885,597

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Investments Accounted for Using the Equity Method (Investment in Associates) (Details) - CNY (¥) ¥ in Thousands		12 Months Ended		
		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of associates [line items]				
Share of profit		¥ 678,077	¥ 927,814	¥ 839,425
Associates [member]				
Disclosure of associates [line items]				
As at 1 January		4,973,464	4,297,265	
Additions	[1]	27,603	320,000	
Share of profit		678,077	904,265	
Other comprehensive income/(loss)		(11,512)	7,449	
Cash dividends distribution		(521,472)	(555,515)	
As at 31 December		¥ 5,146,160	¥ 4,973,464	¥ 4,297,265

[1] In 2020, Toufa invested RMB 27,603 thousands to acquire 29% share of Pinghu China Aviation Oil Port Co., Ltd.("Pinghu Port").

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Investments Accounted for Using the Equity Method (Principal Activities of Material Associates) (Details) - CNY (¥) ¥ in Thousands	Aug. 31, 2019	12 Months Ended	
		Dec. 31, 2020	Dec. 31, 2019
Shanghai Secco Petrochemical Company Limited ("Shanghai Secco") [member]			
Disclosure of associates [line items]			
Name of entity		Shanghai Secco Petrochemical Company Limited ("Shanghai Secco")	Shanghai Secco
Place of business/country of incorporation		PRC	PRC
Percentage of ownership interest		20.00%	20.00%
Principal activities		Manufacturing and distribution of chemical products	Manufacturing and distribution of chemical products
Measurement method		Equity	Equity
Investments in associates		¥ 2,731,547	¥ 2,724,360
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry") [member]			
Disclosure of associates [line items]			
Name of entity		Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	Chemical Industry
Place of business/country of incorporation		PRC	PRC
Percentage of ownership interest		38.26%	38.26%
Principal activities		Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC
Measurement method		Equity	Equity
Investments in associates		¥ 1,907,791	¥ 1,797,210
Shanghai Jinsen Hydrocarbon Resins Company Limited ("Jinsen") [member]			
Disclosure of associates [line items]			
Name of entity		Shanghai Jinsen Hydrocarbon Resins Company Limited ("Jinsen")	Jinsen
Place of business/country of incorporation		PRC	PRC
Percentage of ownership interest		40.00%	40.00%
Principal activities		Production of resins products	Production of resins products

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Measurement method		Equity	Equity
Investments in associates		¥ 51,244	¥ 54,537
Shanghai Azbil Automation Company Limited ("Azbil") [member]			
Disclosure of associates [line items]			
Name of entity		Shanghai Azbil Automation Company Limited ("Azbil")	Azbil
Place of business/country of incorporation		PRC	PRC
Percentage of ownership interest		40.00%	40.00%
Principal activities		Service and maintenance of building automation systems and products	Service and maintenance of building automation systems and products
Measurement method		Equity	Equity
Investments in associates		¥ 63,083	¥ 52,977
Shanghai Shidian Energy Company Limited ("Shidian Energy") [member]			
Disclosure of associates [line items]			
Name of entity	[1]	Shanghai Shidian Energy Company Limited ("Shidian Energy")	Shidian Energy
Place of business/country of incorporation	[1]	PRC	PRC
Percentage of ownership interest	[1]	40.00%	40.00%
Principal activities	[1]	Electric power supply	Electric power supply
Measurement method	[1]	Equity	Equity
Investments in associates		¥ 317,401	¥ 299,358
Shanghai Shidian Energy Company Limited ("Shidian Energy") [member] | Toufa [member]			
Disclosure of associates [line items]			
Percentage of ownership interest	40.00%		40.00%
Investments in associates			¥ 320,000
Shanghai Shidian Energy Company Limited ("Shidian Energy") [member] | Toufa [member] | Property, plant and equipment [member]			
Disclosure of associates [line items]			
Investments in associates			¥ 71,816
Pinghu China Aviation Oil Port Co., Ltd. ("Pinghu Port") [member] | Toufa [member]			
Disclosure of associates [line items]			
Percentage of ownership interest		29.00%	
Investments in associates		¥ 27,603	

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[1] In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

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Investments Accounted for Using the Equity Method (Summarized Balance Sheet for Material Associates) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Current			
Current assets	¥ 17,304,843	¥ 22,309,163	
Current liabilities	(15,232,246)	(15,479,629)	
Non-current			
Non-current assets	27,314,287	23,184,912	
Non-current liabilities	(51,909)	(20,598)	
Shanghai Secco [member]			
Current			
Current assets	10,430,726	11,858,124	
Current liabilities	(2,783,216)	(3,196,334)	
Non-current			
Non-current assets	6,099,126	5,020,292	
Non-current liabilities	(32,482)	(12,730)	
Net assets	13,714,154	13,669,352	¥ 12,822,770
Chemical Industry [member]			
Current			
Current assets	4,618,722	4,356,339	
Current liabilities	(1,761,431)	(1,468,162)	
Non-current			
Non-current assets	3,523,528	3,153,858	
Non-current liabilities	(528,237)	(485,735)	
Net assets	5,852,582	5,556,296	5,057,821
Jinsen [member]			
Current			
Current assets	74,170	85,302	
Current liabilities	(10,481)	(18,114)	
Non-current			
Non-current assets	64,421	69,154	
Non-current liabilities	0	0	
Net assets	128,110	136,342	153,338
Azbil [member]			
Current			
Current assets	227,172	204,965	
Current liabilities	(73,450)	(75,572)	
Non-current			
Non-current assets	3,984	3,049	
Non-current liabilities	0	0	
Net assets	157,706	132,442	123,994

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Shidian Energy [member]			
Current			
Current assets	790,069	745,425	
Current liabilities	(20,650)	(9,849)	
Non-current			
Non-current assets	72,441	69,588	
Non-current liabilities	0	0	
Net assets	¥ 841,860	¥ 805,164	¥ 0

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Investments Accounted for Using the Equity Method (Summarized Statement of Comprehensive Income for Material Associates) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of associates [line items]			
Revenue	¥ 74,623,575	¥ 100,269,667	¥ 107,688,907
Other comprehensive income	(11,512)	7,449	(7,014)
Total comprehensive income for the year	644,886	2,234,614	5,329,204
Shanghai Secco [member]			
Disclosure of associates [line items]			
Revenue	21,626,059	28,341,032	26,319,957
Post-tax profit/(loss) from continuing operations	2,412,802	3,383,582	3,228,682
Other comprehensive income	0	0	0
Total comprehensive income for the year	2,412,802	3,383,582	3,228,682
Dividends declared by associate	2,368,000	2,537,000	3,675,840
Chemical Industry [member]			
Disclosure of associates [line items]			
Revenue	1,683,096	1,936,537	1,880,004
Post-tax profit/(loss) from continuing operations	404,117	609,540	472,804
Other comprehensive income	(30,089)	19,470	(18,331)
Total comprehensive income for the year	374,028	629,010	454,473
Dividends declared by associate	85,000	79,000	61,001
Jinsen [member]			
Disclosure of associates [line items]			
Revenue	187,580	197,199	208,901
Post-tax profit/(loss) from continuing operations	(8,232)	(16,996)	(12,845)
Other comprehensive income	0	0	0
Total comprehensive income for the year	(8,232)	(16,996)	(12,845)
Dividends declared by associate	0	0	0
Azbil [member]			
Disclosure of associates [line items]			
Revenue	340,905	297,694	255,554
Post-tax profit/(loss) from continuing operations	48,264	38,448	30,119
Other comprehensive income	0	0	0
Total comprehensive income for the year	48,264	38,448	30,119
Dividends declared by associate	23,000	30,000	¥ 25,900
Shidian Energy [member]			
Disclosure of associates [line items]			
Revenue	472,640	112,143	
Post-tax profit/(loss) from continuing operations	36,696	5,166	
Other comprehensive income	0	0	

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Total comprehensive income for the year	36,696	5,166
Dividends declared by associate	¥ 0	¥ 0

