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中国石油化工股份有限公司

CHINA PETROLEUM & CHEMICAL CORPORATION

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00386)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

1 Important Notice

- 1.1 This announcement is a summary of the 2018 interim report of China Petroleum & Chemical Corporation (“**Sinopec Corp.**”). The full version of 2018 interim report is published on the websites of Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited (“**Hong Kong Stock Exchange**”) (www.hkex.com.hk) and Sinopec Corp. (www.sinopec.com). Investors should read the 2018 interim report for more details.
- 1.2 The interim financial statements for the six-month period ended 30 June 2018 (the “**reporting period**”) of Sinopec Corp. and its subsidiaries (the “**Company**”), prepared in accordance with the Accounting Standards for Business Enterprises of the PRC (“**ASBE**”) and International Financial Reporting Standards (“**IFRS**”), have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Certified Public Accountants respectively.

1.3 Basic Information of Sinopec Corp.

| | | | | |
|-----------------------|--|--------------------------|-------------------------------|---|
| Stock name | 中国石化 | SINOPEC CORP | SINOPEC CORP | SINOPEC CORP |
| Stock code | 600028 | 00386 | SNP | SNP |
| Stock Exchange | Shanghai Stock Exchange | Hong Kong Stock Exchange | New York Stock Exchange | London Stock Exchange |
| | Authorised Representatives | | Secretary to the Board | Representative on Securities Matters |
| Name | Mr. Dai Houliang | Mr. Huang Wensheng | Mr. Huang Wensheng | Mr. Zheng Baomin |
| Address | 22 Chaoyangmen North Street, Chaoyang District, Beijing, PRC | | | |
| Tel | 86-10-59960028 | 86-10-59960028 | 86-10-59960028 | 86-10-59960028 |
| Fax | 86-10-59960386 | 86-10-59960386 | 86-10-59960386 | 86-10-59960386 |
| E-mail | ir@sinopec.com | | | |

2 Principal Financial Data and Indicators

2.1 Principal Financial Data and Indicators Prepared in Accordance with ASBE

| Items | As at 30 June 2018 (Unaudited) RMB million | As at 31 December 2017 (Audited) RMB million | Changes from the end of the last year % |
|---|---|---|--|
| Total assets | 1,617,304 | 1,595,504 | 1.4 |
| Total equity attributable to equity shareholders of the Company | 721,193 | 727,244 | (0.8) |

| Items | Six-month periods ended 30 June | | Changes over the same period of preceding year % |
|--|---------------------------------|--------------------------|---|
| | 2018 | 2017 | |
| | (Unaudited) RMB million | (Audited) RMB million | |
| Net cash flow from operating activities | 71,620 | 60,847 | 17.7 |
| Operating income | 1,300,252 | 1,165,837 | 11.5 |
| Net profit attributable to equity shareholders of the Company | 41,600 | 27,092 | 53.6 |
| Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses | 39,791 | 26,099 | 52.5 |
| Weighted average return on net assets (%) | 5.74 | 3.79 | 1.95 |
| | | | percentage points |
| Basic earnings per share (RMB) | 0.344 | 0.224 | 53.6 |
| Diluted earnings per share (RMB) | 0.344 | 0.224 | 53.6 |

2.2 Principal Financial Data and Indicators Prepared in accordance with IFRS

| Items | Six-month periods ended 30 June | | Changes over the same period of preceding year % |
|--|---|---|---|
| | 2018 | 2017 | |
| | (Unaudited) RMB million | (Audited) RMB million | |
| Operating profit | 61,576 | 39,309 | 56.6 |
| Profit attributable to owners of the Company | 42,386 | 27,915 | 51.8 |
| Basic earnings per share (RMB) | 0.350 | 0.231 | 51.8 |
| Diluted earnings per share (RMB) | 0.350 | 0.231 | 51.8 |
| Net cash generated from operating activities | 71,620 | 60,847 | 17.7 |
| Items | As of 30 June 2018 (Unaudited) RMB million | As of 31 December 2017 (Audited) RMB million | Changes from the end of the last year % |
| Total assets | 1,617,304 | 1,595,504 | 1.4 |
| Total equity attributable to owners of the Company | 720,113 | 726,120 | (0.8) |

3 Number of Shareholders and Shareholdings of Principal Shareholders

As at 30 June 2018, there were a total of 457,903 shareholders of Sinopec Corp., of which 452,051 were holders of A shares and 5,852 were holders of H shares. The public float of Sinopec Corp. satisfied the minimum requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Hong Kong Listing Rules**”).

3.1 Top ten shareholders as of 30 June 2018

Unit: share

| Name of Shareholders | Nature of shareholders | Percentage of shareholdings % | Total number of shares held | Changes of shareholdings ¹ | Number of shares subject to pledges or lock up |
|---|------------------------|-------------------------------|-----------------------------|---------------------------------------|--|
| China Petrochemical Corporation | State-owned share | 70.86 | 85,792,671,101 | 0 | 0 |
| HKSCC (Nominees) Limited ² | H share | 20.97 | 25,389,957,078 | 10,150,206 | Unknown |
| 中國證券金融股份有限公司 | A share | 2.10 | 2,536,767,453 | (794,962,690) | 0 |
| Hong Kong Securities Clearing Company Ltd | A share | 0.52 | 628,695,771 | 227,712,826 | 0 |
| 中央匯金資產管理有限責任公司 | A share | 0.27 | 322,037,900 | 0 | 0 |
| 中國人壽保險股份有限公司—分紅—個人分紅—005L—FH002滬 | A share | 0.17 | 201,034,007 | 147,861,384 | 0 |
| 全國社保基金四零一組合 | A share | 0.09 | 105,000,072 | 105,000,072 | 0 |
| 長江證券股份有限公司 | A share | 0.09 | 104,088,736 | 15,630,041 | 0 |
| 中國人壽保險股份有限公司—傳統—普通保險產品-005L-CT001滬 | A share | 0.08 | 102,603,687 | 82,370,646 | 0 |
| 中國工商銀行-上證50交易型開放式指數證券投資基金 | A share | 0.07 | 79,382,930 | (1,169,000) | 0 |

Notes:

- As compared with the number of shares as at 31 December 2017.
- Sinopec Century Bright Capital Investment Limited, a wholly-owned overseas subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, accounting for 0.46% of the total share capital of Sinopec Corp. Such shareholdings are included in the total number of shares held by HKSCC Nominees Limited.

Statement on the connected relationship or acting in concert among the aforementioned shareholders:

Apart from 中國人壽保險股份有限公司-分紅-個人分紅-005L-FH002滬 and 中國人壽保險股份有限公司-傳統-普通保險產品-005L-CT001滬 which were both administered by 中國人壽保險股份有限公司, Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned shareholders.

3.2 Information disclosed by H share shareholders in accordance with the Securities and Futures Ordinance (“SFO”) as of 30 June 2018

| Name of shareholders | Status of shareholders | Number of shares of Sinopec Corp.’s interests held or regarded as held | Approximate percentage of Sinopec Corp.’s issued share capital (H share) (%) |
|----------------------|--|--|--|
| BlackRock, Inc. | Interests of corporation controlled by the substantial shareholder | 2,047,836,932(L) | 8.03(L) |
| | | 16,000 (S) | 0.00(S) |
| Citigroup Inc. | Person having a security interest in shares | 1,744,300 (L) | 0.01 (L) |
| | Interests of corporation controlled by the substantial shareholder | 145,310,062(L) | 0.57(L) |
| | | 92,456,947(S) | 0.36(S) |
| | Custodian corporation/ Approved lending agent | 1,641,417,830(L) | 6.43(L) |
| Schroders Plc | Investment manager | 1,548,527,001 (L) | 6.07(L) |
| JPMorgan Chase & Co. | Beneficial owner | 478,700,855 (L) | 1.88 (L) |
| | | 157,452,151 (S) | 0.62(S) |
| | Investment manager | 103,077,862 (L) | 0.40(L) |
| | Trustee (exclusive of passive trustee) | 1,006,400 (L) | 0.00(L) |
| | Custodian corporation/ Approved lending agent | 956,876,795 (L) | 3.75(L) |

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

3.3 Changes in the Controlling Shareholders and the de facto Controller

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

4 Equity Interests of Directors, Supervisors and Other Senior Management

As at 30 June 2018, apart from the 13,000 A shares of Sinopec Corp. held by Director and Senior Vice President Mr. Ling Yiqun, none of the directors, supervisors and other senior management of Sinopec Corp. held any shares of Sinopec Corp.

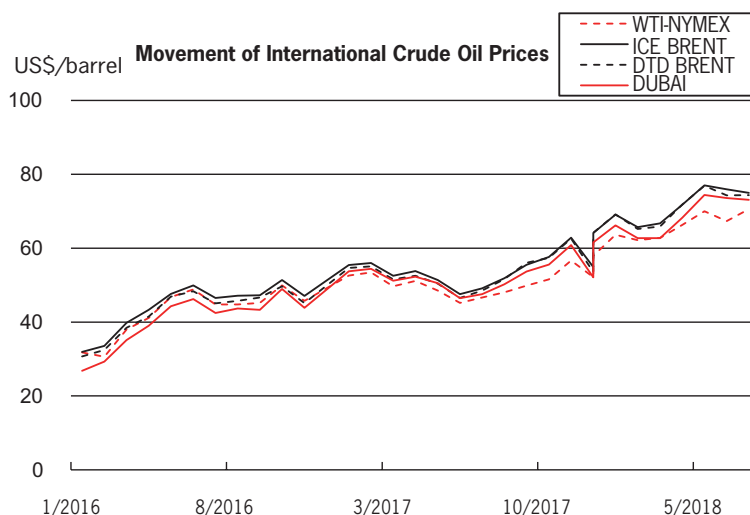
Save as disclosed above, the directors, supervisors or other senior management of Sinopec Corp. confirmed that none of them or any of their associates had any interest or short positions in any shares, underlying shares or debentures of Sinopec Corp. or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“**Model Code**”) contained in Appendix 10 to the Hong Kong Listing Rules.

5 Business Review and Prospects

5.1 Business Review

In the first half of 2018, global economy recorded slow recovery, while China economy, maintained an overall stable performance securing progress in its economic development with gross domestic product (GDP) grew by 6.8%. While the domestic demand for oil products maintained steady growth, the market witnessed strong competition because of abundant supply. According to the statistics of NDRC, domestic consumption of refined oil products increased by 5.7% compared with the first half of 2017, among which gasoline consumption increased by 4.6%, consumption growth for kerosene and diesel was 10.9% and 5.6%, respectively. Domestic demand for natural gas recorded higher growth rate, up by 17.5% compared with the first half of 2017. Domestic consumption of major chemicals maintained significant growth with consumption of ethylene equivalent up by 9.3% year on year, and gross margin for chemical products remained at a high level.

