

SINOPEC SHANGHAI PETROCHEMICAL CO LTD
Form 6-K
April 18, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of April 2019

Commission File Number: 1-12158

Sinopec Shanghai Petrochemical Company Limited

(Translation of registrant's name into English)

No. 48 Jinyi Road, Jinshan District, Shanghai, 200540

The People's Republic of China

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F

Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

EXHIBITS

Exhibit

Number

99.1 Annual Report 2018.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SINOPEC SHANGHAI PETROCHEMICAL COMPANY
LIMITED

Date: April 16, 2019

By: /s/ Guo Xiaojun
Name: Guo Xiaojun
Title: Secretary to Board of Directors

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IMPORTANT MESSAGE

I. The Board of Directors (the Directors) (the Board) and the Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the Company or SPC) as well as its Directors, Supervisors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2018 annual report, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2018 annual report of the Company, and severally and jointly accept responsibility.

II. Director(s) who has/have not attended the Board meeting for approving the 2018 annual report of the Company is/are:

Name of Director	Position	Reasons for Absence	Name of Proxy
Lei Dianwu	Non-Executive Director	Business Engagement	Wu Haijun
Jin Qiang	Executive Director	Business Engagement	Wu Haijun

III. The financial statements for the year ended 31 December 2018 (the Reporting Period), prepared under the People s Republic of China (PRC or China) s Accounting Standards (CAS) as well as the International Financial Reporting Standards (IFRS), were audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers, respectively, and both firms have issued unqualified opinions on the financial statements in their auditors reports.

IV. Mr. Wu Haijun, Chairman and the responsible person of the Company; Mr. Zhou Meiyun, Director, Vice President and Chief Financial Officer overseeing the accounting department; and Ms Yang Yating, person in charge of the Accounting Department (Accounting Chief) and Deputy Director of Finance Department hereby warrant the truthfulness, the accuracy and completeness of the financial statements contained in the 2018 annual report.

V. Plan for Profit Appropriation or Capital Reserve Capitalisation reviewed by the Board
 In 2018, the net profit attributable to shareholders of the Company amounted to RMB5,277,186,000 under CAS (net profit of RMB5,336,331,000 under IFRS). According to the 2018 profit distribution plan approved by the Board on 19 March 2019, the Board proposed to distribute a dividend of RMB0.25 per share (including tax) (the Final Dividend) based on the total number of issued shares of the Company as at the record date for distributing dividend. The 2018 profit distribution plan will be implemented subject to approval of the Company s 2018 annual general meeting (the AGM). The date and time of the AGM and book closure arrangement will be announced later. The notice of the AGM will be announced separately in accordance with the provisions of the Articles of Association of the Company. The notice of the AGM, and proxy form will be despatched to holders of H shares in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Hong Kong Listing Rules).

Subject to the passing of the resolution by the shareholders of the Company at the AGM, the Final Dividend is expected to be distributed on or around Thursday, 18 July 2019 to shareholders whose names appear on the register of members of the Company's H shares at the close of business on Monday, 1 July 2019. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's A shares shall be paid in Renminbi while those payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC one calendar week prior to the approval of the Final Dividend at the AGM.

The Company is expected to close the register of members of the Company's H shares from Wednesday, 26 June 2019 to Monday, 1 July 2019 (both days inclusive), during which period no transfer of H shares will be registered in order to confirm the shareholders' entitlement to receive the Final Dividend. The holders of the Company's H shares who wish to receive the Final Dividend should lodge the transfer documents and relevant share certificates with the Company's H shares share registrar, Hong Kong Registrars Limited, at Room 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m. on Tuesday, 25 June 2019.

The record date for dividend distribution, distribution procedures and time for the distribution of dividends applicable to holders of the Company's A shares will be announced separately.

VI. Declaration of Risks Involved in the Forward-looking Statements

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

VII. There was no appropriation of funds by the controlling shareholder of the Company and its connected parties for non-operation purposes.

VIII. The Company did not provide any external guarantees in violation of the required decision-making procedures.

IX. Major Risk Warning

Potential risks are elaborated in this report. Please refer to Section II Management Discussion and Analysis under Report of the Directors for details of the potential risks arising from the future development of the Company.

X. The Annual Report is published in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

DEFINITIONS

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

Company or SPC	Sinopec Shanghai Petrochemical Company Limited
Board	the board of directors of the Company
Director(s)	the Director(s) of the Company
Supervisory Committee	the Supervisory Committee of the Company
Supervisor(s)	the Supervisor(s) of the Company
PRC or China or State	the People's Republic of China
Reporting Period	the year ended 31 December 2018
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Shanghai Stock Exchange	The Shanghai Stock Exchange
Group	the Company and its subsidiaries
Sinopec Group	China Petrochemical Corporation
Sinopec Corp.	China Petroleum & Chemical Corporation
Hong Kong Listing Rules	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Shanghai Listing Rules	The Rules Governing the Listing of Securities on the Shanghai Stock Exchange
Model Code for Securities Transactions	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Hong Kong Listing Rules
Securities Law	the PRC Securities Law
Company Law	the PRC Company Law
CSRC	China Securities Regulatory Commission
Articles of Association	the articles of association of the Company
Hong Kong Stock Exchange website	www.hkexnews.hk
Shanghai Stock Exchange website	www.sse.com.cn
website of the Company	www.spc.com.cn
HSSE	Health, Safety, Security and Environment
LDAR	Leak Detection and Repair
COD	Chemical Oxygen Demand
VOCs	Volatile Organic Compounds
SFO	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
Corporate Governance Code	the Corporate Governance Code set out in Appendix 14 to the Hong Kong Listing Rules
Share Option Incentive Scheme	the A Share Option Incentive Scheme of the Company

Company Profile

Sinopec Shanghai Petrochemical Company Limited is one of the largest petrochemical enterprises in the People's Republic of China based on sales in 2018. It is also one of the largest PRC producers of ethylene. Ethylene is one of the most important intermediate petrochemical products used in the production of synthetic fibres, resins and plastics.

Located at Jinshanwei in the southwest of Shanghai, the Company is a highly integrated petrochemical enterprise which processes crude oil into a broad range of synthetic fibres, resins and plastics, intermediate petrochemical products and petroleum products. The Company sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the fastest growing regions in the PRC.

The Company's rapid development is supported by the ever-increasing demand in the PRC for petrochemical products. Relying on the competitive advantage of its high degree of integration, the Company is optimising its product mix, improving the quality and variety of its existing products, upgrading technology and increasing the capacity of its key upstream plants.

In July 1993, the Company became the first company incorporated under the laws of the PRC to make a global equity offering, and its shares were listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange.

Since the listing of its shares, the Company has strived to continuously improve and enhance its operation and management efficiency with an aim to become a world-class petrochemical enterprise.

Financial Highlights

(I) Financial information prepared under IFRS (for the past five years)

Year ended 31 December	Unit: RMB million				
	2018	2017	2016	2015	2014
Net sales	95,613.5	79,218.3	65,936.5	67,037.2	92,725.0
Profit/(loss) before income tax	6,808.1	7,852.9	7,778.3	4,237.2	(889.9)
Profit/(loss) after income tax	5,336.2	6,154.2	5,981.5	3,310.4	(675.8)
Profit/(loss) attributable to owners of the Company	5,336.3	6,143.2	5,968.5	3,274.3	(692.2)
Basic earnings/(loss) per share (RMB)	0.493	0.569	0.553	0.303	(0.064)
Diluted earnings/(loss) per share (RMB)	0.493	0.568	0.552	0.303	(0.064)
Basic and diluted earnings/(loss) per share (RMB) (restated)	N/A	N/A	N/A	N/A	N/A
As at 31 December:					
Total equity attributable to owners of the Company	30,346.1	28,230.2	24,722.0	19,797.3	16,500.3
Total assets	44,385.9	39,443.5	33,945.6	27,820.6	30,905.6
Total liabilities	13,923.5	10,927.9	8,942.4	7,726.3	14,134.0

* After the implementation of capitalisation of the capital reserve in December 2013, the total number of issued shares of the Company increased from 7.2 billion shares to 10.8 billion shares.

The first tranche of the Share Option Incentive Scheme was exercised in August 2017, led to an increase of 14,176.6 thousands in the total number of issued shares of the company.

The second tranche of the Share Option Incentive Scheme was exercised in January 2018, led to an increase of 9,636.9 thousands in the total number of issued shares of the company.