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Investments Accounted for Using the Equity Method (Reconciliation of Summarized Financial Information for Material Associates) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of associates [line items]			
Profit/(loss) for the year	¥ 656,398	¥ 2,227,165	¥ 5,336,218
Other comprehensive income/(loss)	(11,512)	7,449	(7,014)
Shanghai Secco [member]			
Disclosure of associates [line items]			
Opening net assets 1 January	13,669,352	12,822,770	
Profit/(loss) for the year	2,412,802	3,383,582	
Increase in share capital		0	
Other comprehensive income/(loss)	0	0	0
Increase/(decrease) in reserves	0	[1] 0	
Declared dividends	(2,368,000)	(2,537,000)	(3,675,840)
Closing net assets	¥ 13,714,154	¥ 13,669,352	12,822,770
Percentage of ownership interest	20.00%	20.00%	
Interest in associates	¥ 2,742,832	¥ 2,733,872	
Unrealised upstream and downstream transaction	(11,285)	(9,512)	
Unentitled portion	[1] 0	0	
Carrying value	2,731,547	2,724,360	
Chemical Industry [member]			
Disclosure of associates [line items]			
Opening net assets 1 January	5,556,296	5,057,821	
Profit/(loss) for the year	404,117	609,540	
Increase in share capital		0	
Other comprehensive income/(loss)	(30,089)	19,470	(18,331)
Increase/(decrease) in reserves	7,258	[1] (51,535)	
Declared dividends	(85,000)	(79,000)	(61,001)
Closing net assets	¥ 5,852,582	¥ 5,556,296	5,057,821
Percentage of ownership interest	38.26%	38.26%	
Interest in associates	¥ 2,239,198	¥ 2,125,839	
Unrealised upstream and downstream transaction	0	0	
Unentitled portion	[1] (331,407)	(328,629)	
Carrying value	1,907,791	1,797,210	
Jinsen [member]			
Disclosure of associates [line items]			
Opening net assets 1 January	136,342	153,338	

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Profit/(loss) for the year	(8,232)	(16,996)	
Increase in share capital		0	
Other comprehensive income/(loss)	0	0	0
Increase/(decrease) in reserves	0 [1]	0	
Declared dividends	0	0	0
Closing net assets	¥ 128,110	¥ 136,342	153,338
Percentage of ownership interest	40.00%	40.00%	
Interest in associates	¥ 51,244	¥ 54,537	
Unrealised upstream and downstream transaction	0	0	
Unentitled portion	0 [1]	0	
Carrying value	51,244	54,537	
Azbil [member]			
Disclosure of associates [line items]			
Opening net assets 1 January	132,442	123,994	
Profit/(loss) for the year	48,264	38,448	
Increase in share capital		0	
Other comprehensive income/(loss)	0	0	0
Increase/(decrease) in reserves	0 [1]	0	
Declared dividends	(23,000)	(30,000)	(25,900)
Closing net assets	¥ 157,706	¥ 132,442	123,994
Percentage of ownership interest	40.00%	40.00%	
Interest in associates	¥ 63,083	¥ 52,977	
Unrealised upstream and downstream transaction	0	0	
Unentitled portion	0 [1]	0	
Carrying value	63,083	52,977	
Shidian Energy [member]			
Disclosure of associates [line items]			
Opening net assets 1 January	805,164	0	
Profit/(loss) for the year	36,696	5,166	
Increase in share capital		800,000	
Other comprehensive income/(loss)	0	0	
Increase/(decrease) in reserves	0 [1]	0	
Declared dividends	0	0	
Closing net assets	¥ 841,860	¥ 805,164	¥ 0
Percentage of ownership interest	40.00% [2]	40.00%	
Interest in associates	¥ 336,744	¥ 322,066	
Unrealised upstream and downstream transaction	(19,343)	(22,708)	
Unentitled portion	0 [1]	0	
Carrying value	¥ 317,401	¥ 299,358	

[1] Unentitled portion represented the earnings from sales of the lands injected by Government in Chemical Industry that cannot be shared by other shareholders.

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[2] In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

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Investments Accounted for Using the Equity Method (Summarized Financial Information for Other Associates) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Aggregate amounts of the group's share of:			
Profit for the year	¥ 656,398	¥ 2,227,165	¥ 5,336,218
Total comprehensive income	644,886	2,234,614	¥ 5,329,204
Other associates [member]			
Disclosure of associates [line items]			
Aggregate carrying value of investments at 31 December	75,094	45,022	
Aggregate amounts of the group's share of:			
Profit for the year	8,619	6,400	
Total comprehensive income	¥ 8,619	¥ 6,400	

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Investments Accounted for Using the Equity Method (Investment in Joint Ventures) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of joint ventures [line items]			
Share of profit	¥ 46,663	¥ 44,779	¥ 46,172
Joint ventures [member]			
Disclosure of joint ventures [line items]			
As at 1 January	235,294	229,868	
Share of profit	46,663	44,779	
Cash dividends distribution	(40,283)	(39,353)	
As at 31 December	¥ 241,674	¥ 235,294	¥ 229,868

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Investments Accounted for Using the Equity Method (Principal Activities in Joint Ventures) (Details)	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
BOC [member]		
Disclosure of joint ventures [line items]		
Name of entity	BOC	BOC
Place of business/country of incorporation	PRC	PRC
Percentage of ownership interest	50.00%	50.00%
Principal activities	Production and sales of industrial gases	Production and sales of industrial gases
Measurement method	Equity	Equity
Shanghai Petrochemical Pressure Vessel Testing Center ("JYJC") [member]		
Disclosure of joint ventures [line items]		
Name of entity	Shanghai Petrochemical Pressure Vessel Testing Center ("JYJC")	Shanghai Petrochemical Pressure Vessel Testing Center ("JYJC")
Place of business/country of incorporation	PRC	PRC
Percentage of ownership interest	50.00%	50.00%
Principal activities	Provide inspection and testing service	Provide inspection and testing service
Measurement method	Equity	Equity
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas") [member]		
Disclosure of joint ventures [line items]		
Name of entity	Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")
Place of business/country of incorporation	PRC	PRC
Percentage of ownership interest	50.00%	50.00%
Principal activities	Production and sales of industrial gases	Production and sales of industrial gases
Measurement method	Equity	Equity

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Investments Accounted for Using the Equity Method (Summarized Balance Sheet for Joint Ventures) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Current				
Cash and cash equivalents	¥ 6,916,408	¥ 7,449,699	¥ 8,741,893	¥ 7,504,266
Total current assets	17,304,843	22,309,163		
Total current liabilities	(15,232,246)	(15,479,629)		
Non-current				
Total non-current assets	27,314,287	23,184,912		
Non-current liabilities	(51,909)	(20,598)		
BOC [member]				
Current				
Cash and cash equivalents	233,898	182,548		
Other current assets (excluding cash)	67,809	64,837		
Total current assets	301,707	247,385		
Total current liabilities	(57,153)	(37,444)		
Non-current				
Total non-current assets	147,717	181,372		
Non-current liabilities	(21,417)	(26,378)		
Net assets	370,854	364,935	362,552	
JYJC [member]				
Current				
Cash and cash equivalents	13,281	11,200		
Other current assets (excluding cash)	6,077	9,557		
Total current assets	19,358	20,757		
Total current liabilities	(2,453)	(3,993)		
Non-current				
Total non-current assets	1,800	1,937		
Non-current liabilities	0	0		
Net assets	18,705	18,701	17,277	
Yangu Gas [member]				
Current				
Cash and cash equivalents	62,878	51,386		
Other current assets (excluding cash)	11,812	12,565		
Total current assets	74,690	63,951		
Total current liabilities	(3,463)	(3,460)		
Non-current				
Total non-current assets	26,066	36,972		
Non-current liabilities	0	0		
Net assets	¥ 97,293	¥ 97,463	¥ 97,423	

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Investments Accounted for Using the Equity Method (Summarized Statement of Comprehensive Income for Joint Ventures) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of joint ventures [line items]			
Revenue	¥ 74,623,575	¥ 100,269,667	¥ 107,688,907
Depreciation and amortization	(1,827,139)	(1,838,788)	(1,807,613)
Interest income	431,228	398,176	443,661
Interest expense	(93,440)	(53,784)	(79,246)
Profit/(loss) from continuing operations	590,778	2,656,128	6,808,121
Income tax expense	65,620	(428,963)	(1,471,903)
Other comprehensive income	(11,512)	7,449	(7,014)
Total comprehensive income	644,886	2,234,614	5,329,204
BOC [member]			
Disclosure of joint ventures [line items]			
Revenue	420,160	414,374	423,160
Depreciation and amortization	(45,756)	(50,199)	(46,456)
Interest income	2,246	636	1,154
Interest expense	0	0	0
Profit/(loss) from continuing operations	108,677	108,565	114,275
Income tax expense	(26,290)	(28,382)	(27,799)
Post-tax profit/(loss) from continuing operations	82,387	80,183	86,476
Other comprehensive income	0	0	0
Total comprehensive income	82,387	80,183	86,476
Dividends declared by joint venture	76,468	77,800	73,000
JYJC [member]			
Disclosure of joint ventures [line items]			
Revenue	21,674	29,290	21,542
Depreciation and amortization	(350)	0	0
Interest income	304	308	27
Interest expense	0	0	0
Profit/(loss) from continuing operations	2,279	3,107	1,833
Income tax expense	(177)	(777)	(450)
Post-tax profit/(loss) from continuing operations	2,102	2,330	1,383
Other comprehensive income	0	0	0
Total comprehensive income	2,102	2,330	1,383
Dividends declared by joint venture	2,098	906	64
Yangu Gas [member]			
Disclosure of joint ventures [line items]			
Revenue	58,463	55,302	58,679
Depreciation and amortization	(8,313)	(11,272)	(2,245)