For the first half of 2018, international crude oil prices fluctuated with upward trend. The average spot price of Platts Brent for the first half of 2018 was USD 70.55 per barrel, increased by 36.2% year on year.



5.1.1 Operation Review

(1) Exploration and production

In the first half of 2018, capturing the recovery of crude oil price, the Company promoted efficient exploration and effective production to increase proved reserves, reduced costs and expenses and achieved good results. Our continuing efforts in exploration paid off with new oil and gas discoveries in Sichuan Basin, Tarim Basin, and Yin'e Basin. In development, we adopted a profit-oriented approach in resumption of crude oil production. We also accelerated natural gas development by enhancing production-supply-storage-marketing system building to realise synergy along the entire value chain. Production in the first half of 2018 was 224.59 million barrels of oil equivalent, of which domestic crude production was 123.68 million barrels, overseas crude production was 19.95 million barrels, and total gas production was 476.2 billion cubic feet, increased by 5.3% compared to the same period of last year.

Exploration and Production: Summary of Operations

| | Six-month periods ended 30 June | | Changes |
|--------------------------------|--|-------------|----------------|
| | 2018 | 2017 | (%) |
| Oil and gas production (mmboe) | 224.59 | 221.38 | 1.4 |
| Crude oil production (mmbbls) | 143.63 | 145.98 | (1.6) |
| China | 123.68 | 123.16 | 0.4 |
| Overseas | 19.95 | 22.82 | (12.6) |
| Natural gas production (bcf) | 476.20 | 452.12 | 5.3 |

(2) Refining

In the first half of 2018, with the market-oriented approach, we optimised product mix to produce more gasoline and jet fuel, and the diesel-to-gasoline ratio further decreased. We actively promoted the GB VI refined oil products quality upgrading. Export of refined oil products was increased to help maintain high utilisation of refining facilities. Crude oil sourcing and allocation optimisation continued to lower our feedstock cost. We comprehensively optimised our production plans to ensure safe and reliable operations. The advantage of centralised marketing was given full play, and profitability of LPG, asphalt, and sulphur maintained at a high level. In the first half of 2018, we processed 121 million tonnes of crude oil, and produced 76.37 million tonnes of refined oil products, with production of gasoline and kerosene up by 5.7% and 9.4% respectively from levels in the first half of 2017.

Refining: Summary of Operations

Unit: million tonnes

| | Six-month periods ended 30 June | | Changes |
|--|---------------------------------|--------|---------|
| | 2018 | 2017 | (%) |
| Refinery throughput | 120.72 | 117.79 | 2.5 |
| Gasoline, diesel and kerosene production | 76.37 | 74.11 | 3.0 |
| Gasoline | 30.04 | 28.41 | 5.7 |
| Diesel | 32.09 | 32.67 | (1.8) |
| Kerosene | 14.25 | 13.03 | 9.4 |
| Light chemical feedstock production | 19.34 | 18.94 | 2.1 |

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

(3) Marketing and distribution

In the first half of 2018, confronted with fierce competition, the Company brought our advantages in distribution network into full play, and achieved good operational results. We coordinated internal and external resources, intensified efforts to explore more markets, expanded retail scale, and achieved sustained growth in total domestic sales volume. We proactively promoted precision marketing and differentiated marketing, and improved our marketing network to reinforce existing advantages. The total sales volume of refined oil products in the first half of 2018 was 96.48 million tonnes, of which domestic sales accounted for 88.45 million tonnes, up by 1.4% year on year. We strengthened development of key convenience store goods and proprietary brand to promote a rapid growth of non-fuel business.

Marketing and Distribution: Summary of Operations

| | Six-month periods ended 30 June | | Change |
|--|--|--------------------|---------------------|
| | 2018 | 2017 | (%) |
| Total sales volume of refined oil products (million tonnes) | 96.48 | 98.55 | (2.1) |
| Total domestic sales volume of refined oil products (million tonnes) | 88.45 | 87.22 | 1.4 |
| Retail (million tonnes) | 59.28 | 58.68 | 1.0 |
| Direct sales and Distribution (million tonnes) | 29.16 | 28.54 | 2.2 |
| Annualised average throughput per station (tonne/station) | 3,870 | 3,832 | 1.0 |
| | As of | As of | Change |
| | 30 June | 31 December | from the end |
| | 2018 | 2017 | of last year |
| | | | (%) |
| Total number of Sinopec-branded service stations | 30,645 | 30,633 | 0.04 |
| Number of company-operated stations | 30,639 | 30,627 | 0.04 |
| Number of convenience stores | 26,424 | 25,775 | 2.5 |

(4) Chemicals

In the first half of 2018, we constantly fine-tuned chemical feedstock mix to further lower costs, optimised product mix by enhancing the dynamic optimisation of facilities and product chains to provide more products needed by the market. We strengthened the integration among production, marketing, R&D, and application, and intensified efforts on R&D, production and sales of high value-added products, with the ratio of specialty products of synthetic resin reached 64.0% and our differential ratio of synthetic fibre reached 90.3%. Ethylene production for the first half of 2018 was 5.786 million tonnes, up by 3.2% year on year. We coordinated internal and external resources, implemented precision marketing and further expanded the market, with total chemical sales volume increased by 14.1% from the corresponding period in 2017 to 42.56 million tonnes.

Major Chemical Products: Summary of Operations

Unit: 1,000 tonnes

| | Six-month periods ended 30 June | | Changes |
|-------------------------------------|---------------------------------|-------|---------|
| | 2018 | 2017 | (%) |
| Ethylene | 5,786 | 5,609 | 3.2 |
| Synthetic resin | 8,068 | 7,802 | 3.4 |
| Synthetic fiber monomer and polymer | 4,601 | 4,659 | (1.2) |
| Synthetic fiber | 603 | 616 | (2.1) |
| Synthetic rubber | 405 | 412 | (1.7) |

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

5.1.2 Safety Management and Environmental Protection

The Company prioritised safe production and intensified safety supervision. In the first half of this year, we promote the construction of tiered risk control and operation hazard identification, prevention and rectification system. We advanced safety control of contractors and on-site operation, enhanced process safety of chemicals business, security and staff healthy management, and further consolidated the foundation of safe production at operational level. Above all, we achieved safe production and operations.

The Company actively implemented its green and low-carbon strategy and launched “Green Enterprise Campaign”. We effectively carried out pollution prevention and control and constantly pushed forward energy efficiency improvement. We also accelerated carbon asset management and made great progress in energy and environment work.

5.1.3 Capital Expenditures

Focusing on quality and return on investment, the Company continuously optimised its investment projects. In the first half of 2018, total capital expenditures were RMB 23.687 billion. Capital expenditures for the exploration and production segment were RMB 10.762 billion, mainly for oil and gas capacity building, Wen 23 Gas Storage Project, Erdos-Anping-Cangzhou Gas Pipeline Project, the first phase of Xinjiang Coal Gas Pipeline Project as well as overseas projects. Capital expenditures for the refining segment were RMB 4.61 billion, mainly for the Zhongke integrated refining and chemical project, product mix optimisation of Zhenhai, Maoming and Tianjin, and GB VI gasoline and diesel quality upgrading projects. Capital expenditures for the marketing and distribution segment were RMB 5.373 billion, mainly for constructing refined oil products depots, pipelines and service stations and revamping of underground oil tanks, as well as other safety and environmental protection hazard removal projects. Capital expenditures for the chemicals segment were RMB 2.635 billion, mainly for integrated refining and chemical projects of Zhongke and Gulei, high-efficiency and environment-friendly aromatics project in Hainan and Zhong'an United Coal Chemical project. Capital expenditures for corporate and others were RMB 307 million, mainly for R&D facilities and information technology application projects.

5.2 Business Prospects

Looking into the second half of 2018, we expect China's economy to maintain steady growth and the demand for refined oil products and petrochemicals to increase steadily with more robust demand for high-end products. Along with the adjustments of China's energy structure, demand for natural gas will maintain robust growth. For the second half of 2018, the uncertainty of international crude oil prices will increase due to trade frictions and geopolitical tensions.

Confronted with the present situation, the Company will integrate reform, management, innovation and development, to fully improve operational performances, expand markets, reduce costs, prevent risks and realise structural adjustments. Our focuses are on the following aspects:

For Exploration and Production, we will continue to advance high-efficiency exploration, profitable production and cost reduction. In crude oil development, we will accelerate profitable development of new oilfields and resumed production of suspended wells, deepen the structural adjustments of mature fields, and increase yields of profitable crude oil. In natural gas development, we will advance key projects for capacity construction, enhance the efficiency and quality of developed gas fields, as well as promote synergy of production, supply, storage and marketing to push forward the development of natural gas. In the second half of 2018, we plan to produce 146 million barrels of crude oil, of which domestic production will account for 125 million barrels and overseas production will account for 21 million barrels. We plan to produce 497.8 billion cubic feet of natural gas during the period.

For Refining, with efficiency-oriented approach, we will optimise our production plans based on market demand to consolidate our competitive advantages in refining business. We will continue to adjust our product mix by further lowering the diesel-to-gasoline ratio and increasing the

production of gasoline, jet fuel and light chemical feedstock. We will complete GB VI refined oil products upgrading project as scheduled. We will fully optimise operations and ensure safe and stable production, and we plan to process 121 million tonnes of crude oil in the second half of the year.

For Marketing and Distribution, we will intensify our marketing strategy of balancing profit and volume by optimising resources allocation and operational efficiency. We will make efforts to expand retail scale through implementing precision marketing as well as differentiated marketing. We will further improve our marketing network to reinforce existing advantages and enhance the ability of exporting refined oil products. We will push forward the construction and operation of natural gas stations and expand natural gas market for automobiles. We will take the advantage of “Internet +” marketing strategy and accelerate the development and marketing of proprietary brand and products to advance the growth of non-fuel business. In the second half, we plan to sell 90.50 million tonnes of refined oil products in the domestic market in the second half of 2018.

For Chemicals, we will focus on the “basic and high-end” development concept to adjust our feedstock structure and lower cost. We will fine-tune our product slate, improve the coordination among mechanism combining production, marketing, research and application, advance new product development, promotion and application, and deliver more high-end products. We will put more emphasis on the dynamic optimisation of facilities and product chains and improving the utilisation and production scheduling based on market demands. Meanwhile, we will promote the precision marketing and services, improve customer services and provide total solutions and value-added services. We plan to produce 5.734 million tonnes of ethylene in the second half of 2018.