Financial Highlights (continued)**(II) Main accounting data and financial indicators in the past three years (Prepared under CAS)**

Unit: RMB 000

Major accounting data	2018	2017	Increase/ decrease compared to the previous year (%)	2016
Revenue	107,764,908	92,013,569	17.12%	77,894,285
Total profit	6,748,976	7,851,234	-14.04%	7,765,405
Net profit attributable to shareholders of the Company	5,277,186	6,141,558	-14.07%	5,955,576
Net profit attributable to shareholders of the Company excluding non-recurring items	5,067,583	6,293,745	-19.48%	5,921,988
Net cash flows generated from operating activities	6,695,099	7,078,482	-5.42%	7,210,957

	End of 2018	End of 2017	Increase/ decrease compared to the previous year (%)	End of 2016
Total equity attributable to equity shareholders of the Company	30,370,126	28,256,306	7.48%	24,750,048
Total assets	44,539,960	39,609,536	12.45%	34,123,693

Financial Highlights (continued)

Major financial indicators	2018	2017	Increase/decrease compared to the previous year (%)	2016
Basic earnings per share (RMB/Share)	0.488	0.568	-14.08%	0.551
Diluted earnings per share (RMB/Share)	0.488	0.568	-14.08%	0.551
Basic earnings per share excluding non-recurring items (RMB/Share)	0.468	0.583	-19.73%	0.550
Return on net assets (weighted average) (%)*			Decreased by 4.63 percentage points	26.383
Return on net assets excluding non-recurring items (weighted average) (%)*	16.211	20.840	Decreased by 5.79 percentage points	26.254
Net cash flow per share generated from operating activities (RMB/Share)	0.619	0.655	-5.5%	0.668
	End of 2018	End of 2017	Increase/decrease compared to the previous year (%)	End of 2016
Net assets per share attributable to shareholders of the Company (RMB/Share)*	2.806	2.613	7.39%	2.292
Gearing ratio (%)	31.553	27.943	Increased by 3.61 percentage points	26.645

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

Financial Highlights (continued)**(III) Non-recurring items (Prepared under CAS)**

	Unit: RMB 000		
	2018	2017	2016
Non-recurring items			
Gains/(losses) from disposal of non-current assets	172,508	-13,017	-42,031
Gains on disposal of long-term equity investment	1,622	10,339	
Employee reduction expenses	-34,450	-176,954	-19,200
Government grants recognised through profit or loss (excluding government grants pursuant to the State's unified standard sum and quota to closely related corporate business)	126,329	75,703	154,631
Income from external entrusted lendings	11	1,164	1,818
Foreign exchange option and foreign exchange forward contract gains/(losses)	14,520	-1,516	
Other non-revenue and expenses other than those mentioned above	-55,092	-44,159	-47,281
Effect on non-controlling interests (after tax)	-7,079	-1,526	-1,714
Tax effect for the above items	-8,766	-2,221	-12,635
Total	209,603	-152,187	33,588

(IV) Differences between financial statements prepared under CAS and IFRS

	Net profit		Net asset	
	The Reporting Period	Corresponding period of the previous year	At the end of the Reporting Period	At the beginning of the Reporting Period
Prepared under CAS	5,277,073	6,152,495	30,486,504	28,541,613
Prepared under IFRS	5,336,218	6,154,159	30,462,441	28,515,540

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

Financial Highlights (continued)**(V) Major quarterly financial data in 2018 (Prepared under CAS)**

	First Quarter (January to March)	Second Quarter (April to June)	Third Quarter (July to September)	Unit: RMB 000 Fourth Quarter (October to December)
Revenue	25,759,522	26,428,118	28,632,763	26,944,505
Net profit attributable to shareholders of the Company	1,771,513	1,752,618	1,136,283	616,772
Net profit attributable to shareholders of the Company excluding non-recurring items	1,768,368	1,746,963	1,156,744	395,508
Net cash flows generated from operating activities	1,635,267	2,592,137	-892,180	3,359,875

Principal Products

The Company is a highly vertically integrated petrochemical company. Most of the petroleum products and intermediate petrochemical products produced by the Company are used in the production of the Company's downstream products.

The following table sets forth the net sales of the Group's major products in 2018 as a percentage of total net sales and their typical uses.

Major products sold by the Company	% of 2018 net sales	Typical use
Manufactured products		
Synthetic Fibres		
Polyester staple	0.23	Textiles and apparel
Acrylic staple	1.85	Cotton type fabrics, wool type fabrics
Others	0.20	
Subtotal:	2.28	

Principal Products (continued)

Major products sold by the Company	% of 2018 net sales	Typical use
Resins and Plastics		
Polyester chips	2.27	Polyester fibres, films and containers
PE pellets	3.19	Films, ground sheeting, wire and cable compound and other injection moulding products such as housewares and toys
PP pellets	4.12	Films or sheets, injection moulding products such as housewares, toys and household electrical appliances and automobile parts
PVA	0.10	PVA fibres, building coating materials and textile starch
Others	1.34	
Subtotal:	11.02	
Intermediate Petrochemical Products		
Ethylene	0.10	Feedstock for PE, EG, PVC and other intermediate petrochemical products which can be further processed into resins and plastics and synthetic fibre
Ethylene Oxide	1.65	Intermediate for chemical and pharmaceutical industry, dyes, detergents and adjuvant
Benzene	1.76	Intermediate petrochemical products, styrene, plastics, explosives, dyes, detergents, epoxies and polyamide fibre
PX	3.58	Intermediate petrochemical, polyester
Butadiene	0.92	Synthetic rubber and plastics
Ethylene Glycol	2.01	Fine chemicals
Others	2.71	
Subtotal:	12.73	
Petroleum Products		
Gasoline	17.78	Transportation fuels
Diesel	17.06	Transportation and agricultural machinery fuels

Jet fuel	4.69	Transportation fuels
Others	5.86	
Subtotal:	45.39	
Trading of petrochemical products		Import and export trade of petrochemical products (purchased from domestic and overseas suppliers)
	27.76	
Others	0.82	
TOTAL:	100	

Change in Share Capital of Ordinary Shares and Shareholders

(I) Changes in share capital of ordinary shares during the Reporting Period

1. Changes in share capital of ordinary shares during the Reporting Period

Type of shares	Beginning of the Reporting Period		Increase/decrease (+, -) during the Reporting Period					Unit: Shares End of the Reporting Period	
	Number of shares	Percentage (%)	Number of Number shares of Number shares of Number of Number			Others	Subtotal	Number of shares	Percentage (%)
			issued	from reserves	from share				
1. Unlisted circulating shares	0	0	0	0	0	0	0	0	0
(1) Shares of promoters	0	0	0	0	0	0	0	0	0
Including: Shares held by the State	0	0	0	0	0	0	0	0	0
(2) Shares of fund-raising legal person	0	0	0	0	0	0	0	0	0
2. Shares with trading restrictions	0	0	0	0	0	0	0	0	0
(1) Shares held by state-owned legal person	0	0	0	0	0	0	0	0	0
(2) Shares held by other domestic investors	0	0	0	0	0	0	0	0	0
3. Listed circulating shares	10,814,176,600 A shares or H shares					+9,636,900 A shares	+9,636,900 A shares	10,823,813,500 A shares or H shares	100
(1) RMB-denominated ordinary shares	7,319,176,600 A shares	67.68	0	0	0	+9,636,900 A shares	+9,636,900 A shares	7,328,813,500 A shares	67.71
(2) Overseas listed foreign shares	3,495,000,000 H shares	32.32	0	0	0	0	0	3,495,000,000 H shares	32.29
Total	10,814,176,600 A shares or	100	0	0	0	+9,636,900 A shares	+9,636,900 A shares	10,823,813,500 A shares or	100

H shares

H shares

Change in Share Capital of Ordinary Shares and Shareholders (continued)**(II) Issue of shares****1. Issue of shares during the Reporting Period**

Class of shares and its derivative securities	Date of issue	Issue price	Issue volume	Listing date	Unit: Shares	Currency: RMB
					Permitted listing volume	Transaction termination date
Ordinary shares						
RMB-denominated ordinary A shares	14 February 2018	3.85	9,636,900*	28 February 2018	9,636,900	

* Issued in accordance with the second exercise of the Share Option Incentive Scheme.

2. Changes in the Company's total number of ordinary shares, shareholding structure and the Company's assets and liabilities

The Company's total number of ordinary shares increased from 10,814,176,600 to 10,823,813,500 during the Reporting Period.

3. Employees shares

The Company had no employees shares as at the end of the Reporting Period.

(III) Shareholders and de facto controller**1. Total number of shareholders**

Number of shareholders of ordinary shares as at the end of the Reporting Period	90,979
Number of shareholders of ordinary shares as at the end of the month immediately preceding the publication date of the annual report	88,598

Change in Share Capital of Ordinary Shares and Shareholders (continued)
2. Shareholding of the top ten shareholders as at the end of the Reporting Period

		Shareholding of the top ten shareholders							
Full name of shareholder	Class of shares	Increase/ decrease of shareholding during the Reporting Period (Shares)	Number of shares held at the end of the Reporting Period (Shares)	Percentage of shareholding (%)	Number of shares pledged/ frozen with selling restrictions	Status of Shares	Number of Shares	Nature of shareholders	
China Petroleum & Chemical Corporation	A shares	0	5,460,000,000	50.44	0	None	0	State-owned legal person	
HKSCC (Nominees) Limited	H shares	1,508,500	3,458,140,821	31.95	0	Unknown		Overseas legal person	
China Securities Finance Corporation Limited	A shares	-115,578,227	324,111,018	2.99	0	None	0	Others	
HKSCC Limited	A shares	64,763,147	78,698,924	0.73	0	None	0	Others	
Central Huijin Investment Ltd.	A shares	0	67,655,800	0.63	0	None	0	Others	
GF Fund Agricultural Bank of China GF CSI Financial Asset Management Plan	A shares	22,470,400	45,222,300	0.42	0	None	0	Others	
Dacheng Fund Agricultural Bank of China Dacheng CSI Financial Asset Management Plan	A shares	22,470,400	43,531,469	0.40	0	None	0	Others	
China Asset Fund Agricultural Bank of China China Asset CSI Financial Asset Management Plan	A shares	22,470,400	43,083,750	0.40	0	None	0	Others	
Bosera Fund Agricultural Bank of China Bosera CSI Financial Asset Management Plan	A shares	22,470,400	43,083,700	0.40	0	None	0	Others	
E Fund Agricultural Bank of China E Fund CSI Financial Asset Management Plan	A shares	22,470,400	43,083,700	0.40	0	None	0	Others	
Note on connected relationship or acting in concert of the above shareholders:	Among the above-mentioned shareholders, China Petroleum & Chemical Corporation (Sinopec Corp.), a state-owned legal person, does not have any connected relationship with the other shareholders, and does not constitute an act-in-concert party under the Administrative Measures on Acquisition of Listed								

Companies. Among the abovementioned shareholders, HKSCC (Nominees) Limited is a nominee and HKSCC Limited is the nominal holder of the Company's Shanghai-Hong Kong Stock Connect. Apart from the above, the Company is not aware of any connected relationships among the other shareholders, or whether any other shareholder constitutes an act-in-concert party under the Administrative Measures on Acquisition of Listed Companies.