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Interest income	1,483	1,119	541
Interest expense	0	0	0
Profit/(loss) from continuing operations	1,830	40	(2,518)
Income tax expense	0	0	0
Post-tax profit/(loss) from continuing operations	1,830	40	(2,518)
Other comprehensive income	0	0	0
Total comprehensive income	1,830	40	(2,518)
Dividends declared by joint venture	¥ 2,000	¥ 0	¥ 0

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Investments Accounted for Using the Equity Method (Reconciliation of Summarized Financial Information for Joint Ventures) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of joint ventures [line items]			
Profit for the year	¥ 656,398	¥ 2,227,165	¥ 5,336,218
Other comprehensive income	(11,512)	7,449	(7,014)
BOC [member]			
Disclosure of joint ventures [line items]			
Opening net assets 1 January	364,935	362,552	
Profit for the year	82,387	80,183	
Other comprehensive income	0	0	0
Declared dividends	(76,468)	(77,800)	(73,000)
Closing net assets	¥ 370,854	¥ 364,935	362,552
Percentage of ownership interest	50.00%	50.00%	
Interest in joint ventures	¥ 185,427	¥ 182,467	
Unrealised downstream transactions	(1,753)	(5,256)	
Carrying value	183,674	177,211	
JYJC [member]			
Disclosure of joint ventures [line items]			
Opening net assets 1 January	18,701	17,277	
Profit for the year	2,102	2,330	
Other comprehensive income	0	0	0
Declared dividends	(2,098)	(906)	(64)
Closing net assets	¥ 18,705	¥ 18,701	17,277
Percentage of ownership interest	50.00%	50.00%	
Interest in joint ventures	¥ 9,352	¥ 9,350	
Unrealised downstream transactions	0	0	
Carrying value	9,352	9,350	
Yangu Gas [member]			
Disclosure of joint ventures [line items]			
Opening net assets 1 January	97,463	97,423	
Profit for the year	1,830	40	
Other comprehensive income	0	0	0
Declared dividends	(2,000)	0	0
Closing net assets	¥ 97,293	¥ 97,463	¥ 97,423
Percentage of ownership interest	50.00%	50.00%	
Interest in joint ventures	¥ 48,648	¥ 48,733	
Unrealised downstream transactions	0	0	
Carrying value	¥ 48,648	¥ 48,733	

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Inventories (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of detailed information about inventories [line items]		
Raw materials	¥ 2,569,136	¥ 4,567,648
Work in progress	574,146	993,059
Finished goods	544,833	988,572
Spare parts and consumables	200,631	205,155
Inventories	3,888,746	6,754,434
Gross carrying amount [member]		
Disclosure of detailed information about inventories [line items]		
Raw materials	2,569,136	4,567,648
Work in progress	696,227	1,072,040
Finished goods	591,485	1,022,335
Spare parts and consumables	260,431	247,873
Inventories	4,117,279	6,909,896
Provision for declines in the value of inventories [member]		
Disclosure of detailed information about inventories [line items]		
Raw materials	0	0
Work in progress	(122,081)	(78,981)
Finished goods	(46,652)	(33,763)
Spare parts and consumables	(59,800)	(42,718)
Inventories	¥ (228,533)	¥ (155,462)

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Inventories (Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Classes of current inventories [abstract]			
Cost of inventories recognized in Cost of Sales	¥ 53,622,798	¥ 78,595,380	¥ 82,981,590
Inventory provision excluded in cost of sales	220,888	70,178	86,003
Provision for inventory write-down	228,533	155,462	
Reversal of inventory write-down	¥ 147,817	¥ 72,945	¥ 73,266

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Financial Assets and Financial Liabilities (Summary of Financial Instruments) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Financial assets				
Trade receivables	¥ 113,163	¥ 120,739		
Other receivables	18,101	26,101		
Amounts due from related parties excluded prepayments	1,065,539	1,521,187		
Cash and cash equivalents	6,916,408	7,449,699	¥ 8,741,893	¥ 7,504,266
Time deposits with financial banks	11,092,283	5,020,073		
Financial assets at fair value through other comprehensive income	1,212,114	1,545,921		
Financial assets at fair value through profit or loss	0	3,318,407		
Derivative financial assets	0	263		
Total finanical assets	20,417,608	19,002,390		
Financial liabilities				
Borrowings	1,548,000	1,547,600		
Short-term bonds	3,017,811	0		
Trade payables	1,294,138	2,142,402		
Other payables	1,499,749	747,133		
Bills payables	26,196	673,900		
Amounts due to related parties excluded contract liabilities	3,655,724	5,708,394		
Lease liabilities	12,471	22,043		
Derivative financial liabilities	0	799		
Total financial liabilities	¥ 11,054,089	¥ 10,842,271		

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Financial Assets and Financial Liabilities (Trade and Other Receivables) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Trade and other receivables [abstract]		
Trade receivables	¥ 113,797	¥ 120,739
Less: impairment provision	(634)	0
Trade receivables	113,163	120,739
Amounts due from related parties excluded prepayments	1,065,539	1,521,187
Subtotal	1,178,702	1,641,926
Other receivables	18,240	26,240
Less: impairment provision	(139)	(139)
Other receivables	18,101	26,101
Trade and other current receivables	¥ 1,196,803	¥ 1,668,027

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Financial Assets and Financial Liabilities (Trade and Other Receivables, Narrative) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about trade and other receivable [line items]			
Dividends received	¥ 561,755	¥ 594,868	¥ 811,473
Certain associates and joint ventures [member]			
Disclosure of detailed information about trade and other receivable [line items]			
Dividends declared	561,755	594,868	¥ 811,473
Dividends received	¥ 561,755	¥ 594,868	

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Financial Assets and Financial Liabilities (Trade and Other Receivables, Aging Analysis of Trade Receivables, Bills Receivable and Amounts Due from Related Parties Excluded Prepayments) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of detailed information about trade and other receivable [line items]		
Trade receivables, bills receivable and amounts due from related parties excluded prepayments	¥ 1,178,702	¥ 1,641,926
Within one year [member]		
Disclosure of detailed information about trade and other receivable [line items]		
Trade receivables, bills receivable and amounts due from related parties excluded prepayments	1,177,222	1,641,926
Later than one year and not later than two years [member]		
Disclosure of detailed information about trade and other receivable [line items]		
Trade receivables, bills receivable and amounts due from related parties excluded prepayments	¥ 1,480	¥ 0

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Financial Assets and Financial Liabilities (Trade and Other Receivables, Movements of Impairment Provision for Trade and Other Receivables) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Trade and other receivables [abstract]		
As at 1 January	¥ 139	¥ 198
Reversal of previous impairment losses	0	(59)
Provision for loss allowance recognized in profit or loss	634	0
As at 31 December	¥ 773	¥ 139

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Financial Assets and Financial Liabilities (Trade and Other Receivables, Movements of Impairment Provision for Trade and Other Receivables, Narrative) (Details) - CNY (¥)	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of detailed information about trade and other receivable [line items]			
Recoveries on previously written off receivables	¥ 121,550,000	¥ 0	
Zhejiang Jin Yong Acrylic Fibre Company Limited [member]			
Disclosure of detailed information about trade and other receivable [line items]			
Recoveries on previously written off receivables	¥ 121,550,000	¥ 0	¥ 0

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Financial Assets and Financial Liabilities (Cash and Cash Equivalents) (Details) - CNY (¥) ¥ in Thousands		Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Cash and cash equivalents [abstract]					
Cash deposits with a related party	[1]	¥ 5,667	¥ 67,015		
Cash at bank and on hand		6,910,741	7,382,684		
Cash and cash equivalents		¥ 6,916,408	¥ 7,449,699	¥ 8,741,893	¥ 7,504,266

[1] Cash deposits with a related party were cash deposits at Sinopec Finance Company Limited ("Sinopec Finance"), which is a financial institution.