In the second half of the year, the Company will continue to focus on growth pattern upgrading, insist on specialised development, market-oriented operation, optimised global presence and integrated planning to enhance efficiency and deliver superior operating results.

6 Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Company's interim financial statements and the accompanying notes in the interim report of Sinopec Corp. Parts of the following financial data, unless otherwise stated, were abstracted from the Company's interim financial statements that have been prepared according to IFRS.

6.1 Consolidated results of operations

In the first half of 2018, the Company's turnover and other operating revenues were RMB 1,300.3 billion, representing an increase of 11.5% year on year, and operating profit was RMB 61.6 billion, representing an increase of 56.6% year on year.

The following table sets forth the principal revenue and expenses items from the Company's consolidated financial statements for the first half of 2018 and the corresponding period in 2017:

| | Six-month periods ended 30 June | | Change (%) |
|--|--|-----------------------------|-----------------------|
| | 2018 RMB million | 2017 RMB million | |
| Turnover and other operating revenues | 1,300,252 | 1,165,837 | 11.5 |
| Turnover | 1,268,803 | 1,137,828 | 11.5 |
| Other operating revenues | 31,449 | 28,009 | 12.3 |
| Operating expenses | (1,238,676) | (1,126,528) | 10.0 |
| Purchased crude oil, products, and operating supplies and expenses | (994,797) | (887,028) | 12.1 |
| Selling, general and administrative expenses | (31,332) | (30,131) | 4.0 |
| Depreciation, depletion and amortisation | (51,902) | (55,217) | (6.0) |
| Exploration expenses, including dry holes | (4,362) | (4,542) | (4.0) |
| Personnel expenses | (37,340) | (31,328) | 19.2 |
| Taxes other than income tax | (118,721) | (116,297) | 2.1 |
| Other operating expense, net | (222) | (1,985) | (88.8) |
| Operating profit | 61,576 | 39,309 | 56.6 |
| Net finance costs | (263) | (1,289) | (79.6) |
| Investment income and share of profit less losses from associates and joint ventures | 7,458 | 7,937 | (6.0) |
| Profit before taxation | 68,771 | 45,957 | 49.6 |
| Tax expense | (14,586) | (8,915) | 63.6 |
| Profit for the period | 54,185 | 37,042 | 46.3 |
| Attributable to: | | | |
| Owners of the Company | 42,386 | 27,915 | 51.8 |
| Non-controlling interests | 11,799 | 9,127 | 29.3 |

(1) Turnover and other operating revenues

In the first half of 2018, the Company's turnover was RMB 1,268.8 billion, representing an increase of 11.5% year on year. The change was mainly attributable to the increase of international crude oil prices as well as the Company's efforts in exploiting our advantages in distribution network, implementing precision marketing, coordinating internal and external resources and expanding the market in the market competition.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2018 as compared with the first half of 2017.

| | Sales Volume (thousand tonnes) | | Change (%) | Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters) | | |
|--|---------------------------------|--------|---------------|---|--------|---------------|
| | Six-month periods ended 30 June | | | Six-month periods ended 30 June | | Change (%) |
| | 2018 | 2017 | | 2018 | 2017 | |
| Crude oil | 3,580 | 3,341 | 7.2 | 2,880 | 2,357 | 22.2 |
| Natural gas (million cubic meters) | 11,799 | 11,554 | 2.1 | 1,362 | 1,270 | 7.2 |
| Gasoline | 43,623 | 41,400 | 5.4 | 7,635 | 6,966 | 9.6 |
| Diesel | 39,749 | 44,951 | (11.6) | 5,701 | 4,889 | 16.6 |
| Kerosene | 12,071 | 12,748 | (5.3) | 4,220 | 3,547 | 19.0 |
| Basic chemical feedstock | 20,005 | 17,015 | 17.6 | 5,287 | 4,888 | 8.2 |
| Synthetic fibre monomer and polymer | 5,495 | 5,018 | 9.5 | 6,729 | 5,947 | 13.1 |
| Synthetic resin | 7,190 | 6,301 | 14.1 | 8,495 | 7,994 | 6.3 |
| Synthetic fibre | 639 | 638 | 0.2 | 9,405 | 8,317 | 13.1 |
| Synthetic rubber | 533 | 551 | (3.3) | 10,612 | 13,423 | (20.9) |

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production with the remaining sold to other customers. In the first half of 2018, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 41.1 billion, increased by 24.5% year on year, accounting for 3.2% of the Company's turnover and other operating revenues. The change was mainly attributable to the increase of realised price of crude oil and natural gas, and external sales volume as the Company seized the opportunity of crude oil price recovery to expedite crude oil capacity reconstruction and promote the building of natural gas production-supply-storage-sale system.

Petroleum products (mainly consisting of oil products and other refined petroleum products) sold externally by the Refining Segment and the Marketing and Distribution Segment achieved external sales revenues of RMB 718.6 billion, representing an increase of 9.9% year on year and accounting for 55.3% of the Company's turnover and other operating revenues. Those changes were mainly due to the rise of downstream product prices, high utilisation rates maintained by the Company when actively respond to the challenge of market over-supply, as well as increase

of gasoline sales volume as the result of actively expanding market and promoting sales. The sales revenue of gasoline, diesel and kerosene was RMB 610.6 billion, representing an increase of 10.3% year on year, accounting for 85.0% of the sales revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 108.0 billion, representing an increase of 7.6% year on year, accounting for 15.0% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 218.8 billion, representing an increase of 22.5% year on year, accounting for 16.8% of its turnover and other operating revenues. The change was mainly due to the increases in chemical product sales volume and prices as the result of the Company seizing opportunities to expand trade scale and explore market.

(2) Operating expenses

In the first half of 2018, the Company's operating expenses were RMB 1,238.7 billion, representing an increase of 10.0% year on year. The change was mainly due to the increase of crude oil prices and relevant petroleum and petrochemical products prices. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 994.8 billion, representing an increase of 12.1% year on year, accounting for 80.3% of total operating expenses, of which:

- Crude oil purchasing expenses were RMB 314.5 billion, representing an increase of 30.0% year on year. Throughput of crude oil purchased externally in the first half of 2018 was 98.25 million tonnes (excluding the volume processed for third parties), increased by 10.8% year on year. The average cost of crude oil purchased externally was RMB 3,201 per tonne, increased by 17.3% year on year.
- The Company's purchasing expenses of refined oil products were RMB 160.8 billion, representing an increase of 9.6% over the same period of 2017.
- The Company's purchasing expense related to trading activities were RMB 263.6 billion, representing an increase of 3.0% over the same period of 2017. This was mainly due to the increase in prices of purchased crude oil and refined oil.
- Other purchasing expenses were RMB 255.9 billion, increased by 5.6% year on year. The change was mainly due to the upward trend of other petrochemical market and the increase in prices of petrochemical products over the same period of 2017.

Selling, general and administrative expenses of the Company totalled RMB 31.3 billion, representing an increase of 4.0% year on year. This was mainly because the Company increased input in research and development activities and promoted sales volume resulting in rise of freight and miscellaneous fee.

Depreciation, depletion and amortisation expenses of the Company were RMB 51.9 billion, representing a decrease of 6.0% year on year. This was mainly due to the decrease of depletion rate as the Company's proved reserves increased following the increase of crude oil price.

Exploration expenses were RMB 4.4 billion, representing a decrease of 4.0% year on year. This was mainly due to the Company's constant strengthening of exploration investment control to increase success rate of exploration operation.

Personnel expenses were RMB 37.3 billion, representing an increase of 19.2% year on year. The change was mainly due to: the Company achieved strong result and increased personnel remuneration in 2017, which leads to the increased base of social insurance, housing fund and enterprise annuity in 2018, thus increased fringe payment; Shanghai SECCO was consolidated into the financial statement of the Company at the end of 2017; as the Company improved its profit significantly in the first half of 2018, income of employee was increased accordingly in line with its incentive mechanism.

Taxes other than income tax were RMB 118.7 billion, representing an increase of 2.1% year on year.

Net other operating income were RMB 0.2 billion, representing a decrease of 88.8% year on year. This was mainly due to the decrease of the impairment of oil and gas assets.

(3) Operating profit

In the first half of 2018, the Company's operating profit was RMB 61.6 billion, representing an increase of 56.6% year on year. This was mainly due to significant decrease of losses in upstream business and steady increase of earning in midstream and downstream businesses.

(4) Net finance costs

In the first half of 2018, the Company's net finance costs were RMB 0.3 billion, down by RMB 1.0 billion, representing a decrease of 79.6% year on year, which was mainly because the Company enhanced cash flow management and increased cash at bank and on hand. The Company also gained interest income by cash management and optimised debt structure by replacing loans with favourable rates to decrease finance cost.

(5) Profit before taxation

In the first half of 2018, the Company's profit before taxation amounted to RMB 68.8 billion, representing an increase of 49.6% year on year.

(6) Tax expense

In the first half of 2018, the Company's tax expense totalled RMB 14.6 billion, up by RMB 5.7 billion, representing an increase of 63.6% year on year. This was mainly due to the increase of earnings and decrease of franked investment income year on year.

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

In the first half of 2018, profit attributable to non-controlling shareholders was RMB 11.8 billion, up by RMB 2.7 billion, representing an increase of 29.3% year on year.

(8) Profit attributable to owners of the Company

In the first half of 2018, profit attributable to owners of the Company was RMB 42.4 billion, representing an increase of 51.8% year on year.