Change in Share Capital of Ordinary Shares and Shareholders (continued)**(IV) Details of the controlling shareholder and the de facto controller****1. Details of the controlling shareholder****(1) Legal person**

Name	China Petroleum & Chemical Corporation
Responsible person or legal representative	Dai Houliang
Date of incorporation	25 February 2000
Major business operations	Oil and natural gas exploration and extraction, pipeline transmission and sales; oil refining production, sales, storage and transportation of petrochemicals, chemical fibres, chemical fertilizers and other chemical products; import, export and import/export agency business of crude oil, natural gas, refined petroleum products, petrochemicals, chemicals, and other chemical products and other commodities and technologies; research, development and application of technology and information.
Shareholdings in other domestic and overseas companies during the Reporting Period	Details of shareholding of Sinopec Corp. in other listed companies:

Company Name	Number of shares held	Percentage of shareholding
Sinopec Shandong Taishan Petroleum Co., Ltd.	118,140,120	24.57%

Change in Share Capital of Ordinary Shares and Shareholders (continued)**2. Details of the de facto controller****(1) Legal person**

Name	China Petrochemical Corporation
Responsible person or legal representative	Dai Houliang
Date of incorporation	24 July 1998
Major businesses operations	According to Sinopec Group's restructuring in 2000, China Petrochemical Corporation injected its main petrochemical business into Sinopec Corp. Sinopec Group continues to operate several petrochemical facilities and small refining plants. Its services include: provision of drilling, logging and downhole operation services, production and maintenance of manufacturing equipment; engineering construction service and water, electricity and other public utilities and social services.
Shareholdings in other domestic and overseas companies during the Reporting Period	Details of shareholding of Sinopec Group in other listed companies:

Company Name	Number of shares held	Percentage of shareholding
China Petroleum & Chemical Corporation ^(Note 1)	82,709,227,393	68.31%
Sinopec Engineering (Group) Co., Ltd.	2,907,856,000	65.67%
Sinopec Oilfield Service Corporation ^(Note 2)	10,727,896,364	56.51%
Sinopec Oilfield Equipment Corporation	351,351,000	58.74%
China Merchants Energy Shipping	912,886,426	15.05%

Co., Ltd.

Note 1: The 553,150,000 H shares held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group are included in the total number of shares held by HKSCC (Nominees) Limited.

Note 2: The 2,595,786,987 H shares held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group are included in the total number of shares held by HKSCC (Nominees) Limited.

Change in Share Capital of Ordinary Shares and Shareholders (continued)

3. Diagram of the ownership and controlling relationship between the Company and the controlling shareholder and the de facto controller

* 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.

(V) Other legal person shareholders holding more than 10% of the Company's shares

As at 31 December 2018, HKSCC (Nominees) Limited held 3,458,140,821 H shares of the Company, representing 31.95% of the total number of issued shares of the Company.

(VI) Public float

Based on the public information available to the Board, as at 19 March 2019, the Company had a public float which is in compliance with the minimum requirement under the Hong Kong Listing Rules.

Change in Share Capital of Ordinary Shares and Shareholders (continued)**(VII) Interests and short positions of the substantial shareholders of the Company in shares and underlying shares of the Company**

As at 31 December 2018, so far as was known to the Directors or chief executive of the Company, the interests and short positions of the Company's substantial shareholders (being those who are entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company but excluding the Directors, chief executive and Supervisors) in the shares and underlying shares of the Company who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") or as recorded in the register of interests required to be kept under section 336 of the SFO were as set out below:

Interests in ordinary shares of the Company

Name of shareholders	Interests held or deemed as held (shares)	Note	Percentage of total issued shares of the Company (%)	Percentage of total issued shares of the relevant class (%)	Capacity
China Petroleum & Chemical Corporation	5,460,000,000 A shares (L) Shares of legal person	(1)	50.44(L)	74.50(L)	Beneficial owner
The Bank of New York Mellon Corporation	496,076,471 H shares (L)	(2)	4.58(L)	14.19(L)	Interests of controlled corporation
	402,870,300 H shares (S)		3.72(S)	11.53(L)	
	81,142,371 H shares (P)		0.75(P)	2.32(L)	
BlackRock, Inc.	301,719,530 H shares (L)	(3)	2.79(L)	8.63(L)	Interests of controlled corporation
	920,000 H shares (S)		0.01(S)	0.03(S)	
JPMorgan Chase & Co.	211,318,513 H shares (L)	(4)	1.95(L)	6.04(L)	Interests of controlled corporation, investment manager, secured equity holders and approved lending agents
	27,102,814 H shares (S)		0.25(S)	0.77(L)	

	153,496,014				
	H shares (P)		1.42(P)	4.39(L)	
Corn Capital Company Limited	211,008,000				
	H shares (L)	(5)	1.95(L)	6.04(L)	Beneficial owner
	200,020,000				
	H shares (S)		1.85(S)	5.72(S)	
Hung Hin Fai	211,008,000				Interests of controlled
	H shares (L)	(5)	1.95(L)	6.04(L)	corporation
	200,020,000				
	H shares (S)	(5)	1.85(S)	5.72(S)	
Yardley Finance Limited	200,020,000				
	H shares (L)	(6)	1.85(L)	5.72(L)	Secured equity holders
Chan Kin Sun	200,020,000				Interests of controlled
	H shares (L)	(6)	1.85(L)	5.72(L)	corporation
Citigroup Inc.					Secured equity holders, Interests
	193,021,290				of controlled corporation and
	H shares (L)	(7)	1.78(L)	5.52(L)	approved lending agents
	798,000				
	H shares (S)		0.01(S)	0.02(S)	
	182,593,643				
	H shares (P)		1.69(P)	5.22(P)	

(L): Long position; (S): Short position; (P): Shares available for lending

Change in Share Capital of Ordinary Shares and Shareholders (continued)

Note:

- (1) Based on the information obtained by the Directors from the website of the Hong Kong Stock Exchange and as far as the Directors are aware, Sinopec Group directly and indirectly owned 68.77% of the issued share capital of Sinopec Corp. as at 31 December 2018. By virtue of such relationship, Sinopec Group is deemed to have an interest in the 5,460,000,000 A shares of the Company directly owned by Sinopec Corp.
- (2) All the 402,870,300 H shares (short position) held by The Bank of New York Mellon Corporation were held through physical-settlement unlisted derivatives.
- (3) Of the H shares (long position) held by BlackRock, Inc., 2,016,000 H shares (long position) were held through cash settled unlisted derivatives.
- (3) All the 920,000 H shares (short position) held by BlackRock, Inc. were held through cash settled unlisted derivatives.
- (4) Of the H shares (long position) held by JPMorgan Chase & Co., 2,445,835 H shares (long position) were held through cash settled unlisted derivatives.
- (4) Of the H shares (short position) held by JPMorgan Chase & Co., 30,000 H shares (short position) were held through cash settled listed derivatives, 18,283,514 H shares (short position) were held through physical-settlement unlisted derivatives, 2,704,000 H shares (short position) were held through cash settled unlisted derivatives.
- (5) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.
- (6) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.
- (7) Of the H shares (long position) held by Citigroup Inc., 4,061,600 H shares (long position) were held through physical-settlement listed derivatives, 74,000 H shares (long position) were held through cash settled unlisted derivatives.

(7) Of the H shares (short position) held by Citigroup Inc., 798,000 H shares (short position) were held through cash settled unlisted derivatives.