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Financial Assets and Financial Liabilities (Time Deposits with banks) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Time deposits with banks [line items]		
Time deposits with banks within one year	¥ 4,049,443	¥ 1,508,839
Time deposits with banks above one year	7,042,840	3,511,234
Total time deposits with banks	¥ 11,092,283	¥ 5,020,073
Within one year [member] | Bottom of range [member]		
Time deposits with banks [line items]		
Interest rate on time deposits with banks	3.15%	3.95%
Within one year [member] | Top of range [member]		
Time deposits with banks [line items]		
Interest rate on time deposits with banks	4.10%	4.10%
Three years [member] | Bottom of range [member]		
Time deposits with banks [line items]		
Interest rate on time deposits with banks	3.85%	4.13%
Three years [member] | Top of range [member]		
Time deposits with banks [line items]		
Interest rate on time deposits with banks	4.20%	4.18%

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Financial Assets and Financial Liabilities (Financial Assets at Fair Value Through Other Comprehensive Income) (Details) - CNY (¥) ¥ in Thousands		1 Months Ended		
		Jun. 30, 2019	Dec. 31, 2020	Dec. 31, 2019
Disclosure of financial assets [line items]				
Trade and bill receivables			¥ 1,207,114	¥ 1,540,921
Equity investments	[1]		5,000	5,000
Total financial assets at fair value through other comprehensive income			¥ 1,212,114	¥ 1,545,921
Toufa [member] | Shanghai Carbon Fiber Composites Innovation Research Institute Co. Ltd [member]				
Disclosure of financial assets [line items]				
Equity investments		¥ 5,000		
Percentage of ownership interest		16.67%		

[1] In July 2019, Toufa invested RMB 5,000 thousands in Shanghai Carbon Fiber Composites Innovation Research Institute Co., Ltd. to acquire 16.67% of its share.

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Financial Assets and Financial Liabilities (Financial Assets at Fair Value Through Profit or Loss) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Current financial assets at fair value through profit or loss [abstract]		
Structured deposits	¥ 0	¥ 3,318,407

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Financial Assets and Financial Liabilities (Borrowings) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Borrowings [abstract]		
Credit loans due within one year - Short term bank loans	¥ 1,548,000	¥ 1,547,600

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Financial Assets and Financial Liabilities (Borrowings, Narrative) (Details)	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Weighted average [member]			
Disclosure of detailed information about borrowings [line items]			
Weighted average interest rate for the Group's borrowings	2.79%	3.35%	3.63%

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Financial Assets and Financial Liabilities (Short-term bonds) (Details) - CNY (¥) ¥ in Thousands	1 Months Ended		
	Aug. 31, 2020	Dec. 31, 2020	Dec. 31, 2019
Short-term bonds abstract [abstract]			
Short-term bonds		¥ 3,017,811	¥ 0
Short-term bonds, maturity	169 days		
Face value of short-term bonds	¥ 3,000,000		
Effective yield of the short-term bonds	1.70%		

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Financial Assets and Financial Liabilities (Trade and Other Payables) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Trade and other payables [abstract]		
Trade payables	¥ 1,294,138	¥ 2,142,402
Bills payables	26,196	673,900
Amounts due to related parties excluded contract liabilities	3,655,724	5,708,394
Subtotal	4,976,058	8,524,696
Interest payable	1,246	1,686
Dividends payable	29,522	29,144
Construction payable	299,205	277,184
Other liabilities	1,169,776	439,119
Subtotal of other payables	1,499,749	747,133
Total trade and other payables	¥ 6,475,807	¥ 9,271,829

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Financial Assets and Financial Liabilities (Trade and Other Payables, Aging Analysis of Trade Payables) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Trade and other payables [line items]		
Trade payables (including bills payable and amounts due to related parties with trading nature)	¥ 4,976,058	¥ 8,524,696
Within one year [member]		
Trade and other payables [line items]		
Trade payables (including bills payable and amounts due to related parties with trading nature)	4,973,711	8,509,327
Between one and two years [member]		
Trade and other payables [line items]		
Trade payables (including bills payable and amounts due to related parties with trading nature)	1,973	11,209
Over two years [member]		
Trade and other payables [line items]		
Trade payables (including bills payable and amounts due to related parties with trading nature)	¥ 374	¥ 4,160

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Other assets and assets classified as held for sale (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Other assets and assets classified as held for sale [abstract]		
Prepayments	¥ 19,552	¥ 23,767
Prepayments to related parties	26,777	44,806
Total other assets	¥ 46,329	¥ 68,573

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Contract liabilities (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Contract liabilities [abstract]			
Contract liabilities	¥ 495,404	¥ 655,117	
Carried-forward contract liabilities recognized in current year	¥ 579,750	¥ 446,702	¥ 465,706

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Deferred Income (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Accruals and deferred income [abstract]		
As at 1 January	¥ 10,005	¥ 10,442
Additions	3,865	0
Amortization	(437)	(437)
As at 31 December	¥ 13,433	¥ 10,005

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Share Capital (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of classes of share capital [line items]		
As at 31 December	¥ 10,823,814	¥ 10,823,814
Ordinary A shares listed in PRC [member]		
Disclosure of classes of share capital [line items]		
As at 31 December	7,328,814	7,328,814
Foreign invested H shares listed overseas [member]		
Disclosure of classes of share capital [line items]		
As at 31 December	3,495,000	3,495,000
Total [member]		
Disclosure of classes of share capital [line items]		
As at 31 December	¥ 10,823,814	¥ 10,823,814

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Reserves (Details) - CNY (¥) ¥ in Thousands	12 Months Ended			
	Mar. 26, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of reserves within equity [line items]				
Balance at 1 January		¥ 19,039,474		
Net profit attributable to shareholders of the Company		645,072	¥ 2,215,728	¥ 5,336,331
Dividends proposed and approved	¥ (1,298,858)	(1,298,858)	(2,705,952)	(3,247,144)
Appropriation of safety production fund		0	0	0
Balance at 31 December		18,374,176	19,039,474	
Legal surplus [member]				
Disclosure of reserves within equity [line items]				
Balance at 1 January		4,072,476	4,072,476	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	
Balance at 31 December		4,072,476	4,072,476	4,072,476
Capital surplus [member]				
Disclosure of reserves within equity [line items]				
Balance at 1 January		13,739	13,739	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	
Balance at 31 December		13,739	13,739	13,739
Surplus reserve [member]				
Disclosure of reserves within equity [line items]				
Balance at 1 January		101,355	101,355	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	

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Balance at 31 December	101,355	101,355	101,355
Other reserve [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	17,838	10,389	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	6,326	17,838	10,389
Hedging [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	0	0	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	0	0	0
Share premium [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	106,846	106,846	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	106,846	106,846	106,846
Safety production fund [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	57,137	57,135	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	88,460	2	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	145,597	57,137	57,135

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Retained earnings [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	14,670,083	15,160,309	
Net profit attributable to shareholders of the Company	645,072	2,215,728	
Dividends proposed and approved	(1,298,858)	(2,705,952)	(3,247,144)
Appropriation of safety production fund	(88,460)	(2)	(57,135)
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	13,927,837	14,670,083	15,160,309
Total [member]			
Disclosure of reserves within equity [line items]			
Balance at 1 January	19,039,474	19,522,249	
Net profit attributable to shareholders of the Company	645,072	2,215,728	
Dividends proposed and approved	(1,298,858)	(2,705,952)	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	¥ 18,374,176	¥ 19,039,474	¥ 19,522,249

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Related Party Transactions (List of Major Related Parties) (Details)	12 Months Ended Dec. 31, 2020
Sinopec Group [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Ultimate parent company
JYJC [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Joint venture of the Group
BOC [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Joint venture of the Group
Yangu Gas [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Joint venture of the Group
Azbil [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Chemical Industry [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Jinsen [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Shanghai Secco [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Shanghai Chemical Industry Park Logistics Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Shanghai Nam Kwong Petro-Chemical Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Shidian Energy [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Pinghu Port [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Associate of the Group
Anqing Refinery Shuguang Oxo Company Limited [member]	

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Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

BASF Gao-Qiao Performance Chemicals (Shanghai) Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China International United Petroleum and Chemical Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International (Nanjing) Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International Beijing Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International Ningbo Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International Shanghai Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International Tianjin Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical International Wuhan Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Petrochemical Technology Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