6.2 Assets, liabilities, equity and cash flows

(1) Asset, liabilities and equity

Unit: RMB million

| | As of 30 June 2018 | As of 31 December 2017 | Change |
|--|-----------------------------------|---------------------------------------|---------------|
| Total assets | 1,617,304 | 1,595,504 | 21,800 |
| Current assets | 568,938 | 529,049 | 39,889 |
| Non-current assets | 1,048,366 | 1,066,455 | (18,089) |
| Total liabilities | 761,126 | 742,614 | 18,512 |
| Current liabilities | 577,065 | 579,446 | (2,381) |
| Non-current liabilities | 184,061 | 163,168 | 20,893 |
| Total equity attributable to owners of the Company | 720,113 | 726,120 | (6,007) |
| Share capital | 121,071 | 121,071 | — |
| Reserves | 599,042 | 605,049 | (6,007) |
| Non-controlling Interests | 136,065 | 126,770 | 9,295 |
| Total equity | 856,178 | 852,890 | 3,288 |

(2) Cash Flow

The following table sets forth the major items in the consolidated cash flow statements for the first half of 2018 and of 2017.

| Major items of cash flows | Six-month periods ended 30 June | | Changes in amount |
|--|---------------------------------|----------|-------------------|
| | 2018 | 2017 | |
| Net cash generated from operating activities | 71,620 | 60,847 | 10,773 |
| Net cash generated from/(used in) | | | |
| investing activities | 19,258 | (40,002) | 59,260 |
| Net cash used in financing activities | (49,308) | (16,038) | (33,270) |
| Net increase in cash and cash equivalents | 41,570 | 4,807 | 36,763 |

Unit: RMB million

6.3 The results of the principal operations by segments (under ASBE)

| Segments | Operating | | Gross profit margin* | Increase of income on a year-on-year basis (%) | (Decrease)/increase of operating cost on a year-on-year basis (%) | Increase/(decrease) of gross profit margin on a year-on-year basis (percentage point) |
|------------------------------------|----------------------|------------------------------|----------------------|--|---|---|
| | income (RMB million) | Operating cost (RMB million) | | | | |
| Exploration and Production | 87,924 | 71,233 | 12.9 | 18.6 | (2.4) | 17.2 |
| Refining | 593,327 | 433,726 | 8.2 | 21.5 | 27.6 | 0.1 |
| Marketing and Distribution | 668,325 | 619,769 | 7.1 | 10.3 | 10.7 | (0.2) |
| Chemicals | 256,268 | 229,064 | 10.2 | 23.0 | 24.2 | (0.5) |
| Corporate and Others | 585,443 | 582,523 | 0.5 | 20.0 | 20.6 | (0.5) |
| Elimination of inter-segment sales | (891,035) | (885,596) | N/A | N/A | N/A | N/A |
| Total | 1,300,252 | 1,050,719 | 10.1 | 11.5 | 11.5 | 0.9 |

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

7 Dividend

7.1 Dividend distribution for the year ended 31 December 2017

Upon its approval at its 2017 Annual General Meeting, Sinopec Corp. distributed the final cash dividend of RMB 0.40 per share (tax inclusive). The final dividend for 2017 has been distributed to shareholders on or before 14 June 2018 who were registered as existing shareholders as at 4 June 2018. Combined with the 2017 interim cash dividend of RMB 0.10 per share (tax inclusive), the total cash dividend for the whole year 2017 amounted to RMB 0.50 per share (tax inclusive).

7.2 Interim dividend distribution plan for the six months ended 30 June 2018

As approved at the third meeting of the seventh session of the Board, the interim dividend for the six months ended 30 June 2018 of RMB 0.16 per share (tax inclusive) will be distributed based on the total number of shares as of 11 September 2018 (Record Date) in cash.

The 2018 interim dividend distribution plan, with the consideration of interest of shareholders and development of the Company, is in compliance with the Articles of Association and relevant procedures. The independent non-executive directors have issued independent opinions on it.

The interim cash dividend will be distributed on or before 21 September 2018 (Friday) to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of 11 September 2018 (Tuesday). To be entitled to the interim dividend, holders of H shares shall lodge their share certificates and transfer documents with Hong Kong Registrars Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration of transfer, no later than 4:30 p.m. on 4 September 2018 (Tuesday). The register of members of the H shares of Sinopec Corp. will be closed from 5 September 2018 (Wednesday) to 11 September 2018 (Tuesday) (both days inclusive).

The dividend will be denominated and declared in RMB and distributed to domestic shareholders and Shanghai-Hong Kong Stock Connect shareholders in RMB and to foreign shareholders in Hong Kong Dollars. The exchange rate for dividend to be paid in Hong Kong dollars is based on the average benchmark exchange rate of RMB against Hong Kong Dollar as published by the People's Bank of China one week ahead of the date of declaration of the interim dividend, i.e. 24 August 2018 (Friday).

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, Sinopec Corp. is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares of Sinopec Corp. when distributing the cash dividends to them. Any H Shares of the Sinopec Corp. registered not under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change their shareholder status, they should enquire about the relevant procedures from their agents or trustees. Sinopec Corp. will withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of Sinopec Corp. as at the Record Date in accordance with the laws or the requirements of relevant government authorities.

Where the individual holders of the H shares are residents of Hong Kong, Macau or a country which had an agreed tax rate of 10% for cash dividends to them with China under relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Where the individual holders of the H Shares are residents of a country which had an agreed tax rate of less than 10% with China under relevant tax agreement, Sinopec Corp. shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of the H Shares wish to reclaim the extra amount withheld (the “Extra Amount”) by the application of 10% tax rate, Sinopec Corp. can apply for the relevant agreed preferential tax treatment provided that the relevant shareholders submit the evidence required by the notice of the tax agreement to the share register for H shares of Sinopec Corp. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. Where the individual holders of the H Shares are residents of a country which has an agreed tax rate of over 10% but less than 20% with China under the tax agreement, Sinopec Corp. shall withhold and pay the individual income tax at the agreed actual rate in accordance with relevant tax agreements. Where the individual holders of the H Shares are residents of a country which has an agreed tax rate of 20% with China, or has not entered into any tax agreement with China, or under any other circumstances, Sinopec Corp. shall withhold and pay the individual income tax at a rate of 20%.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81):

For domestic investors of H Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect, Sinopec Corp. shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. Sinopec Corp. will not withhold or pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

For investors in the Hong Kong Stock Exchange (including enterprises and individuals) of A Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect Program, the Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors who are tax residents of other countries, whose country of domicile is a country having entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, the enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

8 Financial statements

In this section, the Company refers to China Petroleum & Chemical Corporation and the Group refers to China Petroleum & Chemical Corporation and its subsidiaries.

8.1 Auditors' opinion

| | | |
|----------------------|---|----------------------------------|
| Financial statements | <input checked="" type="checkbox"/> Unaudited | <input type="checkbox"/> Audited |
|----------------------|---|----------------------------------|

8.2 Financial Statements

8.2.1 Interim financial statement prepared under ASBE

Unaudited Consolidated and Parent Balance Sheets

Unit: RMB million

| Items | At 30 June 2018 | | At 31 December 2017 | | At 1 January 2017 | |
|--|------------------|----------------|---------------------|------------------|-------------------|----------------|
| | Consolidated | Parent | Consolidated | Parent | Consolidated | Parent |
| Assets | | | | | | |
| Current assets | | | | | | |
| Cash at bank and on hand | 205,153 | 96,071 | 165,004 | 92,545 | 142,497 | 98,250 |
| Financial assets held for trading | 7,269 | 2,008 | 51,196 | 48,179 | — | — |
| Bills receivable and accounts receivable | 79,828 | 33,312 | 84,701 | 37,766 | 63,486 | 38,803 |
| Prepayments | 5,537 | 1,950 | 4,901 | 4,429 | 3,749 | 3,454 |
| Other receivables | 24,430 | 55,112 | 16,467 | 63,820 | 25,596 | 45,643 |
| Inventories | 225,573 | 55,692 | 186,693 | 44,933 | 156,511 | 46,942 |
| Other current assets | 21,148 | 19,175 | 20,087 | 27,189 | 20,422 | 32,743 |
| Total current assets | 568,938 | 263,320 | 529,049 | 318,861 | 412,261 | 265,835 |
| Non-current assets | | | | | | |
| Available-for-sale financial assets | — | — | 1,676 | 395 | 11,408 | 297 |
| Long-term equity investments | 134,921 | 277,186 | 131,087 | 275,557 | 116,812 | 268,451 |
| Other equity instrument investments | 1,480 | 395 | — | — | — | — |
| Fixed assets | 620,044 | 309,012 | 650,920 | 329,814 | 690,594 | 373,020 |
| Construction in progress | 118,957 | 49,575 | 118,645 | 50,046 | 129,581 | 49,277 |
| Intangible assets | 97,396 | 8,418 | 97,126 | 8,340 | 85,023 | 7,913 |
| Goodwill | 8,642 | — | 8,634 | — | 6,353 | — |
| Long-term deferred expenses | 14,387 | 1,921 | 14,720 | 1,958 | 13,537 | 1,980 |
| Deferred tax assets | 19,000 | 9,298 | 15,131 | 6,834 | 7,214 | — |
| Other non-current assets | 33,539 | 9,155 | 28,516 | 10,690 | 25,826 | 10,952 |
| Total non-current assets | 1,048,366 | 664,960 | 1,066,455 | 683,634 | 1,086,348 | 711,890 |
| Total assets | 1,617,304 | 928,280 | 1,595,504 | 1,002,495 | 1,498,609 | 977,725 |

Unit: RMB million

| Items | At 30 June 2018 | | At 31 December 2017 | | At 1 January 2017 | |
|---|-----------------|----------------|---------------------|----------------|-------------------|----------------|
| | Consolidated | Parent | Consolidated | Parent | Consolidated | Parent |
| Liabilities and shareholders' equity | | | | | | |
| Current liabilities | | | | | | |
| Short-term loans | 57,985 | 12,431 | 54,701 | 17,330 | 30,374 | 9,256 |
| Bills payable and accounts payable | 234,386 | 95,031 | 206,535 | 86,604 | 180,129 | 78,548 |
| Advances from customers | — | — | 120,734 | 3,413 | 95,928 | 2,360 |
| Contract liabilities | 123,567 | 3,106 | — | — | — | — |
| Employee benefits payable | 12,467 | 8,622 | 7,162 | 4,854 | 1,618 | 312 |
| Taxes payable | 39,831 | 24,930 | 71,940 | 42,549 | 52,886 | 32,423 |
| Other payables | 88,043 | 101,494 | 91,693 | 143,274 | 79,636 | 113,841 |
| Short-term debentures payable | — | — | — | — | 6,000 | 6,000 |
| Non-current liabilities due within one year | 20,786 | 20,084 | 26,681 | 19,539 | 38,972 | 38,082 |
| Total current liabilities | 577,065 | 265,698 | 579,446 | 317,563 | 485,543 | 280,822 |
| Non-current liabilities | | | | | | |
| Long-term loans | 79,274 | 67,727 | 67,754 | 63,667 | 62,461 | 58,448 |
| Debentures payable | 31,518 | 20,000 | 31,370 | 20,000 | 54,985 | 36,000 |
| Provisions | 41,423 | 32,126 | 39,958 | 31,405 | 39,298 | 29,767 |
| Deferred tax liabilities | 5,814 | — | 6,466 | — | 7,661 | 505 |
| Other non-current liabilities | 24,899 | 2,908 | 16,440 | 2,591 | 16,136 | 2,607 |
| Total non-current liabilities | 182,928 | 122,761 | 161,988 | 117,663 | 180,541 | 127,327 |
| Total liabilities | 759,993 | 388,459 | 741,434 | 435,226 | 666,084 | 408,149 |