Save as disclosed above, as at 31 December 2018, the Directors have not been notified by any person (other than the Directors, chief executive and Supervisors) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

Directors, Supervisors, Senior Management and Employees

(I) Changes in shareholdings and remuneration

1. Changes in shareholdings and remuneration of Directors, Supervisors and senior management who hold the position currently or left the office during the Reporting Period

Name	Former name/alias	Position	Sex	Age	Date of commencement of service term	End date of service term	Number of shares held at the beginning of the Reporting Period (ten thousand shares)	Number of shares held at the end of the Reporting Period (ten thousand shares)	Change of shares held during the Reporting Period (ten thousand shares)	Reason of change	Total remuneration received from the Company during the Reporting Period (before taxation) (RMB of ten thousand)	Whether the received remuneration from the Company is connected person(s) of the Company
Wu Haijun*	None	Executive Director & Chairman	M	56	June 2017	June 2020	0	0	0		132.19	No
Shi Wei*	None	Executive Director & President	M	59	September 2018	June 2020	0	0	0		14.87	No
Jin Qiang	None	Executive Director & Vice President	M	53	June 2017	June 2020	17.2	30.1	+12.9	Share Option Incentive Scheme	76.81	No
Guo Xiaojun	None	Executive Director, Vice President, Secretary to the Board & Joint Company Secretary	M	49	June 2017	June 2020	17.2	30.1	+12.9	Share Option Incentive Scheme	75.27	No
Zhou Meiyun	None	Executive Director, Vice President & Chief Financial Officer	M	49	June 2017	June 2020	0	0	0		70.18	No
Jin Wenmin*	None	Executive Director & Vice President	M	53	June 2018	June 2020	10	17.5	+7.5	Share Option Incentive Scheme	73.42	No
Lei Dianwu	None	Non-executive Director	M	56	June 2017	June 2020	0	0	0		0	Yes

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Mo Zhenglin	None	Non-executive Director	M	54	June 2017	June 2020	0	0	0	0	Yes
Zhang Yimin	None	Independent Non-executive Director	M	64	June 2017	June 2020	0	0	0	15	No
Liu Yunhong	None	Independent Non-executive Director	M	42	June 2017	June 2020	0	0	0	15	No
Du Weifeng	None	Independent Non-executive Director	M	42	June 2017	June 2020	0	0	0	15	No
Li Yuanqin	None	Independent Non-executive Director	F	45	August 2017	June 2020	0	0	0	15	No
Ma Yanhui	None	Supervisor & Chairman of the Supervisory Committee	M	48	October 2017	June 2020	0	0	0	57.49	No

Directors, Supervisors, Senior Management and Employees (continued)

Name	Former name/alias	Position	Sex	Age	Date of commencement of service term	End date of service term	Number of shares held at the beginning of the Reporting Period (ten end of the Reporting Period)			Change of number of shares during the Reporting Period	Reason of change	Total remuneration received from the Company during the Reporting Period (before taxation) (RMB thousand)	Whether received remuneration from the Company (Yes/No)
							Number of shares held at the beginning of the Reporting Period (ten end of the Reporting Period)	Number of shares held at the beginning of the Reporting Period (ten end of the Reporting Period)	Number of shares held at the beginning of the Reporting Period (ten end of the Reporting Period)				
Zuo Qiang	None	Supervisor	M	56	June 2017	June 2020	0	0	0		56.36	No	
Li Xiaoxia	None	Supervisor	F	49	June 2017	June 2020	0	0	0		57.70	No	
Zhai Yalin	None	Supervisor	M	54	June 2017	June 2020	0	0	0		0	Yes	
Fan Qingyong	None	Supervisor	M	54	June 2017	June 2020	0	0	0		0	Yes	
Zheng Yunrui	None	Independent Supervisor	M	53	June 2017	June 2020	0	0	0		10	No	
Choi Ting Ki	None	Independent Supervisor	M	64	June 2017	June 2020	0	0	0		10	No	
Gao Jinping*	None	Former Executive Director, Vice Chairman & Vice President	M	52	June 2017	September 2018	20	35	15	Share Option Incentive Scheme	77.62	Yes	
Total	/	/	/	/	/	/	64.4	112.7	48.3	/	771.91	/	

* Mr. Wu Haijun resigned as President of the Company on 5 September 2018, and his other positions in the Company remain unchanged.

* At the 11th meeting of the Ninth Session of the Board held on 19 September 2018, Mr. Shi Wei was appointed as President of the Company. At the 2018 first extraordinary general meeting held on 8 November 2018, Mr. Shi Wei was elected as a director of the Company; and at the 13th meeting of the Ninth Session of the Board held on the same day, he was elected as Executive Director and a member of the Strategic Committee of the Company.

* Mr. Jin Wenmin was appointed as a director of the Company at the 2017 Annual General Meeting held on 13 June 2018, and was elected as Executive Director at the 9th meeting of the Ninth Session of the Board.

- * On 5 September 2018, Mr. Gao Jinping submitted to the Board a request to cease serving as Vice Chairman, Executive Director and Vice President due to new job arrangements. Mr. Gao Jinping's resignation took effect on 5 September 2018 when his resignation report was submitted to the Board. After Mr. Gao Jinping resigned from the positions the Company, he took office in Shanghai SECCO, the related party, and received remuneration from Shanghai SECCO after his resignation

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management****Directors:**

Wu Haijun, aged 56, is an Executive Director, Chairman, Secretary of the Communist Party Committee, Chairman of the Strategy Committee, member of the Nomination Committee of the Company, Director of Shanghai SECCO and Chairman of Shanghai Chemical Industry Park Development Co., Ltd.. Mr. Wu joined the Shanghai Petrochemical Complex (the SP 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. In 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 Secretary of the Communist Party Committee of Shanghai SECCO and in June 2010, he was appointed as 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 Chairman of Shanghai SECCO. He served as President and Deputy Secretary of the Communist Party Committee 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 of 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 professor-grade senior engineer by professional title.

Shi Wei, aged 59, is currently a Deputy Secretary of the Communist Party Committee of the Company. Mr. Shi joined the SP Complex in 1982 and held various positions including Deputy Manager of the Refining and Chemical Division, Manager of the Environmental Department, Secretary of the Communist Party Committee and Manager of the Refining and Chemical Division. From October 2003 to June 2014, Mr. Shi served as a Vice President of the Company. From June 2005 to April 2013, he served as a Director of the Company. From May 2012 to March 2014, he served as a Leader of the preparatory team for the Guizhou Zhijin Coal Chemicals Project. From March 2013 to August 2018, he served as a Vice Chairman of Bijie Zhongcheng Energy Company Limited. From March 2014 to August 2018, he served as a Director, President and Secretary of the Communist Party Committee of Sinopec Great Wall Energy & Chemical (Guizhou) Co., Ltd.. In August 2018, he was appointed as a Deputy Secretary of the Communist Party Committee of the Company. On 19 September 2018, Mr. Shi was appointed as the President of the Company. In 1982, Mr. Shi graduated from East China University of Science and Technology majoring in oil refining engineering and obtained a bachelor's degree in engineering. Mr. Shi completed the post-graduate studies in Business Management at East China University of Science and Technology in 1998. Mr. Shi is a senior engineer by professional title.

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)

Jin Qiang, aged 53, 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 professor-grade senior engineer by professional title.

Guo Xiaojun, aged 49, is an Executive Director, Vice President, Secretary to the Board, Joint Company Secretary, member of the Strategy Committee of the Company and director of Shanghai Chemical Industry Park Development Co., Ltd.. Mr. Guo joined the SP Complex in 1991. He has held various positions, including Director of the Polyolefin Integrated Plant in the Plastics Division, Deputy Chief Engineer in the Plastics Division, Deputy to the Manager, Deputy Manager and Manager cum Deputy Secretary of the Communist Party Committee of the Company. He was Deputy Chief Engineer and Director of the Production Department of the Company from March 2011 to April 2013 and has served as Vice President of the Company since April 2013. In June 2014, Mr. Guo was appointed Executive Director of the Company and was appointed as Secretary to the Board and Joint Company Secretary of the Company in June 2017. He was appointed as Director of Shanghai Chemical Industrial Zone Development Co. Ltd. in September 2018. In September 2018, he was appointed as director of Shanghai Chemical Industry Park Development Co., Ltd.. He graduated from the East China University of Science and Technology in 1991 with a bachelor's degree in engineering, majoring in basic organic chemical engineering and obtained a master's degree majoring in chemical engineering from the East China University of Science and Technology in April 2008. He is a professor-grade senior engineer by professional title.

Zhou Meiyun, aged 49, is an Executive Director, Vice President, Chief Financial Officer, member of the Remuneration and Appraisal Committee and the Strategy Committee of the Company. Mr. Zhou joined the SP Complex in 1991 and has held various positions, including Officer, Assistant to Manager, Deputy Manager and Manager of the Finance Department of the Company. He served as Manager of the Finance Department of Shanghai SECCO from May 2011 to March 2017, and was appointed Vice President and Chief Financial Officer of the Company in February 2017. He has served as Executive Director of the Company since June 2017 and Chairman of China Jinshan Associated Trading Corporation (Jinshan Associated Trading) since July 2017. Mr. Zhou graduated from the Shanghai University of Finance and Economics in 1991 majoring in accounting, and obtained a master's degree in economics from the Huazhong University of Science and Technology majoring in western economics in 1997. He is a senior accountant by professional title.

Directors, Supervisors, Senior Management and Employees (continued)

(II) Profiles of Directors, Supervisors and Senior Management (Continued)

Jin Wenmin, aged 53, is an Executive Director and Vice President of the Company. Mr. Jin joined the SP 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 President of the Company and was appointed as 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, majoring in business administration. He is a senior engineer by professional title.