China Yanshan United Foreign Trade Co., Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Dalian Frip Science and Technology Company Limited [member]

Disclosure of transactions between related parties [line items]

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Relationship with the Company	Subsidiary of the immediate parent company
Epec Commercial Factoring Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Epec E-commerce Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Fujian Gulei Petrochemical Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Fujian Refining & Petrochemical Company Limited (FREP) [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Nanjing Yangzi Petrochemical Rubber Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Ningbo Minggang Gas Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Ningbo Eastsea Linefan Technology Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Petro-CyberWorks Information Technology Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Qingdao Sinosun Management System Certification Center Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Rizhao Shihua Crude Oil Terminal Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Shanghai Jinshan Trading Corporation [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the immediate parent company
Shanghai KSD Bulk Solids Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Shanghai Leader Catalyst Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Shengli Oil Field Exploration And Development Research Institute [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Baling Petrochemical Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Beijing Research Institute of Chemical Industry [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Catalyst Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Dalian (Fushun) Research Institute of Petroleum and Petrochemicals [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Europe Company Limited [member]	

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Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Fuel Oil Sales Co., Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Honeywell(Tianjin) Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec International (Singapore) Pte. Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Japan Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Lubricant Co., Ltd. Shanghai Research Institute [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Lubricating Oil Shanghai Research Institute Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Materials & Equipment (East China) Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Nanguang (Shanghai) Industrial Co., Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Petroleum Sales Co., Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Refinery Product Sales Company Limited [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the immediate parent company

Sinopec Research Institute of Petroleum Processing [member]

Disclosure of transactions between related parties [line items]

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Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Safety Engineering Institute [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Sales Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Shanghai Research Institute of Petrochemical Technology [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Shanghai Gaoqiao Petrochemical Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Yangzi Petrochemical Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Yizheng Chemical Fibre Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Zhongyuan Petrol-Chemical Industry Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec International Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Nanjing Valve Supply Reserve Centers [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Sinopec Qingdao Refining&Chemical Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the immediate parent company
Unipec (Ningbo) International Logistics Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Unipec (Qingdao) International Logistics Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Unipec America, Inc [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Unipec Singapore [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
Zhoushan Shihua Crude Oil Terminal Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the immediate parent company
BASF-YPC Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Joint venture of the immediate parent company
Zhejiang Baling Hengyi Caprolactam Limited Company [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Joint venture of the immediate parent company
Shanghai Changshi Shipping Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Beijing Petrochemical Engineering Consulting Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Beijing Shihua Hotel [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Beijing Victory Hotel Company Limited [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the ultimate parent company
China Petrochemical Press Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Jiangsu Jinling Opta Polymer Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
National Petrochemical Project Risk Assessment Technology Center [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Petrochemical Engineering Quality Supervision Centre [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Shanghai Petrochemical Machinery Manufacture Limited Company [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Shanghai Petrochemical Seawall Management Office [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Shanghai Sanopec Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Consulting Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Economics & Development Research Institute [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Energy Saving Technology Service Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Engineering Incorporation [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Finance [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Group Shanghai Training Center [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec International Travel Service Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Luoyang Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Management Institute [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Nanjing Chemical Industries Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Nanjing Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec News [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Ningbo Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Petroleum Commercial Reserve Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Shanghai Engineering Company Limited [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Shared Services Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Tendering Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Zhongyuan Oilfield [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec (Shenzhen) E-Commerce Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
The Fifth Construction Company of Sinopec [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
The Fourth Construction Company of Sinopec [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
The Tenth Construction Company of Sinopec [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Yihua Tory Polyester Film Company Limited [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Shaoxing Huabin Petrochemical Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Petrochemical Management Cadre College [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Zhongan United Coal Chemical Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the ultimate parent company
China Economicbooks Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Shengli Petroleum Administration Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Group Jiangsu Petroleum Exploration Bureau Co., Ltd. Yangzhou Science and Industry Lianchuang Branch [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Group Baichuan Economic and Trade Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Group Asset Management Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Nanjing Research Institute of Chemical Industry Co., Ltd [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
China Petrochemical Corp. Engineering Ration Management Station [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd. [member]	
Disclosure of transactions between related parties [line items]	
Relationship with the Company	Subsidiary of the ultimate parent company
Sinopec Petroleum Engineering Geophysics Ltd. [member]	
Disclosure of transactions between related parties [line items]	

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Relationship with the Company	Subsidiary of the ultimate parent company

Beijing Yanshan Petrochemical Special Equipment Inspection Co., Ltd. [member]

Disclosure of transactions between related parties [line items]

Relationship with the Company	Subsidiary of the ultimate parent company

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Related Party Transactions (Transactions between the Group and Sinopec Corp., Its Subsidiaries and Joint Ventures) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of transactions between related parties [line items]			
Sales commissions	¥ 104,598	¥ 125,641	¥ 139,954
Sinopec Corp., its subsidiaries and joint ventures [member]			
Disclosure of transactions between related parties [line items]			
Sales of petroleum products	39,879,549	50,354,162	49,209,765
Sales other than petroleum products	6,790,568	8,642,514	7,112,332
Purchases of crude oil	27,934,926	43,886,966	44,175,644
Purchases other than crude oil	9,937,862	9,579,239	8,996,814
Sales commissions	104,598	125,619	139,837
Rental income	¥ 32,829	¥ 31,972	¥ 29,551

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Related Party Transactions (Other Transactions between the Group and Sinopec Group and Its Subsidiaries, Associates and Joint Ventures of the Group) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of transactions between related parties [line items]			
Depreciation of right-of-use assets	¥ 32,653	¥ 101,998	¥ 0
Interest expense of lease liabilities	887	2,570	
Loans borrowed	0	0	50,000
Interest income	431,228	398,176	443,661
Loans repayment	0	0	50,000
Interest expense	93,440	53,784	79,246
The group and Sinopec group and subsidiaries associates and joint ventures of the group [member]			
Disclosure of transactions between related parties [line items]			
Sales of goods and service fee income	2,034,867	2,851,633	4,141,781
Purchase	4,481,284	6,498,842	6,236,175
Depreciation of right-of-use assets	9,543	80,640	0
Interest expense of lease liabilities	213	2,304	0
Rental income	16,041	11,831	0
Sinopec Group and its subsidiaries [member]			
Disclosure of transactions between related parties [line items]			
Sales of goods and service fee income	14,870	7,724	11,486
Purchase	832,617	1,918,873	2,253,446
Insurance premiums expenses	107,495	108,223	121,329
Lease expenses	0	0	59,160
Depreciation of right-of-use assets	9,388	80,552	0
Interest expense of lease liabilities	205	2,285	0
Construction and installation cost	233,591	143,560	109,146
Rental income	464	461	0
Associates and joint ventures of the Group [member]			
Disclosure of transactions between related parties [line items]			
Sales of goods and service fee income	2,019,997	2,843,909	4,130,295
Purchase	3,648,667	4,579,969	3,982,729
Rental income	15,577	11,370	0
Joint ventures of the Group [member]			
Disclosure of transactions between related parties [line items]			
Depreciation of right-of-use assets	155	88	0
Interest expense of lease liabilities	8	19	0
Sinopec Finance [member]			
Disclosure of transactions between related parties [line items]			

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Loans borrowed	0	0	50,000
Interest income	2,088	1,295	610
Loans repayment	0	0	50,000
Interest expense	¥ 0	¥ 0	¥ 1,326

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Related Party Transactions (Relevant Amounts Due from/to Related Parties) (Details) - CNY (¥) ¥ in Thousands		Dec. 31, 2020	Dec. 31, 2019
Disclosure of transactions between related parties [line items]			
Amounts due from related parties		¥ 1,092,316	¥ 1,565,993
Amounts due to related parties		3,656,841	5,708,394
Lease liabilities		12,471	22,043
Cash deposits, maturing within 3 months	[1]	5,667	67,015
The group and Sinopec group and subsidiaries associates and joint ventures of the group [member]			
Disclosure of transactions between related parties [line items]			
Amounts due from related parties		1,092,316	1,565,993
Amounts due to related parties		3,656,841	5,708,394
Lease liabilities		9,027	16,269
Sinopec Corp., its subsidiaries and joint ventures [member]			
Disclosure of transactions between related parties [line items]			
Amounts due from related parties		1,054,127	1,505,836
Amounts due to related parties		2,505,532	4,756,382
Associates and joint ventures of the Group [member]			
Disclosure of transactions between related parties [line items]			
Amounts due from related parties		38,189	60,157
Amounts due to related parties		889,035	749,459
Sinopec Group and its subsidiaries [member]			
Disclosure of transactions between related parties [line items]			
Amounts due to related parties		262,274	202,553
Lease liabilities		8,453	15,571
Joint ventures of the Group [member]			
Disclosure of transactions between related parties [line items]			
Lease liabilities		¥ 574	¥ 698
Sinopec Finance [member]			
Disclosure of transactions between related parties [line items]			
Cash deposits interest rate		0.35%	0.35%
Sinopec Finance [member] | Not later than three months [member]			
Disclosure of transactions between related parties [line items]			
Cash deposits, maturing within 3 months		¥ 5,667	¥ 67,015

[1] Cash deposits with a related party were cash deposits at Sinopec Finance Company Limited ("Sinopec Finance"), which is a financial institution.