Unit: RMB million

| Items | At 30 June 2018 | | At 31 December 2017 | | At 1 January 2017 | |
|---|------------------|----------------|---------------------|------------------|-------------------|----------------|
| | Consolidated | Parent | Consolidated | Parent | Consolidated | Parent |
| Liabilities and shareholders' equity (Continued) | | | | | | |
| Shareholders' equity | | | | | | |
| Share capital | 121,071 | 121,071 | 121,071 | 121,071 | 121,071 | 121,071 |
| Capital reserve | 119,577 | 68,789 | 119,557 | 68,789 | 119,525 | 68,769 |
| Other comprehensive income | (4,422) | 196 | (4,413) | 196 | (932) | 263 |
| Specific reserve | 1,752 | 933 | 888 | 482 | 765 | 393 |
| Surplus reserves | 199,682 | 199,682 | 199,682 | 199,682 | 196,640 | 196,640 |
| Retained earnings | 283,533 | 149,150 | 290,459 | 177,049 | 275,163 | 182,440 |
| Total equity attributable to shareholders of the Company | 721,193 | 539,821 | 727,244 | 567,269 | 712,232 | 569,576 |
| Minority interests | 136,118 | — | 126,826 | — | 120,293 | — |
| Total shareholders' equity | 857,311 | 539,821 | 854,070 | 567,269 | 832,525 | 569,576 |
| Total liabilities and shareholders' equity | 1,617,304 | 928,280 | 1,595,504 | 1,002,495 | 1,498,609 | 977,725 |

Unaudited Consolidated and Parent Income Statement

Unit: RMB million

| Items | Six-month periods ended 30 June | | | |
|---|---------------------------------|---------------|---------------|--------------|
| | 2018 | | 2017 | |
| | Consolidated | Parent | Consolidated | Parent |
| Operating income | 1,300,252 | 494,612 | 1,165,837 | 411,410 |
| Less: Operating costs | 1,050,719 | 369,561 | 942,602 | 306,503 |
| Taxes and surcharges | 118,721 | 83,045 | 116,297 | 77,324 |
| Selling and distribution expenses | 27,661 | 1,405 | 25,955 | 1,280 |
| General and administrative expenses | 33,908 | 16,810 | 33,231 | 17,003 |
| Research and development expenses | 4,080 | 3,888 | 2,672 | 2,506 |
| Financial expenses | 263 | 1,389 | 1,289 | 1,395 |
| Exploration expenses, including dry holes | 4,362 | 4,173 | 4,542 | 4,143 |
| Impairment losses | 137 | 49 | 4,076 | 3,681 |
| Credit impairment losses | (38) | (14) | — | — |
| Add: Other income | 1,849 | 593 | 1,321 | 358 |
| Investment income | 5,884 | 9,861 | 8,152 | 8,873 |
| (Losses)/gains from changes in fair value | (450) | (171) | 369 | — |
| Asset disposal income/(expense) | 218 | 252 | (98) | (118) |
| Operating profit | 67,940 | 24,841 | 44,917 | 6,688 |
| Add: Non-operating income | 630 | 145 | 741 | 303 |
| Less: Non-operating expenses | 703 | 289 | 626 | 340 |
| Profit before taxation | 67,867 | 24,697 | 45,032 | 6,651 |
| Less: Income tax expense | 14,586 | 4,082 | 8,915 | 478 |
| Net profit | 53,281 | 20,615 | 36,117 | 6,173 |
| Classification by going concern: | | | | |
| Continuous operating net profit | 53,281 | 20,615 | 36,117 | 6,173 |
| Termination of net profit | — | — | — | — |
| Classification by ownership: | | | | |
| Equity shareholders of the Company | 41,600 | 20,615 | 27,092 | 6,173 |
| Minority interests | 11,681 | — | 9,025 | — |
| Basic earnings per share (RMB) | 0.344 | N/A | 0.224 | N/A |
| Diluted earnings per share (RMB) | 0.344 | N/A | 0.224 | N/A |
| Net profit | 53,281 | 20,615 | 36,117 | 6,173 |

Unit: RMB million

| Items | Six-month periods ended 30 June | | | |
|--|---------------------------------|---------------|----------------|--------------|
| | 2018 | | 2017 | |
| | Consolidated | Parent | Consolidated | Parent |
| Other comprehensive income | | | | |
| <i>Items that may not be reclassified subsequently to profit or loss</i> | | | | |
| Changes in fair value of other equity instrument investments | (17) | — | — | — |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | |
| Other comprehensive income that can be converted into profit or loss under the equity method | (113) | — | 277 | (11) |
| Changes in fair value of available-for-sale financial assets | — | — | (7) | — |
| Cash flow hedges | (508) | — | 162 | 22 |
| Foreign currency translation differences | 896 | — | (1,542) | — |
| Total other comprehensive income | 258 | — | (1,110) | 11 |
| Total comprehensive income | 53,539 | 20,615 | 35,007 | 6,184 |
| Attributable to: | | | | |
| Equity shareholders of the Company | 41,603 | 20,615 | 26,450 | 6,184 |
| Minority interests | 11,936 | — | 8,557 | — |

Unaudited Consolidated and Parent Cash Flow Statement

Unit: RMB million

| Items | Six-month periods ended 30 June | | | |
|---|---------------------------------|-------------------------|---------------------------|-------------------------|
| | 2018 | | 2017 | |
| | Consolidated | Parent | Consolidated | Parent |
| Cash flows from operating activities: | | | | |
| Cash received from sale of goods and rendering of services | 1,464,593 | 575,001 | 1,310,796 | 488,179 |
| Refund of taxes and levies | 905 | 521 | 788 | 401 |
| Other cash received relating to operating activities | 33,582 | 2,267 | 33,601 | 11,055 |
| Sub-total of cash inflows | <u>1,499,080</u> | <u>577,789</u> | <u>1,345,185</u> | <u>499,635</u> |
| Cash paid for goods and services | (1,145,090) | (388,198) | (1,021,990) | (305,731) |
| Cash paid to and for employees | (32,167) | (17,980) | (28,759) | (15,729) |
| Payments of taxes and levies | (204,541) | (133,955) | (190,325) | (121,123) |
| Other cash paid relating to operating activities | (45,662) | (7,019) | (43,264) | (25,772) |
| Sub-total of cash outflows | <u>(1,427,460)</u> | <u>(547,152)</u> | <u>(1,284,338)</u> | <u>(468,355)</u> |
| Net cash flow from operating activities | <u>71,620</u> | <u>30,637</u> | <u>60,847</u> | <u>31,280</u> |
| Cash flows from investing activities: | | | | |
| Cash received from disposal of investments | 49,244 | 57,751 | 717 | 5,242 |
| Cash received from returns on investments | 3,609 | 23,497 | 3,395 | 10,444 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 7,480 | 469 | 216 | 409 |
| Other cash received relating to investing activities | 42,408 | 21,526 | 20,595 | 11,555 |
| Net cash received from disposal of subsidiaries and other business entities | — | — | 1 | 1 |
| Sub-total of cash inflows | <u>102,741</u> | <u>103,243</u> | <u>24,924</u> | <u>27,651</u> |

Unit: RMB million

| Items | Six-month periods ended 30 June | | | |
|--|---------------------------------|------------------|------------------|-----------------|
| | 2018 | | 2017 | |
| | Consolidated | Parent | Consolidated | Parent |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (35,084) | (17,135) | (28,742) | (17,267) |
| Cash paid for acquisition of investments | (6,840) | (2,864) | (3,253) | (5,519) |
| Other cash paid relating to investing activities | (38,371) | (5,010) | (32,914) | (13,010) |
| Net cash paid for the acquisition of subsidiaries and other business entities | (3,188) | — | (17) | — |
| Sub-total of cash outflows | (83,483) | (25,009) | (64,926) | (35,796) |
| Net cash flow from investing activities | 19,258 | 78,234 | (40,002) | (8,145) |
| Cash flows from financing activities: | | | | |
| Cash received from capital contributions | 502 | — | 331 | — |
| Including: Cash received from minority shareholders' capital contributions to subsidiaries | 502 | — | 331 | — |
| Cash received from borrowings | 317,798 | 56,132 | 269,008 | 76,625 |
| Sub-total of cash inflows | 318,300 | 56,132 | 269,339 | 76,625 |
| Cash repayments of borrowings | (308,961) | (95,449) | (279,559) | (93,317) |
| Cash paid for dividends, profits distribution or interest | (58,634) | (51,028) | (5,818) | (2,690) |
| Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders | (7,250) | — | (2,608) | — |
| Other cash paid relating to financing activities | (13) | — | — | — |
| Sub-total of cash outflows | (367,608) | (146,477) | (285,377) | (96,007) |
| Net cash flow from financing activities | (49,308) | (90,345) | (16,038) | (19,382) |
| Effects of changes in foreign exchange rate | (34) | — | (148) | — |
| Net increase in cash and cash equivalents | 41,536 | 18,526 | 4,659 | 3,753 |

Consolidated Statement of Changes in Equity

| | Share capital | Capital reserve | Other comprehensive income | Specific reserve | Surplus reserves | Retained earnings | Total shareholders' equity attributable to equity shareholders of the Company | Minority interests | Total shareholders' equity |
|---|----------------|-----------------|----------------------------------|---------------------|---------------------|----------------------|---|-----------------------|----------------------------------|
| | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million |
| Balance at 1 January 2017 | 121,071 | 119,525 | (932) | 765 | 196,640 | 275,163 | 712,232 | 120,293 | 832,525 |
| Change for the period | | | | | | | | | |
| 1. Net profit | — | — | — | — | — | 27,092 | 27,092 | 9,025 | 36,117 |
| 2. Other comprehensive income | — | — | (642) | — | — | — | (642) | (468) | (1,110) |
| Total comprehensive income | — | — | (642) | — | — | 27,092 | 26,450 | 8,557 | 35,007 |
| Transactions with owners, recorded directly in shareholders' equity: | | | | | | | | | |
| 3. Appropriations of profits: | | | | | | | | | |
| – Distributions to shareholders | — | — | — | — | — | (20,582) | (20,582) | — | (20,582) |
| 4. Transaction with minority interests | — | — | — | — | — | — | — | 341 | 341 |
| 5. Distributions to minority interests | — | — | — | — | — | — | — | (2,341) | (2,341) |
| Total transactions with owners, recorded directly in shareholders' equity | — | — | — | — | — | (20,582) | (20,582) | (2,000) | (22,582) |
| 6. Net increase in specific reserve for the period | — | — | — | 774 | — | — | 774 | 96 | 870 |
| 7. Others | — | 4 | — | — | — | — | 4 | 2 | 6 |
| Balance at 30 June 2017 | 121,071 | 119,529 | (1,574) | 1,539 | 196,640 | 281,673 | 718,878 | 126,948 | 845,826 |