Lei Dianwu, aged 56 is a Non-executive Director, member of the Strategy Committee of the Company, and Senior Vice President of Sinopec Corp., the controlling shareholder of the Company. From June 2005, Mr. Lei has served as Non-executive Director of the Company. Mr. Lei has held various positions, including Deputy Director of Planning Division and Director of the Preparation Office of the Joint Venture of Yangzi Petrochemical Company, and Vice President and manager of the Production Division of Yangzi BASF Styrene Company Limited. He acted as Deputy Manager of Yangzi Petrochemical Company and Deputy Director of its Joint Venture Office, Director of the Development and Planning Division of China Dong Lian Petrochemical Limited Liabilities Company, Deputy General Manager of Yangzi Petrochemical Limited Liabilities Company and Deputy Director of the Development and Planning Division of Sinopec Corp.. From March 2001 to August 2013, he was Director of Development and Planning Division of Sinopec Corp.. From March 2009 to October 2018, Mr. Lei was Assistant to the President of Sinopec Group. From May 2009 to October 2018, he was Vice President of Sinopec Corp.. From August 2013 to October 2018, he was Chief Economist of Sinopec Group. From October 2015 to October 2018, Mr. Lei acted as the Secretary to the board of directors of Sinopec Group. From June 2018 to December 2018, he was Director-general of Department of International Cooperation of the Sinopec Group, Director of the Foreign Affairs Office, Director of Office of Hong Kong, Macau and Taiwan Affairs, and Director-general of Department of International Cooperation of China Petroleum & Chemical Corporation. From October 2018, he has served as Senior Vice President of Sinopec Corp.. Mr. Lei has rich experience in enterprise planning and investment development management. In 1984, Mr. Lei graduated from the East China Petroleum Institute majoring in basic organic chemicals and obtained a bachelor's degree in engineering. He is a professor-grade senior engineer by professional title.

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)

Mo Zhenglin, aged 54, is a Non-Executive Director and member of the Strategy Committee of the Company, Deputy Director of the Finance Division of Sinopec Corp., controlling shareholder of the Company. In June 2014, Mr. Mo was appointed as Non-executive Director of the Company. Mr. Mo began his career in August 1986 and has held various positions, including Deputy Director of the Finance Department and Head of the Accounting Department of Beijing Yanshan Petrochemical Corporation and Chief Accountant and Director of the Finance Department of its Refinery Division, and Deputy Chief Accountant of SINOPEC Beijing Yanshan Company and Chief Accountant of its Refinery Division, Director of Beijing Yanshan Petrochemical Company Limited and Chief Accountant of SINOPEC Beijing Yanshan Company. Mr. Mo has been Chief Accountant of the Chemical Division of Sinopec Corp. from August 2008 to August 2017, and Director of Shanghai SECCO from November 2008 to October 2017. From March 2015 to August 2017, he was Deputy Director of the Chemical Division of Sinopec Corp.. In August 2017, Mr. Mo was appointed as Deputy Director of the Finance Division of Sinopec Corp.. Mr. Mo obtained a bachelor's degree in management from Zhongnan University of Economics in 1986, majoring in finance and accounting. He is a senior accountant by professional title.

Zhang Yimin, aged 64, is an Independent Non-executive Director, Chairman of the Remuneration and Appraisal Committee and the Nomination Committee of the Company and a Professor of Economics and Finance at the China Europe International Business School. He has been an Independent Non-Executive Director of the Company since October 2013. Mr. Zhang has been an independent director of Shanghai Huayi Group Corporation Ltd. (listed on the Shanghai Stock Exchange, stock code: 600623) since April 2015. Mr. Zhang obtained a doctorate's degree majoring in finance and political studies at the Business School of the University of British Columbia, Canada, and has held various positions, including a Post-doctoral Fellow at the Business School of the University of British Columbia, Canada, Assistant Professor at the Business School of the University of New Brunswick, Canada, and Associate Professor of Economics and Finance Department at the City University of Hong Kong. He was appointed as Professor of the China Europe International Business School in September 2004. His major area of research is in operations, financing and industrial economic studies. He possesses a wealth of professional expertise and experience.

Liu Yunhong, aged 42, is an Independent Non-executive Director and member of Audit Committee of the Company, Assistant to General Manager of Hwabao Securities Co. Ltd. and the Deputy Head of the Institute of International M&A and Investment, Renmin University of China. He has been an Independent Non-executive Director of the Company since June 2015. From 13 May 2014 to 24 March 2018, Mr. Liu was an independent director of Guangdong HEC Technology Holding Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600673), and currently is an Independent Director of Shanghai Aerospace Automobile Electromechanical Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 600151), Shenergy Company Limited (listed on the Shanghai Stock Exchange, stock code: 600642) and Bank of Guiyang Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601997). From June 2008 to August 2010, Mr. Liu has been the Head of Legal and Compliance Division of Guotai Asset Management Co., Ltd.. From October 2008 to August 2010, Mr. Liu conducted post-doctoral research in economics at Guanghua School of Management, Peking University and

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)

was conferred as an assistant professor and master postgraduate instructor. From October 2010 to July 2012, he worked for fund product development and supervision of listed companies at the Shanghai Stock Exchange. From August 2012 to September 2013, Mr. Liu was General Manager of Investment Banking Department of Aerospace Securities Co., Ltd.. Since October 2013, Mr. Liu has been the General Manager of the Institutional Business Department (Renamed as Investment Banking Department since May 2015) of Hwabao Securities Co. Ltd.. From May 2015 to November 2017, he was the General Manager of the Investment Banking Department of Hwabao Securities Co. Ltd.. Since September 2015, Mr. Liu has been the Assistant to General Manager of Hwabao Securities Co. Ltd.. Since May 2014, Mr. Liu has been Deputy Head of the Institute of International M&A and Investment, Renmin University of China. Mr. Liu obtained a doctorate's degree in law from Renmin University of China, majoring in civil and commercial Law in 2008. Mr. Liu is a research fellow by professional title.

Du Weifeng, aged 42, is an Independent Non-executive Director, member of the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Company, and a Partner of Beijing JunZeJun (Shanghai) Law Offices. He has served as the Company's Independent Non-executive Director since June 2015. Mr. Du began his career in July 1998. He has held various positions, including Clerk and Assistant Judge of Shanghai Pudong New Area People's Court and worked as a lawyer at Watson & Band Law Offices in Shanghai and at Wintell & Co Law Firm in Shanghai. He has been a Partner of the Shanghai branch of Beijing JunZeJun Law Offices since February 2009. With extensive experience as a lawyer, Mr. Du is the designated lawyer of some banks headquarters, Shanghai branches, Shanghai branch of the state-owned asset management companies and private asset management companies. Mr. Du obtained a bachelor's degree in Commercial Law from Shanghai University in July 1998, and a master's degree in commercial law from Bristol University in September 2005. He also obtained a master's degree in business administration from China Europe International Business School in 2013.

Li Yuanqin, aged 45, is an Independent Non-executive Director, Chairman of the Audit Committee and member of the Strategy Committee of the Company, associate professor of the School of Management and the associate head of the Department of Accountancy at Shanghai University. She is currently the independent director of Shanghai New World Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600628). From April 2000 to March 2003, she 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. She has been the associate professor of the School of Management at Shanghai University since September 2009 and the associate head of the Department of Accountancy of Shanghai University since 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-executive 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.

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)**Supervisors:**

Ma Yanhui, aged 48, is a Supervisor, Chairman of Supervisory Committee, 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, 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. In August 2017, Mr. Ma was appointed as 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.

Zuo Qiang, aged 56, is a Supervisor, Chief Legal Counsel of the Company and Deputy Chief of Political Work. Mr. Zuo joined the SP Complex in 1981 and has held various positions, including archivist of the Command Division for the construction of Phase II of No. 1 Chemical Plant of the SP Complex, Head of Archives at the ethylene plant, Secretary of the Youth League Committee of the ethylene plant, Secretary of the Youth League Committee of the Refining and Chemical Division of the SP Complex, Secretary of the Youth League Committee of the Refining and Chemical Division of the Company, Secretary of the General Branch of the Communist Party Committee of Ethylene Plant No. 1 of the Refining and Chemical Division of the Company, and Deputy Director of the Supervisory Office of the Company and the Secretary of the Corporate Discipline Supervisory Committee of the Company. From April 2011 to April 2018, he was Director of the Supervisory Office of the Company. Since June 2011, he has been serving as Supervisor of Supervisory Committee Office of the Company. From June 2011 to December 2018, he acted as Director of Supervisory Committee Office of the Company. From October 2011 to December 2018, he was the Deputy Secretary of the Discipline Inspection Commission of the Company. In February 2016, he was appointed the Deputy Chief of Political Work of the Company. He has served as Chief Legal Counsel of the Company since February 2017. From April 2018 to December 2018, he was Director of Supervisory Office of the Company. Mr. Zuo graduated from the Correspondence College of the Communist Party Committee School of the Central Committee in 1993 majoring in party & administrative management. He has senior professional technical qualification.

Li Xiaoxia, aged 49, is a Supervisor and Secretary of the Communist Party Committee and Deputy Director of the Plastics Division of the Company. Ms. Li joined the SP Complex in 1991 and has held various positions, including Controller of the operation zone of the marine terminal of the Company, Assistant to the Workshop Director, Deputy Workshop Director and Deputy Section Chief of Storage and Transportation Area No. 2 of the Refining and Chemical Division, Deputy Secretary of the Youth League Committee of the Company, Secretary of Party

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)

General Branch for Staff Exchange and Relocation Centre, Secretary of the Communist Party Committee and Deputy Manager of the Refining Division of the Company. She was appointed as Supervisor of the Company in June 2011 and served as Vice Chairman of the Labour Union of the Company from December 2011 to August 2017. She was appointed as Secretary of the Communist Party Committee and Deputy Director of the Plastics Division of the Company in July 2017. Ms. Li graduated from Liaoning University of Petroleum and Chemical Technology in 1991 majoring in petroleum and natural gas transportation and obtained a Bachelor's degree in Engineering. She has senior professional technical qualification.