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Related Party Transactions (Key Personnel Compensations) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Disclosure of transactions between related parties [abstract]			
Short-term employee benefits	¥ 9,859	¥ 9,120	¥ 7,561
Post-employment benefits	441	225	159
Total	¥ 10,300	¥ 9,345	¥ 7,720

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Related Party Transactions (Contributions to Defined Contribution Retirement Plans) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Municipal contribution plan [member]			
Disclosure of transactions between related parties [line items]			
Contributions to defined contribution retirement plans	¥ 199,196	¥ 258,328	¥ 262,728
Supplementary retirement scheme costs [member]			
Disclosure of transactions between related parties [line items]			
Contributions to defined contribution retirement plans	¥ 142,877	¥ 125,370	¥ 75,312

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Related Party Transactions (Commitments with Related Parties) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Sinopec Group and its subsidiaries [member]		
Disclosure of transactions between related parties [line items]		
Construction and installation cost	¥ 145,959	¥ 156,309

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Related Party Transactions (Investment Commitments with Related Parties) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Disclosure of transactions between related parties [line items]		
Capital contribution to related parties	¥ 191,263	¥ 191,263
Shanghai Secco Petrochemical Company Limited [member]		
Disclosure of transactions between related parties [line items]		
Capital contribution to related parties	[1] 111,263	111,263
Shanghai Shidian Energy Company Limited Shidian Energy [member]		
Disclosure of transactions between related parties [line items]		
Capital contribution to related parties	[2] ¥ 80,000	¥ 80,000

[1] Pursuant to the resolution of the 18th meeting of the 7th term of Board of Directors on 5 December 2013, the Group was approved to make capital contribution of USD 30,017 thousands (RMB 182,804 thousands equivalent) to Shanghai Secco, an associate of the Group. As at 31 December 2020, the Company has contributed RMB 71,541 thousands to Shanghai Secco. According to the approval by Shanghai Municipal Commission of Commerce as issued on 19 October 2015, the rest of the capital contribution to Shanghai Secco should be within 50 years starting from its registration date.

[2] Pursuant to the articles of association of Shidian Energy in August 2019, Toufa agreed to make capital contribution of RMB 400,000 thousands to acquire 40% share of Shidian Energy. As at 31 December 2020, Toufa has contributed RMB 320,000 thousands to Shidian Energy, and the rest of the capital contribution to Shidian Energy should be paid before January 2022 in accordance with the agreement.

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Related Party Transactions (Investment Commitments with Related Parties, Narrative) (Details) ¥ in Thousands, $ in Thousands		1 Months Ended	12 Months Ended				
		Aug. 31, 2019 CNY (¥)	Dec. 31, 2020 CNY (¥)	Dec. 31, 2020 CNY (¥)	Dec. 31, 2019 CNY (¥)	Dec. 05, 2013 CNY (¥)	Dec. 05, 2013 USD ($)
Disclosure of transactions between related parties [line items]							
Capital contribution to related parties			¥ 585,870	¥ 585,870	¥ 247,220		
Shanghai Secco Petrochemical Company Limited [member]							
Disclosure of transactions between related parties [line items]							
Percentage of ownership interest				20.00%	20.00%		
Shidian Energy [member]							
Disclosure of transactions between related parties [line items]							
Percentage of ownership interest	[1]			40.00%	40.00%		
Shidian Energy [member] | Toufa [member]							
Disclosure of transactions between related parties [line items]							
Capital contribution to related parties		¥ 400,000					
Capital contribution paid to related parties			320,000				
Percentage of ownership interest		40.00%			40.00%		
Parent [member] | Shanghai Secco Petrochemical Company Limited [member]							
Disclosure of transactions between related parties [line items]							
Capital contribution to related parties			¥ 71,541	¥ 71,541		¥ 182,804	$ 30,017
Expiration period of capital contribution plan				50 years			

[1] In 2019, Toufa invested RMB 320,000 thousands to acquire 40% share of Shidian Energy, of which RMB 71,816 thousands was contributed by property, plant and equipment at fair market price.

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Dividend (Details) - CNY (¥) ¥ / shares in Units, ¥ in Thousands	12 Months Ended				
	Mar. 25, 2021	Mar. 26, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Dividend [abstract]					
Approved dividend not reflected in financial statement, per share	¥ 0.1				
Approved dividend not reflected in financial statement, amount	¥ 1,082,381				
Approved dividend, per share		¥ 0.12			
Approved dividend, amount		¥ 1,298,858	¥ 1,298,858	¥ 2,705,952	¥ 3,247,144

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Cash Generated from Operations (Reconciliation of Profit before Taxation to Cash Used in Operation) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Cash flows from (used in) operating activities [abstract]			
Profit before income tax	¥ 590,778	¥ 2,656,128	¥ 6,808,121
Adjustment items:			
Interest income	(339,505)	(398,176)	(443,661)
Share of profit of investments accounted for using the equity method	724,740	972,593	885,597
(Gains)/losses on disposal of subsidiaries	0	60,951	(1,622)
Net (gains)/losses on foreign exchange option and forward exchange contracts	376	12,315	(14,519)
Gains from structured deposits	(114,283)	(85,444)	(19,811)
Payments for sale of financial assets at fair value through other comprehensive income	9,513	19,513	0
Interest expense	64,169	53,784	35,574
Foreign exchange losses/(gains)	5,514	(18,571)	18,034
Depreciation of property, plant and equipment	1,553,039	1,507,804	1,550,924
Depreciation of investment property	15,184	14,694	14,527
Depreciation of right-of-use assets	32,653	101,998	0
Amortization of lease prepayments and other non-current assets	226,263	214,292	242,162
Impairment loss on property, plant, equipment and construction in progress	87,570	486	82,652
(Gains)/losses on disposal of property, plant and equipment and other long-term assets-net	1,212	(158,551)	(172,508)
Share-based payment	0	0	(13,004)
Profit on operation before change of working capital	1,407,743	3,008,630	7,201,272
(Increase)/decrease in inventories	2,865,687	1,366,441	(1,523,277)
(Increase)/decrease in operation receivables	308,333	(92,354)	(469,339)
Increase/(decrease) in operation payables	(1,008,800)	(487,877)	2,767,557
Increase/(decrease) in balances to related parties - net	(1,577,876)	1,860,836	525,286
Cash generated from operating activities	¥ 1,995,087	¥ 5,655,676	¥ 8,501,499

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Cash Generated from Operations (Reconciliation of Liabilities Arising from Financing Activities) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended	
	Dec. 31, 2020	Dec. 31, 2019
Disclosure of reconciliation of liabilities arising from financing activities [line items]		
Begining balance	¥ 1,569,643	¥ 573,980
Financing cash flows	2,980,427	970,768
Addition of lease liabilities	6,014	34,436
Foreign exchange movements	2,856	(9,541)
Ending balance	4,558,940	1,569,643
Borrowings [member]		
Disclosure of reconciliation of liabilities arising from financing activities [line items]		
Begining balance	1,547,600	497,249
Financing cash flows	(2,456)	1,059,892
Addition of lease liabilities	0	0
Foreign exchange movements	2,856	(9,541)
Ending balance	1,548,000	1,547,600
Lease liabilities [member]		
Disclosure of reconciliation of liabilities arising from financing activities [line items]		
Begining balance	22,043	76,731
Financing cash flows	(15,586)	(89,124)
Addition of lease liabilities	6,014	34,436
Foreign exchange movements	0	0
Ending balance	12,471	22,043
Short-term bonds [member]		
Disclosure of reconciliation of liabilities arising from financing activities [line items]		
Begining balance	0	0
Financing cash flows	2,998,469	0
Addition of lease liabilities	0	0
Foreign exchange movements	0	0
Ending balance	¥ 2,998,469	¥ 0