Unaudited Consolidated Statement of Changes in Equity

| | Share capital | Capital reserve | Other comprehensive income | Specific reserve | Surplus reserves | Retained earnings | Total shareholders' equity attributable to equity shareholders of the Company | Minority interests | Total shareholders' equity |
|---|----------------|-----------------|----------------------------------|---------------------|---------------------|----------------------|---|-----------------------|----------------------------------|
| | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million | RMB million |
| Balance at 31 December 2017 | 121,071 | 119,557 | (4,413) | 888 | 199,682 | 290,459 | 727,244 | 126,826 | 854,070 |
| Change in accounting policy | — | — | (12) | — | — | 12 | — | — | — |
| Balance at 1 January 2018 | 121,071 | 119,557 | (4,425) | 888 | 199,682 | 290,471 | 727,244 | 126,826 | 854,070 |
| Change for the period | | | | | | | | | |
| 1. Net profit | — | — | — | — | — | 41,600 | 41,600 | 11,681 | 53,281 |
| 2. Other comprehensive income | — | — | 3 | — | — | — | 3 | 255 | 258 |
| Total comprehensive income | — | — | 3 | — | — | 41,600 | 41,603 | 11,936 | 53,539 |
| Transactions with owners, recorded directly in shareholders' equity: | | | | | | | | | |
| 3. Appropriations of profits: | | | | | | | | | |
| – Distributions to shareholders | — | — | — | — | — | (48,428) | (48,428) | — | (48,428) |
| 4. Transaction with minority interests | — | — | — | — | — | — | — | 448 | 448 |
| 5. Contributions to subsidiaries from non-controlling interests | — | 32 | — | — | — | — | 32 | (119) | (87) |
| 6. Distributions to minority interests | — | — | — | — | — | — | — | (3,092) | (3,092) |
| Total transactions with owners, recorded directly in shareholders' equity | — | 32 | — | — | — | (48,428) | (48,396) | (2,763) | (51,159) |
| 7. Net increase in specific reserve for the period | — | — | — | 864 | — | — | 864 | 118 | 982 |
| 8. Others | — | (12) | — | — | — | (110) | (122) | 1 | (121) |
| Balance at 30 June 2018 | 121,071 | 119,577 | (4,422) | 1,752 | 199,682 | 283,533 | 721,193 | 136,118 | 857,311 |

Statement of Changes in Equity

| | Share capital RMB million | Capital reserve RMB million | Other comprehensive income RMB million | Specific reserve RMB million | Surplus reserves RMB million | Retained earnings RMB million | Total shareholders' equity RMB million |
|--|------------------------------------|--------------------------------------|--|---------------------------------------|---------------------------------------|--|--|
| Balance at 1 January 2017 | 121,071 | 68,769 | 263 | 393 | 196,640 | 182,440 | 569,576 |
| Change for the period | | | | | | | |
| 1. Net profit | — | — | — | — | — | 6,173 | 6,173 |
| 2. Other comprehensive income | — | — | 11 | — | — | — | 11 |
| Total comprehensive income | — | — | 11 | — | — | 6,173 | 6,184 |
| Transactions with owners, recorded directly in shareholders' equity: | | | | | | | |
| 3. Appropriations of profits: | | | | | | | |
| – Distributions to shareholders | — | — | — | — | — | (20,582) | (20,582) |
| Total transactions with owners, recorded directly in shareholders' equity | — | — | — | — | — | (20,582) | (20,582) |
| 4. Net increase in specific reserve for the period | — | — | — | 439 | — | — | 439 |
| Balance at 30 June 2017 | 121,071 | 68,769 | 274 | 832 | 196,640 | 168,031 | 555,617 |

Unaudited Statement of Changes in Equity

| | Share capital RMB million | Capital reserve RMB million | Other comprehensive income RMB million | Specific reserve RMB million | Surplus reserves RMB million | Retained earnings RMB million | Total shareholders' equity RMB million |
|--|------------------------------------|--------------------------------------|--|---------------------------------------|---------------------------------------|--|--|
| Balance at 31 December 2017 | 121,071 | 68,789 | 196 | 482 | 199,682 | 177,049 | 567,269 |
| Change in accounting policy | — | — | — | — | — | — | — |
| Balance at 1 January 2018 | 121,071 | 68,789 | 196 | 482 | 199,682 | 177,049 | 567,269 |
| Change for the period | | | | | | | |
| 1. Net profit | — | — | — | — | — | 20,615 | 20,615 |
| 2. Other comprehensive income | — | — | — | — | — | — | — |
| Total comprehensive income | — | — | — | — | — | 20,615 | 20,615 |
| Transactions with owners, recorded directly in shareholders' equity: | | | | | | | |
| 3. Appropriations of profits: | | | | | | | |
| – Distributions to shareholders | — | — | — | — | — | (48,428) | (48,428) |
| Total transactions with owners, recorded directly in shareholders' equity | — | — | — | — | — | (48,428) | (48,428) |
| 4. Net increase in specific reserve for the period | — | — | — | 451 | — | — | 451 |
| 5. Others | — | — | — | — | — | (86) | (86) |
| Balance at 30 June 2018 | 121,071 | 68,789 | 196 | 933 | 199,682 | 149,150 | 539,821 |

8.2.2 Interim financial statements prepared under IFRS

Unaudited Interim Condensed Consolidated Income Statement

Unit: RMB million

| | Six-month periods ended 30 June | |
|---|---------------------------------|---------------------------|
| | 2018 | 2017 |
| Turnover and other operating revenues | | |
| Turnover | 1,268,803 | 1,137,828 |
| Other operating revenues | 31,449 | 28,009 |
| | <u>1,300,252</u> | <u>1,165,837</u> |
| Operating expenses | | |
| Purchased crude oil, products and operating supplies and expenses | (994,797) | (887,028) |
| Selling, general and administrative expenses | (31,332) | (30,131) |
| Depreciation, depletion and amortisation | (51,902) | (55,217) |
| Exploration expenses, including dry holes | (4,362) | (4,542) |
| Personnel expenses | (37,340) | (31,328) |
| Taxes other than income tax | (118,721) | (116,297) |
| Other operating expense, net | (222) | (1,985) |
| Total operating expenses | <u>(1,238,676)</u> | <u>(1,126,528)</u> |
| Operating profit | <u>61,576</u> | <u>39,309</u> |

Unaudited Interim Condensed Consolidated Income Statement (Continued)

Unit: RMB million

| | Six-month periods ended 30 June | |
|---|---------------------------------|-----------------------|
| | 2018 | 2017 |
| Finance costs | | |
| Interest expense | (3,972) | (3,979) |
| Interest income | 3,507 | 2,457 |
| Foreign currency exchange gains, net | 202 | 233 |
| | <u>202</u> | <u>233</u> |
| Net finance costs | <u>(263)</u> | <u>(1,289)</u> |
| Investment income | 840 | 286 |
| Share of profits less losses from associates and joint ventures | 6,618 | 7,651 |
| Profit before taxation | 68,771 | 45,957 |
| Income tax expense | (14,586) | (8,915) |
| | <u>(14,586)</u> | <u>(8,915)</u> |
| Profit for the period | <u>54,185</u> | <u>37,042</u> |
| Attributable to: | | |
| Shareholders of the Company | 42,386 | 27,915 |
| Non-controlling interests | 11,799 | 9,127 |
| | <u>11,799</u> | <u>9,127</u> |
| Profit for the period | <u>54,185</u> | <u>37,042</u> |
| Earnings per share: | | |
| Basic | 0.350 | 0.231 |
| | <u>0.350</u> | <u>0.231</u> |
| Diluted | 0.350 | 0.231 |
| | <u>0.350</u> | <u>0.231</u> |

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

Unit: RMB million

| | Six-month periods ended 30 June | |
|---|---------------------------------|----------------|
| | 2018 | 2017 |
| Profit for the period | 54,185 | 37,042 |
| Other comprehensive income: | | |
| <i>Items that maynot be reclassified subsequently to profit or loss:</i> | | |
| Equity investments at fair value through other comprehensive income | (17) | — |
| Total items that maynot be reclassified subsequently to profit or loss | (17) | — |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Cash flow hedges | (508) | 162 |
| Available-for-sale securities | — | (7) |
| Share of other comprehensive income of associates and joint ventures | (113) | 277 |
| Foreign currency translation differences | 896 | (1,542) |
| Total items that may be reclassified subsequently to profit or loss | 275 | (1,110) |
| Total other comprehensive income | 258 | (1,110) |
| Total comprehensive income for the period | 54,443 | 35,932 |
| Attributable to: | | |
| Shareholders of the Company | 42,389 | 27,273 |
| Non-controlling interests | 12,054 | 8,659 |
| Total comprehensive income for the period | 54,443 | 35,932 |

Unaudited Interim Condensed Consolidated Balance Sheet

Unit: RMB million

| | 30 June 2018 | 31 December 2017 |
|--|-------------------------|---------------------|
| Non-current assets | | |
| Property, plant and equipment, net | 619,991 | 650,774 |
| Construction in progress | 118,957 | 118,645 |
| Goodwill | 8,642 | 8,634 |
| Interest in associates | 81,527 | 79,726 |
| Interest in joint ventures | 53,394 | 51,361 |
| Available-for-sale financial assets | — | 1,676 |
| Financial assets at fair value through other comprehensive income | 1,480 | — |
| Deferred tax assets | 19,000 | 15,131 |
| Lease prepayments | 59,825 | 58,526 |
| Long-term prepayments and other assets | 85,550 | 81,982 |
| | 1,048,366 | 1,066,455 |
| Current assets | | |
| Cash and cash equivalents | 154,754 | 113,218 |
| Time deposits with financial institutions | 50,399 | 51,786 |
| Financial assets at fair value through profit or loss | 7,269 | 51,196 |
| Trade accounts receivable | 70,912 | 68,494 |
| Bills receivable | 8,916 | 16,207 |
| Inventories | 225,573 | 186,693 |
| Prepaid expenses and other current assets | 51,115 | 41,455 |
| | 568,938 | 529,049 |
| Total current assets | 568,938 | 529,049 |

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)