Zhai Yalin, aged 54, is an External Supervisor of the Company, Deputy Director of the Auditing Bureau of Sinopec Group, Deputy Director of Auditing Department of Sinopec Corp. and Chief of Team Nine of the Sinopec Group Party Committee Discipline Inspection Group. Mr. Zhai has been an External Supervisor of the Company since June 2008. Mr. Zhai started his career in 1986 and successively served as Deputy Head of the Head Office and Director of the Auditing Department of Qianguo Refinery, Deputy Director of the General Office of Sinopec Huaxia Auditing Company, Deputy Director of the General Administrative Office of the Auditing Bureau of China Petrochemical Corporation, Director of the General Administrative Office of the Auditing Bureau of Sinopec Group, and Director of the General Administrative Office of the Auditing Bureau of Sinopec Group (Auditing Department of Sinopec Corp.). Since December 2001, Mr. Zhai has concurrently held the posts of Deputy Director of the Auditing Bureau of Sinopec Group and Deputy Director of Auditing Department of Sinopec Corp. He was appointed the ninth group leader of Sinopec leading Party group inspection group in April 2018. Since April 2018, he has been serving as Chief of Team Nine of the Sinopec Group Party Committee Discipline Inspection Group. Mr. Zhai graduated from the Jilin Siping Normal College in 1986 and is a senior economist by professional title.

Fan Qingyong, aged 54, is an External Supervisor of the Company, Deputy Chief of the Supervisory Bureau and member of the Discipline Inspection Group of Sinopec Group, Deputy Director of the Supervisory Department of Sinopec Corp., the controlling shareholder of the Company, and Supervisor of Sinopec Refinery & Marketing Limited. Mr. Fan has been an External Supervisor of the Company since June 2017. Mr. Fan started his career in 1987, and has held various positions, including Deputy Director of the Communist Party Office of No. 2 Oil Plant and Director of Corporate Management Department of Fushun Petrochemical Company, Discipline Inspector (Deputy level) and Deputy Director of the Second Discipline Inspection and Supervision Group of the Supervisory Bureau of Sinopec Group (Supervisory Department of Sinopec Corp.), and Director of the First Discipline Inspection and Supervision Group of the Supervisory Bureau of Sinopec Group (Supervisory Department of Sinopec Corp.). He has been the Deputy Director of the Supervisory Bureau of Sinopec Group and Deputy Director of the Supervisory Department of Sinopec Corp. since April 2010. He served as Supervisor of Sinopec Star Petroleum Co., Ltd. from July 2010 to April 2015. He has served as a member of the Discipline Inspection Group of the Communist Party Committee of Sinopec Group and Supervisor of Sinopec Refinery & Marketing Limited since May 2012. Mr. Fan graduated from Fushun Normal College (now known as Fushun Teachers College) majoring in Chinese in 1987, from Liaoning Normal University majoring in Chinese in July 1991, and from Renmin University of China, majoring in law in January 2003 obtained a master's degree in law. He is a professor-grade senior professional by professional title and is qualified to practice law.

Directors, Supervisors, Senior Management and Employees (continued)**(II) Profiles of Directors, Supervisors and Senior Management** (Continued)

Zheng Yunrui, aged 53, is an Independent Supervisor of the Company and 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. Mr. Zheng is an independent director of Hangzhou Innover Technology Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 002767), Jiangxi Xinyu Guoke Technology Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300722) and Fuxin Dare Automotive Parts Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300473). 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. 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 Shenzhen, Shenyang, 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.

Choi Ting Ki, aged 64, 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.

Directors, Supervisors, Senior Management and Employees (continued)**(III) Share options held by the Directors, Supervisors and senior management during the Reporting Period**

Name	Position	Unit: Shares					Number of A share options held at the end of the Reporting Period
		Number of A share options held at the beginning of the Reporting Period	Number of A share options granted during the Reporting Period	Number of A share options exercisable during the Reporting Period	Number of A share options exercised during the Reporting Period	Number of A share options cancelled or lapsed during the Reporting Period	
Jin Qiang	Executive Director & Vice President	258,000	0	129,000	129,000	129,000	0
Guo Xiaojun	Executive Director, Vice President, Secretary to the Board & Joint Company Secretary	258,000	0	129,000	129,000	129,000	0
Jin Wenmin*	Executive Director & Vice President	150,000	0	75,000	75,000	75,000	0
Gao Jinping*	Former Executive Director, Vice Chairman & Vice President	300,000	0	150,000	150,000	150,000	0
Total	/	966,000	0	483,000	483,000	483,000	0

* Mr. Jin Wenmin was appointed as a director of the Company at the 2017 Annual General Meeting held on 13 June 2018, and was elected as Executive Director at the 9th meeting of the Ninth Session of the Board.

* On 5 September 2018, Mr. Gao Jinping requested to resign from his positions as Executive Director, Chairman and Vice President due to new working arrangements. Mr. Gao's resignation took effect upon the submission of the resignation letter to the Board on 5 September 2018. The 150,000 outstanding A shares share options granted to him have lapsed in accordance with the relevant provisions of the Share Option Incentive Scheme.

Directors, Supervisors, Senior Management and Employees (continued)**(IV) Positions held in the Company's shareholders during the Reporting Period**

Name	Name of shareholder	Position held	Commencement of term of service	End of term of service
Lei Dianwu	Sinopec Corp.	Vice President	October 2018	May 2021
Mo Zhenglin		Deputy Director of the Finance Division		
Zhai Yalin	Sinopec Corp.	Department Deputy Director of the Auditing Department	May 2018	May 2021
Fan Qingyong	Sinopec Corp.	Deputy Director of the Supervisory Department	May 2018	May 2021
	Sinopec Corp.		May 2018	May 2021

(V) Positions held in other companies during the Reporting Period

Name	Name of other company	Position held	Commencement of term of service	End of term of service
Wu Haijun	Shanghai SECCO	Director	October 2017	October 2020
Wu Haijun		Secretary of the Communist Party		
Wu Haijun	Shanghai SECCO	Committee Chairman	April 2017	August 2018
Wu Haijun	Shanghai SECCO	Chairman	December 2017	January 2019
Wu Haijun	Shanghai SECCO	President	March 2017	December 2017
	Shanghai chemical industrial zone development co. LTD	Chairman	September 2018	September 2021
Guo Xiaojun	Shanghai chemical industrial zone development co. LTD	Chairman	September 2018	September 2021
Zhou Meiyun	Jinshan Associated Trading	Director	September 2018	September 2021
		Chairman	July 2017	July 2020

Apart from the information set out in the tables above and in section (2) Profiles of Directors, Supervisors and senior management, no Director, Supervisor or senior management of the Company holds any other position at any other company.

Directors, Supervisors, Senior Management and Employees (continued)

(VI) Remuneration of Directors, Supervisors and senior management during the Reporting Period

<p>Procedures for determining the remuneration of Directors, Supervisors and senior management</p>	<p>Remuneration for Independent Non-executive Directors are determined in accordance with the Remuneration System for Independent Directors approved at the 2007 Annual General Meeting. Remuneration for Independent Supervisors are determined in accordance with the Remuneration Payment Method for Independent Supervisors approved at the 2016 Annual General Meeting. Remuneration of the other Directors, Employee Representative Supervisors and External Supervisors and senior management are determined in accordance with the Remuneration System for Directors, Supervisors and Senior Management approved at the 2002 Annual General Meeting.</p> <p>For details of the remuneration of the Directors and Supervisors of the Company, please refer to Note 12 and Note 34 to the consolidated financial statements prepared under IFRS.</p>
<p>Basis for determining the remuneration of Directors, Supervisors and senior management</p>	<p>The remuneration of Directors, Supervisors and senior management of the Company is determined on the principles of efficiency, motivation and fairness and in accordance with the Remuneration System for Directors, Supervisors and senior management.</p>
<p>Remuneration paid to Directors, Supervisors and senior management</p>	<p>Please refer to item (1) Changes in shareholdings and remuneration of this chapter.</p>
<p>Total remuneration received by all Directors, Supervisors and senior management for the Reporting Period</p>	<p>RMB7,719,000</p>
<p>The five highest paid individuals</p>	<p>Please refer to note 34(i) to the consolidated financial statements prepared under IFRS. The five individuals are the Directors and Supervisors of the Company.</p>
<p>Pension scheme</p>	<p>Please refer to Notes 2.25 and 28(f) to the consolidated financial statements prepared under IFRS.</p>

Directors, Supervisors, Senior Management and Employees (continued)**(VII) Changes in Directors, Supervisors and senior management during the Reporting Period**

Name	Position held	Change	Reason
Gao Jinping	Executive Director, Chairman & Vice President	Resigned	Change of work arrangements
Wu Haijun	President	Resigned	Change of work arrangements
Shi Wei	Executive Director & President	Elected	
		and	
Jin Wenmin	Executive Director	Appointed Elected	

(VIII) Interests and short positions of Directors, chief executives and Supervisors in the shares, underlying shares and debentures of the Company or associated corporations

As at 31 December 2018, the interests and short positions of the Directors, chief executive and Supervisors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register of interests required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions set out in Appendix 10 to the Hong Kong Listing Rules were as follows:

Interests in the shares and underlying shares of the Company:

Name	Position held	Number of shares held (Shares)	Number of Option Incentive Scheme (Shares)	Percentage of the total issued shares of the Company (%)	Percentage of the total issued A shares (%)	Capacity
Jin Qiang	Executive Director and Vice President	301,000				
		A shares (L)		0.0028	0.0041	Beneficial owner
Guo Xiaojun	Executive Director, Vice President,	301,000		0.0028	0.0041	Beneficial owner
		A shares (L)				

Secretary to the
Board and Joint
Company
Secretary

Jin Wenmin	Executive	175,000			
	Director & Vice President	A shares (L)	0.0016	0.0024	Beneficial owner

(L): Long position

Save as disclosed above, as at 31 December 2018, so far as was known to the Directors, chief executive and Supervisors of the Company, none of the Directors, chief executive or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be disclosed or recorded pursuant to the SFO and the Hong Kong Listing Rules as mentioned above.