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Cash Generated from Operations (Proceeds from Sale of Property, Plant and Equipment) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Cash flows from (used in) operating activities [abstract]			
Net book amount	¥ 60,854	¥ 23,113	¥ 37,614
Losses/(gains) on disposal of property, plant and equipment-net	(1,212)	44,390	172,508
Net proceeds from disposal of property, plant and equipment	¥ 59,642	¥ 67,503	¥ 210,122

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Cash Generated from Operations (Non-cash Investing Activities) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended		
	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Cash flows from (used in) operating activities [abstract]			
Purchase of non-current assets settled by bills	¥ 65,800	¥ 73,812	¥ 50,110

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Commitments (Capital Commitments) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019
Property, plant and equipment		
Contracted but not provided for	¥ 585,870	¥ 247,220

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Subsequent Event (Details) ¥ / shares in Units, ¥ in Thousands	Mar. 25, 2021 CNY (¥) ¥ / shares
Subsequent event [abstract]	
Proposed dividend, per share | ¥ / shares	¥ 0.1
Proposed dividend, amount | ¥	¥ 1,082,381

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Balance Sheet and Reserve Movement of the Company (Balance Sheet) (Details) - CNY (¥) ¥ in Thousands	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Non-current assets				
Property, plant and equipment	¥ 11,713,022	¥ 11,300,797	¥ 11,646,390	
Right-of-use assets	410,801	343,860		
Investment properties	367,586	367,468	376,739	
Construction in progress	1,710,124	1,815,549		
Investments accounted for using the equity method	5,387,834	5,208,758		
Deferred tax assets	252,121	150,832		
Time deposits with banks	7,042,840	3,511,234		
Other non-current assets	424,959	481,414		
Non-current assets	27,314,287	23,184,912		
Current assets				
Inventories	3,888,746	6,754,434		
Financial assets at fair value through other comprehensive income	1,207,114	1,540,921		
Financial assets at fair value through profit or loss	0	3,318,407		
Trade receivables	113,163	120,739		
Other receivables	18,101	26,101		
Prepayments	19,552	23,767		
Amounts due from related parties	1,092,316	1,565,993		
Cash and cash equivalents	6,916,408	7,449,699	¥ 8,741,893	¥ 7,504,266
Time deposits with banks	4,049,443	1,508,839		
Current assets	17,304,843	22,309,163		
Total assets	44,619,130	45,494,075		
Equity and liabilities				
Share capital	10,823,814	10,823,814		
Reserves	18,374,176	19,039,474		
Equity attributable to owners of the Company	29,197,990	29,863,288		
Non-current liabilities				
Lease liabilities	3,119	10,593		
Deferred income	13,433	10,005		
Non-current liabilities	51,909	20,598		
Current liabilities				
Borrowings	1,548,000	1,547,600		
Short-term bonds	3,017,811	0		
Lease liabilities	9,352	11,450		
Contract liabilities	495,404	655,117		
Trade and other payables	2,820,083	3,563,435		
Amounts due to related parties	3,656,841	5,708,394		

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Current tax liabilities	3,420,824	3,577,018
Staff salaries and welfares payable	244,506	189,547
Income tax payable	19,425	226,269
Current liabilities	15,232,246	15,479,629
Total liabilities	15,284,155	15,500,227
Total equity and liabilities	44,619,130	45,494,075
The Company [member]		
Non-current assets		
Property, plant and equipment	11,279,484	11,101,389
Right-of-use assets	296,371	319,434
Investment properties	396,676	397,573
Construction in progress	1,694,937	1,814,985
Investments in subsidiaries	2,048,328	1,848,328
Investments accounted for using the equity method	4,594,451	4,476,683
Deferred tax assets	238,040	138,648
Time deposits with banks	7,042,840	3,511,234
Other non-current assets	402,304	455,391
Non-current assets	27,993,431	24,063,665
Current assets		
Inventories	3,685,456	6,368,389
Financial assets at fair value through other comprehensive income	735,262	669,889
Financial assets at fair value through profit or loss	0	3,318,407
Trade receivables	1,484	2,114
Other receivables	6,447	12,627
Prepayments	6,559	3,099
Amounts due from related parties	975,952	1,354,793
Cash and cash equivalents	5,460,067	5,754,440
Time deposits with banks	4,049,441	1,508,839
Current assets	14,920,668	18,992,597
Total assets	42,914,099	43,056,262
Equity and liabilities		
Share capital	10,823,814	10,823,814
Reserves	17,697,677	18,620,152
Equity attributable to owners of the Company	28,521,491	29,443,966
Non-current liabilities		
Lease liabilities	1,911	8,860
Deferred income	13,433	10,005
Non-current liabilities	15,344	18,865
Current liabilities		
Borrowings	1,500,000	1,500,000
Short-term bonds	3,017,811	0
Lease liabilities	7,897	10,059
Contract liabilities	423,838	597,688

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Trade and other payables	2,287,762	2,420,912
Amounts due to related parties	3,507,497	5,104,639
Current tax liabilities	3,392,922	3,558,441
Staff salaries and welfares payable	239,537	183,912
Income tax payable	0	217,780
Current liabilities	14,377,264	13,593,431
Total liabilities	14,392,608	13,612,296
Total equity and liabilities	¥ 42,914,099	¥ 43,056,262

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Balance Sheet and Reserve Movement of the Company (Reserve Movement) (Details) - CNY (¥) ¥ in Thousands	12 Months Ended			
	Mar. 26, 2020	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Balance at 1 January		¥ 19,039,474		
Net profit attributable to shareholders of the Company		645,072	¥ 2,215,728	¥ 5,336,331
Dividends proposed and approved	¥ (1,298,858)	(1,298,858)	(2,705,952)	(3,247,144)
Appropriation of safety production fund		0	0	0
Balance at 31 December		18,374,176	19,039,474	
Legal surplus [member]				
Balance at 1 January		4,072,476	4,072,476	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	
Balance at 31 December		4,072,476	4,072,476	4,072,476
Capital surplus [member]				
Balance at 1 January		13,739	13,739	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	
Balance at 31 December		13,739	13,739	13,739
Surplus reserve [member]				
Balance at 1 January		101,355	101,355	
Net profit attributable to shareholders of the Company		0	0	
Dividends proposed and approved		0	0	
Appropriation of safety production fund		0	0	
Change in fair value of hedging instruments		0		
Reclassified to cost of inventory		0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method		0	0	
Balance at 31 December		101,355	101,355	101,355
Other reserve [member]				

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Balance at 1 January	17,838	10,389	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	6,326	17,838	10,389
Hedging [member]			
Balance at 1 January	0	0	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	0	0	0
Share premium [member]			
Balance at 1 January	106,846	106,846	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	106,846	106,846	106,846
Safety production fund [member]			
Balance at 1 January	57,137	57,135	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	88,460	2	
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	145,597	57,137	57,135
Retained earnings [member]			
Balance at 1 January	14,670,083	15,160,309	
Net profit attributable to shareholders of the Company	645,072	2,215,728	
Dividends proposed and approved	(1,298,858)	(2,705,952)	(3,247,144)
Appropriation of safety production fund	(88,460)	(2)	(57,135)
Change in fair value of hedging instruments	0		

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Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	13,927,837	14,670,083	15,160,309
Total [member]			
Balance at 1 January	19,039,474	19,522,249	
Net profit attributable to shareholders of the Company	645,072	2,215,728	
Dividends proposed and approved	(1,298,858)	(2,705,952)	
Appropriation of safety production fund	0	0	
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	18,374,176	19,039,474	19,522,249
The Company [member]			
Balance at 1 January	18,620,152		
Balance at 31 December	17,697,677	18,620,152	
The Company [member] | Legal surplus [member]			
Balance at 1 January	4,072,476	4,072,476	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	4,072,476	4,072,476	4,072,476
The Company [member] | Capital surplus [member]			
Balance at 1 January	4,180	4,180	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	4,180	4,180	4,180
The Company [member] | Surplus reserve [member]			
Balance at 1 January	101,355	101,355	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		

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Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	101,355	101,355	101,355
The Company [member] | Other reserve [member]			
Balance at 1 January	17,838	10,389	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	6,326	17,838	10,389
The Company [member] | Hedging [member]			
Balance at 1 January	0	0	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	0	0	0
The Company [member] | Share premium [member]			
Balance at 1 January	106,846	106,846	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	106,846	106,846	106,846
The Company [member] | Safety production fund [member]			
Balance at 1 January	57,135	57,135	
Net profit attributable to shareholders of the Company	0	0	
Dividends proposed and approved	0	0	
Appropriation of safety production fund	88,462		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	145,597	57,135	57,135
The Company [member] | Retained earnings [member]			
Balance at 1 January	14,260,322	14,965,864	