Unit: RMB million

| | 30 June 2018 | 31 December 2017 |
|---|-------------------------|---------------------|
| Current liabilities | | |
| Short-term debts | 45,825 | 55,338 |
| Loans from Sinopec Group Company and fellow subsidiaries | 32,024 | 25,311 |
| Trade accounts payable | 227,373 | 200,073 |
| Contract liabilities | 123,567 | — |
| Bills payable | 7,013 | 6,462 |
| Other payables | 130,844 | 279,247 |
| Income tax payable | 10,419 | 13,015 |
| | 577,065 | 579,446 |
| Total current liabilities | 577,065 | 579,446 |
| Net current liabilities | 8,127 | 50,397 |
| Total assets less current liabilities | 1,040,239 | 1,016,058 |
| Non-current liabilities | | |
| Long-term debts | 67,470 | 55,804 |
| Loans from Sinopec Group Company and fellow subsidiaries | 43,322 | 43,320 |
| Deferred tax liabilities | 5,814 | 6,466 |
| Provisions | 41,423 | 39,958 |
| Other long-term liabilities | 26,032 | 17,620 |
| | 184,061 | 163,168 |
| Total non-current liabilities | 184,061 | 163,168 |
| | 856,178 | 852,890 |
| Equity | | |
| Share capital | 121,071 | 121,071 |
| Reserves | 599,042 | 605,049 |
| | 720,113 | 726,120 |
| Total equity attributable to shareholders of the Company | 720,113 | 726,120 |
| Non-controlling interests | 136,065 | 126,770 |
| | 856,178 | 852,890 |
| Total equity | 856,178 | 852,890 |

8.2.3 Differences between consolidated financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS (UNAUDITED)

- (1) Effects of major differences between the net profit under ASBE and the profit for the period under IFRS are analysed as follows:

| | Six-month periods ended 30 June | |
|--|---------------------------------|----------------------|
| | 2018 | 2017 |
| | RMB million | RMB million |
| Net profit under ASBE | 53,281 | 36,117 |
| Adjustments: | | |
| Government grants | 47 | 55 |
| Safety production fund | 982 | 870 |
| Others | (125) | — |
| Profit for the period under IFRS* | <u>54,185</u> | <u>37,042</u> |

- (2) Effects of major differences between the shareholders' equity under ASBE and the total equity under IFRS are analysed as follows:

| | 30 June 2018 | 31 December 2017 |
|---------------------------------|-----------------------|-----------------------|
| | RMB million | RMB million |
| Shareholders' equity under ASBE | 857,311 | 854,070 |
| Adjustments: | | |
| Government grants | (1,133) | (1,180) |
| Total equity under IFRS* | <u>856,178</u> | <u>852,890</u> |

* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS. The interim consolidated financial statements for the six-month period ended 30 June 2018 has not been audited by PricewaterhouseCoopers, while the consolidated financial statements for the year ended 31 December 2017 and for the six-month period ended 30 June 2017 have been audited by PricewaterhouseCoopers.

8.3 The Group has no material accounting errors during the reporting period.

8.4 Changes in the scope of consolidation as compared with those for last annual report

Applicable Not applicable

8.5 Notes on the financial statements prepared under IFRS

8.5.1 Turnover

Turnover primarily represents revenue from the sales of crude oil, natural gas, petroleum and chemical products.

8.5.2 Income tax expense

Income tax expense in the consolidated income statement represents:

| | Six-month periods ended 30 June | |
|---------------------------|---------------------------------|--------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Current tax | | |
| Provision for the period | 19,028 | 12,258 |
| Adjustment of prior years | 43 | 645 |
| Deferred taxation | (4,485) | (3,988) |
| | <u>14,586</u> | <u>8,915</u> |

8.5.3 Basic and Diluted Earnings per Share

The calculation of basic earnings per share for the six-month period ended 30 June 2018 is based on the profit attributable to ordinary shareholders of the Company of RMB 42,386 million (2017: RMB 27,915 million) and the weighted average number of shares of 121,071,209,646 (2017: 121,071,209,646) during the period.

The calculation of diluted earnings per share for the six-month period ended 30 June 2018 is based on the profit attributable to ordinary shareholders of the Company (diluted) of RMB 42,386 million (2017: RMB 27,913 million) and the weighted average number of shares of 121,071,209,646 (2017: 121,071,209,646) calculated as follows:

(i) **Profit attributable to ordinary shareholders of the Company (diluted)**

| | Six-month periods ended 30 June | |
|--|---------------------------------|---------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Profit attributable to ordinary shareholders of the Company | 42,386 | 27,915 |
| After tax effect of employee share option scheme of Shanghai Petrochemical | (0) | (2) |
| Profit attributable to ordinary shareholders of the Company (diluted) | 42,386 | 27,913 |

(ii) **Weighted average number of shares (diluted)**

| | Six-month periods ended 30 June | |
|---|---------------------------------|------------------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | Number of shares | Number of shares |
| Weighted average number of shares at 30 June | 121,071,209,646 | 121,071,209,646 |
| Weighted average number of shares (diluted) at 30 June | 121,071,209,646 | 121,071,209,646 |

8.5.4 Dividends

Dividends payable to shareholders of the Company attributable to the period represent:

| | Six-month periods ended 30 June | |
|---|---------------------------------|---------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Interim dividends declared after the balance sheet date of RMB 0.16 per share (2017: RMB 0.10 per share) | 19,371 | 12,107 |

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 24 August 2018, the directors authorised to declare the interim dividends for the year ending 31 December 2018 of RMB 0.16 (2017: RMB 0.10) per share totalling RMB 19,371 million (2018: RMB 12,107 million). Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the period represent:

| | Six-month periods ended 30 June | |
|---|---------------------------------|---------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Final cash dividends in respect of the previous financial year, approved during the period of RMB 0.40 per share (2017: RMB 0.17 per share) | 48,428 | 20,582 |

Pursuant to the shareholders' approval at the Annual General Meeting on 15 May 2018, a final dividend of RMB 0.40 per share totalling RMB 48,428 million for the year ending 31 December 2017 was approved. All dividends have been paid in June 2018.

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2017, a final dividend of RMB 0.17 per share totalling RMB 20,582 million for the year ending 31 December 2016 was approved. All dividends have been paid in July 2017.

8.5.5 Trade Accounts Receivable and Bills Receivable

| | 30 June 2018 (Unaudited) RMB million | 31 December 2017 (Audited) RMB million |
|--|---|---|
| Trade accounts receivable | 71,504 | 69,106 |
| Less: Impairment losses for bad and doubtful debts | (592) | (612) |
| | <hr/> | <hr/> |
| Trade accounts receivable, net | 70,912 | 68,494 |
| Bills receivable | 8,916 | 16,207 |
| | <hr/> | <hr/> |
| | 79,828 | 84,701 |
| | <hr/> <hr/> | <hr/> <hr/> |

The ageing analysis of trade accounts receivable (net of impairment losses for bad and doubtful debts) is as follows:

| | 30 June 2018 (Unaudited) RMB million | 31 December 2017 (Audited) RMB million |
|-----------------------------|---|---|
| Within one year | 70,291 | 67,777 |
| Between one and two years | 549 | 573 |
| Between two and three years | 41 | 43 |
| Over three years | 31 | 101 |
| | <hr/> | <hr/> |
| | 70,912 | 68,494 |
| | <hr/> <hr/> | <hr/> <hr/> |

Impairment losses for bad and doubtful debts are analysed as follows:

| | Six-month periods ended 30 June | |
|-----------------------------|---|---|
| | 2018 (Unaudited) RMB million | 2017 (Audited) RMB million |
| Balance at 1 January | 612 | 683 |
| Provision for the period | 16 | 39 |
| Written back for the period | (37) | (121) |
| Written off for the period | (1) | (1) |
| Others | 2 | (2) |
| | <hr/> | <hr/> |
| Balance at 30 June | 592 | 598 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

Trade accounts receivable and bills receivable (net of impairment losses for bad and doubtful debts) primarily represent receivables that are not past due. These receivables relate to a wide range of customers for whom there is no recent history of default.

8.5.6 Trade Accounts and Bills Payables

| | 30 June 2018 (Unaudited) RMB million | 31 December 2017 (Audited) RMB million |
|---|---|---|
| Trade accounts payables | 227,373 | 200,073 |
| Bills payable | 7,013 | 6,462 |
| | <hr/> | <hr/> |
| Trade accounts and bills payables measured at amortised cost | 234,386 | 206,535 |
| | <hr/> <hr/> | <hr/> <hr/> |

The ageing analysis of trade accounts payables is as follows:

| | 30 June 2018 (Unaudited) RMB million | 31 December 2017 (Audited) RMB million |
|------------------------------|---|---|
| Within 1 month or on demand | 222,010 | 192,664 |
| Between 1 month and 6 months | 4,708 | 4,155 |
| Over 6 months | 655 | 3,254 |
| | <hr/> | <hr/> |
| | 227,373 | 200,073 |
| | <hr/> <hr/> | <hr/> <hr/> |

8.5.7 Segment Reporting

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

Information of the Group's reportable segments is as follows:

| | Six-month periods ended 30 June | |
|----------------------------|---------------------------------|----------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Turnover | | |
| Exploration and production | | |
| External sales | 41,145 | 33,053 |
| Inter-segment sales | 42,607 | 37,395 |
| | <u>83,752</u> | <u>70,448</u> |
| Refining | | |
| External sales | 69,665 | 64,292 |
| Inter-segment sales | 521,193 | 421,539 |
| | <u>590,858</u> | <u>485,831</u> |
| Marketing and distribution | | |
| External sales | 648,949 | 589,475 |
| Inter-segment sales | 2,623 | 1,818 |
| | <u>651,572</u> | <u>591,293</u> |
| Chemicals | | |
| External sales | 218,806 | 178,665 |
| Inter-segment sales | 30,057 | 22,948 |
| | <u>248,863</u> | <u>201,613</u> |

| | Six-month periods ended 30 June | |
|--|---------------------------------|-------------------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Corporate and others | | |
| External sales | 290,238 | 272,343 |
| Inter-segment sales | 294,555 | 215,148 |
| | <u>584,793</u> | <u>487,491</u> |
| Elimination of inter-segment sales | (891,035) | (698,848) |
| Turnover | <u>1,268,803</u> | <u>1,137,828</u> |
| Other operating revenues | | |
| Exploration and production | 4,172 | 3,661 |
| Refining | 2,469 | 2,341 |
| Marketing and distribution | 16,753 | 14,667 |
| Chemicals | 7,405 | 6,816 |
| Corporate and others | 650 | 524 |
| Other operating revenues | <u>31,449</u> | <u>28,009</u> |
| Turnover and other operating revenues | <u>1,300,252</u> | <u>1,165,837</u> |
| Result | | |
| Operating (loss)/profit | | |
| By segment | | |
| Exploration and production | (412) | (18,334) |
| Refining | 38,932 | 29,393 |
| Marketing and distribution | 17,186 | 16,566 |
| Chemicals | 15,764 | 12,157 |
| Corporate and Others | (4,454) | 739 |
| Elimination | (5,440) | (1,212) |
| Total segment operating profit | <u>61,576</u> | <u>39,309</u> |

| | Six-month periods ended 30 June | |
|--|---------------------------------|----------------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Share of profits from associates and joint ventures | | |
| – Exploration and production | 1,087 | 875 |
| – Refining | 487 | 409 |
| – Marketing and distribution | 1,125 | 1,416 |
| – Chemicals | 3,137 | 4,242 |
| – Corporate and others | 782 | 709 |
| | <u> </u> | <u> </u> |
| Aggregate share of profits from associates and joint ventures | <u>6,618</u> | <u>7,651</u> |
| Investment income | | |
| – Exploration and production | 2 | 48 |
| – Refining | 12 | 10 |
| – Marketing and distribution | 11 | 48 |
| – Chemicals | 13 | 115 |
| – Corporate and others | 802 | 65 |
| | <u> </u> | <u> </u> |
| Aggregate investment income | <u>840</u> | <u>286</u> |
| Net finance costs | (263) | (1,289) |
| | <u> </u> | <u> </u> |
| Profit before taxation | <u>68,771</u> | <u>45,957</u> |

| | At 30 June 2018 (Unaudited) RMB million | At 31 December 2017 (Audited) RMB million |
|---|--|--|
| Assets | | |
| Segment assets | | |
| – Exploration and production | 328,169 | 343,404 |
| – Refining | 281,259 | 273,123 |
| – Marketing and distribution | 327,391 | 309,727 |
| – Chemicals | 150,708 | 158,472 |
| – Corporate and others | 136,437 | 170,045 |
| Total segment assets | 1,223,964 | 1,254,771 |
| Interest in associates and joint ventures | 134,921 | 131,087 |
| Available-for-sale financial assets | — | 1,676 |
| Financial assets at fair value through other comprehensive income | 1,480 | — |
| Deferred tax assets | 19,000 | 15,131 |
| Cash and cash equivalents and time deposits with financial institutions | 205,153 | 165,004 |
| Other unallocated assets | 32,786 | 27,835 |
| Total assets | 1,617,304 | 1,595,504 |
| Liabilities | | |
| Segment liabilities | | |
| – Exploration and production | 97,667 | 99,568 |
| – Refining | 66,645 | 101,429 |
| – Marketing and distribution | 173,115 | 164,101 |
| – Chemicals | 32,147 | 35,293 |
| – Corporate and others | 157,298 | 117,781 |
| Total segment liabilities | 526,872 | 518,172 |
| Short-term debts | 45,825 | 55,338 |
| Income tax payable | 10,419 | 13,015 |
| Long-term debts | 67,470 | 55,804 |
| Loans from Sinopec Group Company and fellow subsidiaries | 75,346 | 68,631 |
| Deferred tax liabilities | 5,814 | 6,466 |
| Other unallocated liabilities | 29,380 | 25,188 |
| Total liabilities | 761,126 | 742,614 |

| | Six-month periods ended 30 June | |
|---|---------------------------------|---------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Capital expenditure | | |
| – Exploration and production | 10,762 | 6,870 |
| – Refining | 4,610 | 3,672 |
| – Marketing and distribution | 5,373 | 2,500 |
| – Chemicals | 2,635 | 2,594 |
| – Corporate and others | 307 | 317 |
| | <u>23,687</u> | <u>15,953</u> |
| Depreciation, depletion and amortisation | | |
| – Exploration and production | 27,302 | 32,097 |
| – Refining | 9,320 | 8,669 |
| – Marketing and distribution | 8,010 | 7,575 |
| – Chemicals | 6,398 | 5,970 |
| – Corporate and others | 872 | 906 |
| | <u>51,902</u> | <u>55,217</u> |
| Impairment losses on long-lived assets | | |
| – Exploration and production | — | 3,487 |
| – Refining | 116 | 166 |
| – Chemicals | — | 309 |
| | <u>116</u> | <u>3,962</u> |

(2) Geographical information

The following tables set out information about the geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

| | Six-month periods ended 30 June | |
|---------------------------|---------------------------------|-------------------------|
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| External sales | | |
| Mainland China | 993,231 | 865,869 |
| Singapore | 159,709 | 113,658 |
| Others | 147,312 | 186,310 |
| | <u>1,300,252</u> | <u>1,165,837</u> |
| | | |
| | 30 June | 31 December |
| | 2018 | 2017 |
| | (Unaudited) | (Audited) |
| | RMB million | RMB million |
| Non-current assets | | |
| Mainland China | 955,052 | 979,329 |
| Others | 49,977 | 48,572 |
| | <u>1,005,029</u> | <u>1,027,901</u> |

9 Repurchase, Sale and Redemption of Shares

There is no purchase, sale or redemption by the Company of its listed securities during the reporting period.

10 Information on Appointment or Termination of Directors, Supervisors and Other Senior Management

On 29 January 2018, Mr. Wang Zhigang resigned from the positions as the Director, a member of the Strategy Committee of the Board and Senior Vice President of Sinopec Corp. due to his age.

On 29 January 2018, Mr. Zhang Haichao resigned from the positions as the Director, a member of the Strategy Committee of the Board and Senior Vice President of Sinopec Corp. due to his age.

On 7 February 2018, Mr. Liu Zhongyun resigned from the position as the Supervisor of Sinopec Corp. due to change of working arrangement.

On 8 February 2018, Mr. Ling Yiqun was appointed as Senior Vice President of Sinopec Corp.

On 8 February 2018, Mr. Liu Zhongyun was appointed as Senior Vice President of Sinopec Corp.

On 8 February 2018, Mr. Zhao Rifeng was appointed as Vice President of Sinopec Corp.

On 15 May 2018, the members of the Seventh Session of the Board of Directors (the “**Board**”) and the Board of Supervisors (non-employee representative supervisors) were elected at the 2017 general meeting of shareholders. The 1st meeting of the Seventh Session of the Board elected Chairman of the Board and appointed members of senior management. The 1st meeting of the Seventh Session of the Board of Supervisors elected Chairman of the Board of Supervisors. The changes of the directors, supervisors and other senior management are as follows:

Board of Directors: Mr. Dai Houliang was elected as Executive Director and Chairman of the Board. Mr. Li Yunpeng, Mr. Jiao Fangzheng, Mr. Ma Yongsheng, Mr. Ling Yiqun, Mr. Liu Zhongyun and Mr. Li Yong were elected as Directors¹. Mr. Tang Min, Mr. Fan Gang, Mr. Cai Hongbin and Mr. Ng. Kar Ling Johnny were elected as Independent Non-executive Directors². Mr. Jiang Xiaoming and Mr. Andrew Y. Yan were no longer the Independent Non-executive Directors of the Board.

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1. *Details of the voting results: Mr. Dai Houliang, the number of votes for: 98,327,965,737, the number of votes against: 2,373,420,289; Mr. Li Yunpeng, the number of votes for: 99,623,348,245, the number of votes against: 1,090,805,567; Mr. Jiao Fangzheng, the number of votes for: 100,353,898,314, the number of votes against: 363,211,304; Mr. Ma Yongsheng, the number of votes for: 100,353,893,914, the number of votes against: 363,215,704; Mr. Ling Yiqun, the number of votes for: 100,324,729,260, the number of votes against: 392,386,558; Mr. Liu Zhongyun, the number of votes for: 100,384,201,564, the number of votes against: 332,888,054; and Mr. Li Yong, the number of votes for: 100,384,806,265, the number of votes against: 332,462,154.*
 2. *Details of the voting results: Mr. Tang Min, the number of votes for: 100,664,989,973, the number of votes against: 100,340,074; Mr. Fan Gang, the number of votes for: 100,661,892,674, the number of votes against: 100,297,174; Mr. Cai Hongbin, the number of votes for: 100,694,048,223, the number of votes against: 68,135,424; Mr. Ng, Kar Ling Johnny, the number of votes for: 100,694,136,833, the number of votes against: 68,138,424.*

Board of Supervisors: Mr. Zhao Dong was elected as the Chairman of Board of Supervisors. Mr. Jiang Zhenying, Mr. Yang Changjiang, Mr. Zhang Baolong and Mr. Zou Huiping were elected as Supervisors³. Mr. Zhou Hengyou, Mr. Yu Renming and Mr. Yu Xizhi were elected as Employee Representative Supervisors.

On 7 June 2018, Mr. Jiao Fangzheng resigned from the positions as the Director, a member of the Strategy Committee of the Board and Senior Vice President of Sinopec Corp. due to change of working arrangement.

11 Compliance with the Model Code

As required by the Hong Kong Stock Exchange, Sinopec Corp. has formulated the Rules Governing Shares and Changes in Shares Held by Company Directors, Supervisors and Senior Management and the Model Code of Securities Transactions by Company Employees (together, the “**Rules and the Code**”) to stipulate securities transaction by relevant employees. The standards of the Rules and the Code are no less strict than those set out in the Model Code. Upon the specific inquiries made by Sinopec Corp. of all the directors confirmed that they have complied with the required standards of the Model Code as well as those set out in the Rules and the Code during the reporting period.

12 Compliance with the Corporate Governance Code

During the reporting period, Sinopec Corp. has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Hong Kong Listing Rules.

13 Review of the Interim Report and the Interim Financial Statements

The Audit Committee of Sinopec Corp. has reviewed and confirmed the 2018 interim report and the interim financial statements of Sinopec Corp.

3. *Details of the voting results: Mr. Zhao Dong, the number of votes for: 100,551,358,588, the number of votes against: 207,778,667; Mr. Jiang Zhenying, the number of votes for: 99,583,055,917, the number of votes against: 1,170,432,704; Mr. Yang Changjiang, the number of votes for: 99,583,000,317, the number of votes against: 1,170,482,104; Mr. Zhang Baolong, the number of votes for: 99,583,026,517, the number of votes against: 1,170,455,904; Mr. Zou Huiping, the number of votes for: 100,545,201,289, the number of votes against: 210,116,967.*

14 The 2018 interim report of Sinopec Corp. containing all the information required under paragraphs 37 to 44 of Appendix 16 to the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange.

This announcement is published in both English and Chinese. If there is any inconsistency between the two versions, the Chinese version shall prevail.

By Order of the Board
China Petroleum & Chemical Corporation
Dai Houliang
Chairman

Beijing, the PRC, 24 August 2018

As of the date of this announcement, directors of the Company are: Dai Houliang[#], Li Yunpeng^{}, Ma Yongsheng[#], Ling Yiqun[#], Liu Zhongyun[#], Li Yong^{*}, Tang Min⁺, Fan Gang⁺, Cai Hongbin⁺, Ng, Kar Ling Johnny⁺*

[#] *Executive Director*

^{*} *Non-executive Director*

⁺ *Independent Non-executive Director*