Directors, Supervisors, Senior Management and Employees (continued)

(IX) Changes in Directors and Supervisors information

Save as disclosed since the 2018 interim report, disclosure of changes in Directors and Supervisors information pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules are set out as below:

- (1) Mr. Zheng Yunrui, Independent Supervisor, has been an independent director of Fuxin Dare Automotive Parts Co., Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300473) since March 2018.
- (2) Mr. Wu Haijun, Executive Director, has no longer served as the deputy secretary of the party committee and the President of the Company since September 2018, and he has served as the secretary of the party committee of the Company since September 2018.
- (3) Mr. Liu Yunhong, Non-executive Director, has ceased to be an independent director of Guangdong East Sunshine Technology Holding Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600673) since March 2018.
- (4) Mr. Lei Dianwu, Non-executive Director, has been the senior vice president of Sinopec Corp. since October 2018.
- (5) Mr. Zuo Qiang, Supervisor, has no longer served as deputy secretary of the Discipline Inspection Commission, director of the Inspection Office and director of the Supervisory Committee Office since December 2018.

(X) Transactions, arrangements or interests of Directors and Supervisors

None of the Directors or Supervisors of the Company or any entity connected to any of the Directors or Supervisors had any material interests, either directly or indirectly, in any material contract which was entered into by the Company or any of its subsidiaries and subsisted during the year or at the end of the year.

None of the Directors or Supervisors had any interests in any businesses (other than the Group's businesses) that competed directly or indirectly with the Group's business.

None of the Directors or Supervisors of the Company has entered into any service contracts with the Company which are not terminable by the Company within one year without payment of compensation other than statutory compensation.

Directors, Supervisors, Senior Management and Employees (continued)

(XI) Directors rights to acquire shares or debentures

During the Reporting Period, the Company did not grant the Directors the rights to acquire shares or debentures.

(XII) Compliance of Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions to regulate securities transactions of the Directors and Supervisors. After making specific enquiries with all the Directors and Supervisors, the Company obtained written confirmations from each Director and Supervisor that they have fully complied with the Model Code for Securities Transactions during the Reporting Period.

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

(XIII) Management contracts

During the Reporting Period, the Company did not enter into any management and administration contract relating to the whole or any substantial part of its businesses (other than the service contracts with the Directors or any full-time employee of the Company).

(XIV) Permitted indemnity provision

Appropriate Directors liability insurance has been arranged to indemnify the Directors for liabilities arising out of corporate activities. Such liability insurance is currently in force.

(XV) Punishment by securities regulatory authorities in the recent three years

Nil.

Directors, Supervisors, Senior Management and Employees (continued)**(XVI) Employees****1. Employees of the Group**

	Number (Person)
Number of employees of the Company	9,512
Number of employees of the subsidiaries	85
Total number of employees of the Group	9,597
Number of retired workers whose retirement costs are borne by the Group	18,344
Professionals	
Category of professionals	
Production personnel	5,753
Sales staff	86
Technical staff	2,598
Financial staff	103
Administrative staff	1,057
Total	9,597
Education level	
Educational attainment	
Specialist college graduate and below	6,940
Bachelor's degree	2,469
Master's degree and above	188
Total	9,597

2. Remuneration policy

Remuneration packages of the Company's staff include salary, share options and allowances. In accordance with the relevant regulations of the PRC, the Company participates in the social security scheme implemented by the relevant government authorities, and makes contribution for the employees in proportion to their monthly salary. Employees of the Company are also eligible for supplementary medical insurance, pension scheme, retirement and other benefits.

3. Training programs

According to the human resources core value of streamlining the structure, enhancing the quality and strengthening the foundation and with the mission of facilitating the employee development and strengthening the team foundation, the Company improves the training of management and talent growth, enhances the focus area and the effectiveness of the training so as to upgrade the quality of the employees and to develop the Company into a nationwide leading and

world class petrochemicals enterprise.

Directors, Supervisors, Senior Management and Employees (continued)

(XVI) Employees (continued)

4. Professional structure chart

5. Level of education chart

6. Outsourcing services

The total remuneration paid for outsourcing services of the Company during the Reporting Period was RMB115,932,500.

Corporate Governance

(I) Notes for corporate governance and insider registration management

1. Corporate governance

In 2018, the Company strictly complied with the regulatory legislation such as Company Law, Securities Law and the Corporate Governance Principles for Listed Companies issued by the CSRC, as well as the relevant provisions and requirements of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange. It continued to improve its corporate governance structure, developed its corporate system, standardized the corporate operations and enhanced its overall corporate image.

Improving governance policies: During the Reporting Period, in accordance with the requirements of the relevant laws and regulations of the places where the Company's shares are listed, the Company amended and improved the Company's Articles of Association and its appendices which were considered and approved at the Company's annual general meeting in 2016 and the first extraordinary general meeting of 2018. The Company also amended and improved the Company's Internal Control Manual (2018 Edition).

Accomplishing appropriately specific corporate governance activities for listed companies: During the Reporting Period, the Company was committed to ensuring the compliance of relevant regulatory rules regarding corporate governance and continued to consolidate its achievements in specific areas of corporate governance. None of the Company, its Directors, Supervisors, senior management, shareholders and de facto controllers of the Company has been investigated by the CSRC, or punished or publicly criticized by the CSRC, the Securities and Futures Commission of Hong Kong or the U.S. Securities and Exchange Commission, or publicly censured by the Shanghai Stock Exchange, the Hong Kong Stock Exchange or the New York Stock Exchange.

Through continuous conduction of specific corporate governance activities and improvements of its governance system, the Company further enhanced its corporate governance level. The Company's internal system also became more robust and standardized. Under the guidance of the relevant regulatory authorities, the Company will operate in strict compliance with the relevant laws and regulations and will further strengthen the establishment of standardized and institutionalized corporate governance so as to ensure the lawful, robust and sustainable development of the Company.

2. Registration and management of persons with access to inside information

In order to administer the registration and management of persons with access to the Company's inside information, strengthen confidentiality of inside information and safeguard fairness of information disclosure, during the Reporting Period, the Company enhanced the confidentiality of inside information and the registration, management and reporting of the persons with access to the Company's inside information according to System for the Registration and Management of Inside Information, so as to prevent the Company from suffering unusual stock price fluctuations due to leakage of inside information and the resulting legal risks, and further standardize the Company's operation.

Corporate Governance (continued)
(II) Brief introduction of general meeting

Session of the meeting	Convening date	Title of the motions	Status of the resolutions	Designated websites for publication of resolutions	Date of publication of resolutions
The Company's 2017 annual general meeting	13 June 2018	<ol style="list-style-type: none"> 1. 2017 Work Report of the Board of the Company 2. 2017 Work Report of the Supervisory Committee of the Company 3. 2017 Audited Financial Statements of the Company 4. 2017 Profit Distribution Plan of the Company 5. 2018 Financial Budget Report of the Company 6. The re-appointment of PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers as the domestic and international auditors, respectively, of the Company for the year 2018 and authorization to the Board to fix their remunerations 7. The election of Mr. Jin Wenmin as non-independent directors of the Ninth Session of the Board 8. The 2017 annual report on the work of the company's independent 	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	13 June 2018

The first extraordinary general meeting for 2018 of the Company	8 November 2018	directors 1. The election of Mr. Shi Wei as non-independent directors of the Ninth Session of the Board 2.The amendments to the Articles of Association of the Company and its appendix as proposed by the Board	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	8 November 2018
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Corporate Governance (continued)

(III) Performance of duties by the directors

1. Directors attendance at the Board meetings and general meetings

Name of Director	Independent Director or not	Information on participating in the Board meeting					Information on participating in general meetings	
		Attendance at the Board meetings during the year	Attendance in person	Attendance by correspondence	Attendance by proxy	Absence consecutive times	Failure to attend the meeting in general meetings	Attendance at general meetings (number of times)
Wu Haijun	No	9	9	6	0	0	No	2
Shi Wei	No	2	2	1	0	0	No	0
Jin Qiang	No	9	9	6	0	0	No	2
Guo Xiaojun	No	9	9	6	0	0	No	2
Zhou Meiyun	No	9	8	6	1	0	No	1
Jin Wenmin	No	6	6	4	0	0	No	1
Lei Dianwu	No	9	6	6	3	0	No	0
Mo Zhenglin	No	9	7	6	2	0	No	0
Zhang Yimin	Yes	9	9	6	0	0	No	1
Liu Yunhong	Yes	9	7	6	2	0	No	1
Du Weifeng	Yes	9	9	6	0	0	No	1
Li Yuanqin	Yes	9	9	6	0	0	No	1
Gao Jinping	No	5	5	3	0	0	No	1

Number of Board meetings held during the year	9
Including: number of meetings held on site	3
number of meetings held by correspondence	6
number of meetings held on site and by correspondence concurrently	0

2. Disagreements of the Independent Non-executive Directors on relevant issues of the Company

During the Reporting Period, none of the Independent Non-executive Directors of the Company raised any disagreements on any Board resolutions or other issues of the Company.