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Net profit attributable to shareholders of the Company	387,895	2,000,410	
Dividends proposed and approved	(1,298,858)	(2,705,952)	
Appropriation of safety production fund	(88,462)		
Change in fair value of hedging instruments	0		
Reclassified to cost of inventory	0		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	0	0	
Balance at 31 December	13,260,897	14,260,322	14,965,864
The Company [member] | Total [member]			
Balance at 1 January	18,620,152	19,318,245	
Net profit attributable to shareholders of the Company	387,895	2,000,410	
Dividends proposed and approved	(1,298,858)	(2,705,952)	
Appropriation of safety production fund	0		
Change in fair value of hedging instruments	(63,840)		
Reclassified to cost of inventory	63,840		
Share of other comprehensive income/(loss) of investments accounted for using the equity method	(11,512)	7,449	
Balance at 31 December	¥ 17,697,677	¥ 18,620,152	¥ 19,318,245

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Benefits and interests of directors and supervisors (Details) - CNY (¥) ¥ in Thousands	12 Months Ended					
	Dec. 31, 2020		Dec. 31, 2019		Dec. 31, 2018	
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	¥ 9,859		¥ 9,120		¥ 7,561	
Retirement scheme contributions	441		225		159	
Total	10,300		9,345		7,720	
Directors and chief executives [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	2,938		2,488		2,258	
Retirement scheme contributions	429		225		160	
Discretionary bonus	6,103		6,035		4,701	
Fees	675		600		600	
Total	10,145		9,348		7,719	
Wu Haijun [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	359		343		393	[1]
Retirement scheme contributions	44		26		19	[1]
Discretionary bonus	799		557		910	[1]
Fees	0		0		0	[1]
Total	1,202		926		1,322	[1]
Guan Zemin [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	[2] 367					
Retirement scheme contributions	[2] 41					
Discretionary bonus	[2] 397					
Fees	[2] 0					
Total	[2] 805					
Shi Wei [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits			329	[3]	84	[4]
Retirement scheme contributions			26	[3]	6	[4]
Discretionary bonus			797	[3]	58	[4]
Fees			0	[3]	0	[4]
Total			1,152	[3]	148	[4]
Jin Qiang [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	354		289		226	
Retirement scheme contributions	44		26		19	

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Discretionary bonus	716		745		523	
Fees	0		0		0	
Total	1,114		1,060		768	
Guo Xiaojun [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits			283	[3]	216	
Retirement scheme contributions			26	[3]	19	
Discretionary bonus			751	[3]	518	
Fees			0	[3]	0	
Total			1,060	[3]	753	
Huang Xiangyu [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	[5] 275					
Retirement scheme contributions	[5] 39					
Discretionary bonus	[5] 440					
Fees	[5] 0					
Total	[5] 754					
Huang Fei [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	[5] 217					
Retirement scheme contributions	[5] 39					
Discretionary bonus	[5] 426					
Fees	[5] 0					
Total	[5] 682					
Zhou Meiyun [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	181	[6]	248		185	
Retirement scheme contributions	33	[6]	26		19	
Discretionary bonus	668	[6]	709		498	
Fees	0	[6]	0		0	
Total	882	[6]	983		702	
Jin Wenmin [member] | Executive Directors [member]						
Disclosure of benefits and interests of directors [line items]						
Salaries and other benefits	250		260		187	[7]
Retirement scheme contributions	44		26		19	[7]
Discretionary bonus	721		721		528	[7]
Fees	0		0		0	[7]
Total	1,015		1,007		734	[7]
Gao Jinping [member] | Executive Directors [member]						

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Disclosure of benefits and interests of directors [line items]		
Salaries and other benefits	[8]	215
Retirement scheme contributions	[8]	12
Discretionary bonus	[8]	549
Fees	[8]	0
Total	[8]	776
Tang Song [member] | Independent non-executive directors [member]		
Disclosure of benefits and interests of directors [line items]		
Salaries and other benefits	[5]	0
Retirement scheme contributions	[5]	0
Discretionary bonus	[5]	0
Fees	[5]	75
Total	[5]	75
Chen Haifeng [member] | Independent non-executive directors [member]		
Disclosure of benefits and interests of directors [line items]		
Salaries and other benefits	[5]	0
Retirement scheme contributions	[5]	0
Discretionary bonus	[5]	0
Fees	[5]	75
Total	[5]	75
Yang Jun [member] | Independent non-executive directors [member]		
Disclosure of benefits and interests of directors [line items]		
Salaries and other benefits	[5]	0
Retirement scheme contributions	[5]	0
Discretionary bonus	[5]	0
Fees	[5]	75
Total	[5]	75
Gao Song [member] | Independent non-executive directors [member]		
Disclosure of benefits and interests of directors [line items]		
Salaries and other benefits	[5]	0
Retirement scheme contributions	[5]	0
Discretionary bonus	[5]	0
Fees	[5]	75
Total	[5]	75
Zhang Yimin [member] | Independent non-executive directors [member]		
Disclosure of benefits and interests of directors [line items]		

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Salaries and other benefits	0 [9]	0	0
Retirement scheme contributions	0 [9]	0	0
Discretionary bonus	0 [9]	0	0
Fees	75 [9]	150	150
Total	75 [9]	150	150
Liu Yunhong [member] | Independent non-executive directors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	0 [9]	0	0
Retirement scheme contributions	0 [9]	0	0
Discretionary bonus	0 [9]	0	0
Fees	75 [9]	150	150
Total	75 [9]	150	150
Du Weifeng [member] | Independent non-executive directors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	0 [9]	0	0
Retirement scheme contributions	0 [9]	0	0
Discretionary bonus	0 [9]	0	0
Fees	75 [9]	150	150
Total	75 [9]	150	150
Xie Zhenglin [member] | Non- executive directors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	[5] 0		
Retirement scheme contributions	[5] 0		
Discretionary bonus	[5] 0		
Fees	[5] 0		
Total	[5] 0		
Peng Kun [member] | Non- executive directors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	[5] 96		
Retirement scheme contributions	[5] 25		
Discretionary bonus	[5] 246		
Fees	[5] 0		
Total	[5] 367		
Li Yuanqin [member] | Independent non-executive directors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	0	0	0

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Retirement scheme contributions	0	0	0
Discretionary bonus	0	0	0
Fees	150	150	150
Total	150	150	150
Ma Yanhui [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	332	267	274
Retirement scheme contributions	42	22	14
Discretionary bonus	720	685	288
Fees	0	0	0
Total	1,094	974	576
Zuo Qiang [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits		102 [10]	135
Retirement scheme contributions		15 [10]	17
Discretionary bonus		324 [10]	411
Fees		0 [10]	0
Total		441 [10]	563
Li Xiaoxia [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits		102 [10]	143
Retirement scheme contributions		14 [10]	16
Discretionary bonus		529 [10]	418
Fees		0 [10]	0
Total		645 [10]	577
Zhang Feng [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	148	31 [11]	
Retirement scheme contributions	40	9 [11]	
Discretionary bonus	485	107 [11]	
Fees	0	0 [11]	
Total	673	147 [11]	
Chen Hongjun [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	159	34 [11]	
Retirement scheme contributions	38	9 [11]	
Discretionary bonus	485	110 [11]	
Fees	0	0 [11]	
Total	682	153 [11]	
Zheng Yunrui [member] | Supervisors [member]			

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Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	100	100	100
Retirement scheme contributions	0	0	0
Discretionary bonus	0	0	0
Fees	0	0	0
Total	100	100	100
Cai Tingji [member] | Supervisors [member]			
Disclosure of benefits and interests of directors [line items]			
Salaries and other benefits	100	100	100
Retirement scheme contributions	0	0	0
Discretionary bonus	0	0	0
Fees	0	0	0
Total	¥ 100	¥ 100	¥ 100

[1] Resigned general manager in September 2018 while other titles remained.
[2] Appointed in February 2020.
[3] Resigned in December 2019.
[4] Appointed in September 2018.
[5] Appointed in June 2020.
[6] Resigned in September 2020.
[7] Appointed in June 2018.
[8] Resigned in September 2018.
[9] Resigned in June 2020.
[10] Resigned in September 2019.
[11] Appointed in October 2019.

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