Corporate Governance (continued)

(IV) Major comments and recommendations put forward by the specific Board committees under the Board while discharging their duties during the Reporting Period

On 19 March 2018, the Board's Audit Committee reviewed together with the management the accounting principles and standards adopted by the Company, discussed matters regarding auditing, risk management, internal control and financial reporting, and have reviewed the financial statements for the year ended 31 December 2017.

On 19 March 2018, the Board's Remuneration and Appraisal Committee reviewed the remuneration of Directors, Supervisors and senior management set out in the Company's annual report for the year ended 31 December 2017.

(V) Information on Supervisory Committee's identification of risks in the Company

The Company's Supervisory Committee had no disagreements to the matters under their supervision during the Reporting Period.

(VI) Information on whether the Company fails to guarantee independence from its controlling shareholder or maintain its ability to operate autonomously in respect of business, personnel, assets, organization and finances, etc.

The Company is independent of the controlling shareholder with regard to its business, personnel, assets, organizations and finances. The Company has full ability to conduct its business independently and has the ability to operate autonomously.

(VII) Evaluation mechanism for senior management as well as the establishment and implementation of incentive mechanism during the Reporting Period

The Remuneration System for the senior management was considered and approved at the 2002 annual general meeting of the Company on 18 June 2003. In 2018, the Company continued to implement this system as the basis of appraising and rewarding the Company's senior management.

In accordance with the Share Option Incentive Scheme of the Company and its ancillary measures considered and approved at the general meeting, the Company has achieved the relevant targets contemplated by the Share Option Incentive Scheme. According to the scheme, Directors Mr. Jin Qiang, Mr. Guo Xiaojun and Mr. Jin Wenmin were eligible participants, and have been granted the Company's share options on 6 January 2015. Details of the share options granted are set out in 'Share Option Incentive Scheme' under 'Major Events' in the Report of the Directors of this annual report.

Internal Control

(I) Statement of responsibility for internal control and the establishment of the internal control system

1. Statement of responsibility for internal control

The Board of the Company is responsible for establishing and maintaining a comprehensive internal control system pertinent to financial reporting.

The objectives of internal control pertinent to financial reporting are to ensure that the financial information reported is true, complete and reliable and to prevent the risk of material misstatements. However, due to inherent limitations of the internal control, the Company can only provide reasonable level of assurance for the achievement of the objectives mentioned above.

The Board has evaluated the internal controls pertinent to financial reporting in accordance with the requirements under the Basic Standards for Enterprise Internal Control, and is of the view that such internal control was effective in the year of 2018.

2. Establishment of internal control system

Overall plan of internal control establishment

Since 2004, the Company has established and implemented a comprehensive internal control system which covers aspects such as production, operations, finance, investment, human resources and information disclosure, and amends the Internal Control Manual annually in accordance with domestic and overseas regulatory requirements, risk prevention needs and recommendations by external auditors on internal control review.

The Company's internal control system has been established primarily for the following basic objectives: (a) to standardize the enterprise's business operation, prevent operational and managerial risks, ensure that financial statements and relevant information are true and complete, improve operational efficiency and effectiveness, and facilitate the achievement of the Company's development strategy; (b) to plug loopholes and eliminate potential hazards so as to prevent, detect and correct mistakes and fraudulent acts in a timely manner, thereby ensuring that the Company's assets are secure and integral; and (c) to ensure that the relevant state laws and regulations, the Articles of Association and internal rules and regulations are thoroughly enforced so as to fulfill the regulatory requirements for listed companies in both domestic and overseas capital markets.

Internal Control (continued)

(I) Statement of responsibility for internal control and the establishment of the internal control system
(continued)

Work plan on establishing and improving the internal control system and implementation thereof

The Internal Control Manual (2018 Edition) comprises 22 categories, 56 operation process and sets out 1,571 control points and 182 authorization control indicators. The scope of control covers the major areas of the Company's production, operations and development, as well as the key procedures of relevant business such as financial management, accounting and auditing, procurement of resources, product sales, capital expenditures, human resources and information management. The scope of control also includes reviewing the sufficiency of the Company's resources of accounting, financial management and reporting functions as well as employee qualifications and experience and the adequacy of the training courses attended by the employees and the relevant budget.

In 2018, the Company diligently enforced the Internal Control Manual approved by the Board, and conducted self-assessment, walk-through test on procedures and integrated inspection on internal control in accordance with the relevant rules and regulations. PricewaterhouseCoopers Zhong Tian LLP, external auditor of the Company also reviewed the status of the Company's internal control. The management of the Company considers that the internal control of the Company was effective during the Reporting Period.

Internal Control (continued)

(I) Statement of responsibility for internal control and the establishment of the internal control system
(continued)

Establishment of the department inspecting and supervising internal control

The Company has established an internal control task force, with the President and the Chief Financial Officer as its chief and deputy chief, respectively. As the leading organ of the Company's overall internal control system, the guidance group is mainly responsible for approving interim amendments to the Internal Control Manual during the year, considering updates to the Internal Control Manual, reviewing the annual self-assessment report on internal control, handling and rectifying issues identified during an internal control inspection and reporting major issues to the Board for consideration and approval.

An internal control office was established under the internal control task force as the department in charge of internal control inspection and supervision. This office is responsible for directing or organizing daily inspections and evaluation, organizing annual comprehensive inspections and evaluation of the Company, organizing specific inspections and evaluation as needed, supervising and rectifying, drafting assessment proposals and reporting them to the internal control task force, and submitting regular reports on internal control inspection and supervision to the Audit Committee of the Board.

The Company has established an internal control supervisor working network consisting of 38 members. These internal control supervisors, representing their respective departments, and administrative heads of second-tier units, each conduct internal control work and activities within their respective supervisory scope, and functionally report to the internal control office of the Company.

Internal Control (continued)

(I) Statement of responsibility for internal control and the establishment of the internal control system
(continued)

The Board's work arrangements for internal control

The Audit Committee set up by the Board regularly takes into account reports on the establishment of the internal control system of the Company and the findings of the implementation and inspection of the internal control on a regular basis. The Board also considers and publishes a self-assessment report on the internal control of the Company on an annual basis, and considers and approves the revised Internal Control Manual of the Company annually.

PricewaterhouseCoopers, the Company's external auditor, issued an auditor's report on internal control over financial reporting according to the Sarbanes-Oxley Act. PricewaterhouseCoopers Zhong Tian LLP, the Company's external auditor, issued an auditor's report on internal control over financial reporting according to Audit Guidelines for Enterprise Internal Control in 2018.

Improvements in the internal control system in relation to financial audit

The Company took the lead for assessing the rules and regulations and fully assessed the compliance and effectiveness of each system. A total of 58 amendments were made, 49 systems were amended and 9 system were added.

Deficiencies in internal control and the relevant rectification

The Company conducted a self-assessment on its internal control work in 2018. The results of the assessment are: no material deficiencies were detected in the design or implementation of the internal control of the Company from 1 January 2018 to 31 December 2018.

Internal Control (continued)

(II) Disclosure of the self-assessment report on internal control

The Company has disclosed the self-assessment report of the Board on the Company's internal control.

(III) Auditor's report on internal control

The Auditor's report on internal control is disclosed or not: Disclosed

The Company has engaged PricewaterhouseCoopers Zhong Tian LLP to conduct an audit on the effectiveness of the internal control over financial reporting of the Company for the year ended 31 December 2018 pursuant to the requirements of the Audit Guidelines for Enterprise Internal Control and an auditor's report on internal control has been issued.

(IV) The Company's establishment of an accountability system for major errors in the disclosure of information in annual reports

The Company's Information Disclosure Management System (2017 Revised Version) sets out specific regulations for the accountability of major errors in the disclosure of information in its annual reports. During the Reporting Period, there were no major errors in the disclosure of information in the Company's annual report, which required amendments to major accounting errors, supplements to material omission of information or amendments to results forecasts.

Corporate Governance Report

(Prepared in accordance with the Hong Kong Listing Rules)

The Company is committed to operating in compliance with corporate governance standards by implementing stringent corporate governance measures and enhancing accountability and transparency to deliver higher returns to shareholders. It is the Board's belief that maintaining a good corporate governance system and a world-class governance model are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies and to develop the Company into a competitive international petrochemical enterprise.

(I) Corporate Governance Practices

The Company has applied the principles as set out in the Corporate Governance Code.

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable principles and code provisions set out in the Corporate Governance Code, except for the deviation from code provision A.2.1 which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual, details of which are set out in the Chairman and President section in this report. Since 5 September 2018, the Company has eliminated this deviation and has complied with the code provision A.2.1 of the Corporate Governance Code.

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable principles and code provisions set out in the Environmental, Social and Governance Reporting Guide, details of which are set out in the Company's 2018 Corporate Social Responsibility Report .

(II) Securities Transactions by Directors and Supervisors

The Company has adopted and implemented the Model Code for Securities Transactions as set out in Appendix 10 to the Hong Kong Listing Rules.

Specific enquiry has been made with all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have fully complied with the Model Code for Securities Transactions throughout the Reporting Period.

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

Corporate Governance Report (continued)

(Prepared in accordance with the Hong Kong Listing Rules)

(III) Board of Directors

1. Composition of the Board

The Board currently consists of 12 Directors, including 6 Executive Directors, 2 Non-executive Directors and 4 Independent Non-executive Directors, among whom there is one Chairman, one President and four Vice Presidents. Details of the current Board composition are as follows:

Executive Directors: