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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)

Overseas Regulatory Announcement

First Quarterly Report for 2017

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By Order of the Board

China Petroleum & Chemical Corporation

Huang Wensheng

Vice President and Secretary to the Board of Directors

Beijing, the PRC,

27 April 2017

As of the date of this notice, directors of Sinopec Corp. are: Wang Yupu^{}, Dai Houliang[#], Wang Zhigang[#], Zhang Haichao[#], Jiao Fangzheng[#], Ma Yongsheng[#], Jiang Xiaoming⁺, Andrew Y. Yan⁺, Tang Min⁺ and Fan Gang⁺.*

[#] *Executive Director*

^{*} *Non-executive Director*

⁺ *Independent Non-executive Director*



中国石化
SINOPEC

China Petroleum & Chemical Corporation
The First Quarterly Report for 2017

27 April 2017
Beijing, China

1 Important notice

- 1.1 The Board of Directors, the Supervisory Board of China Petroleum & Chemical Corporation ("Sinopec Corp." or the "Company") and its directors, supervisors and senior management warrant that there are no material omissions, misrepresentations or misleading statements contained in this report and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 The first quarterly report for 2017 was approved at the 13th meeting of the Sixth Session of the Board of Directors of Sinopec Corp. All the directors attended this meeting.
- 1.3 Mr. Wang Yupu, Chairman of the Board of Directors, Mr. Dai houliang, Vice Chairman and President, Mr. Wang Dehua, Chief Financial Officer and Head of the Corporate Finance Department of Sinopec Corp. warrant the authenticity, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements in this quarterly report were not audited.

2 Basic information of Sinopec Corp.

2.1 Principal financial data and indicators

2.1.1 Principal financial data and indicators prepared in accordance with China Accounting Standards for Business Enterprises (ASBE)

Units: RMB million

| | As of 31 March 2017 | As of 31 December 2016 | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|------------------------|---------------------------|--|
| Total assets | 1,478,917 | 1,498,609 | (1.3) |
| Total equity attributable to equity shareholders of the Company | 728,618 | 712,232 | 2.3 |

| | Three months | | Changes over the same period of the preceding year (%) |
|---|--------------|---------|--|
| | 2017 | 2016 | |
| Net cash flow from operating activities | 13,276 | 34,285 | (61.3) |
| Operating income | 582,185 | 414,061 | 40.6 |
| Net profit attributable to equity shareholders of the Company | 16,633 | 6,190 | 168.7 |
| Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses | 16,540 | 6,403 | 158.3 |
| Weighted average return on net assets (%) | 2.31 | 0.97 | 1.34 percentage points |
| Basic earnings per share (RMB) | 0.137 | 0.051 | 168.6 |
| Diluted earnings per share (RMB) | 0.137 | 0.051 | 168.6 |

| Extraordinary gain/loss items | During the reporting period |
|---|------------------------------|
| | (gains)/losses (RMB million) |
| Net loss on disposal of non-current assets | 16 |
| Donations | 9 |
| Government grants | (209) |
| Loss on holding and disposal of various investments | (49) |
| Other extraordinary income and expenses, net | 100 |
| Subtotal | (133) |
| Tax effect | 33 |
| Total | (100) |
| Equity shareholders of the Company | (93) |
| Minority interests | (7) |

2.1.2 Principal financial data and indicators prepared in accordance with International Financial Reporting standards (IFRS)

Units: RMB million

| | As of 31 March 2017 | As of 31 December 2016 | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|--------------------------------|-----------------------------------|--|
| Total assets | 1,478,917 | 1,498,609 | (1.3) |
| Total equity attributable to owners of the Company | 727,404 | 710,994 | 2.3 |

| | Three months | | Changes over the same period of the preceding year (%) |
|--|---------------------|-------------|---|
| | 2017 | 2016 | |
| Net cash generated from operating activities | 13,276 | 34,285 | (61.3) |
| Operating profit | 25,435 | 13,027 | 95.2 |
| Net profit attributable to owners of the Company | 17,199 | 6,668 | 157.9 |
| Basic earnings per share (RMB) | 0.142 | 0.055 | 158.2 |
| Diluted earnings per share (RMB) | 0.142 | 0.055 | 158.2 |
| Return on net assets (%) | 2.36 | 0.94 | 1.42 percentage points |

2.2 Total number of shareholders and top ten shareholders at the end of the reporting period

| Total number of shareholders at the end of the reporting period | Total number of shareholders was 581,908, including 575,729 holders of domestic A shares and 6,179 holders of overseas H shares. | | | |
|---|--|----------------|--|-----------------------|
| Top ten shareholders | | | | |
| Name of shareholders | Total number of shares held | Percentage (%) | Number of shares subject to pledge or lock-ups | Nature of shareholder |
| China Petrochemical Corporation | 85,792,671,101 | 70.86 | 0 | State-owned share |
| HKSCC (Nominees) Limited ¹ | 25,379,488,185 | 20.96 | Unknown | H share |
| 中国证券金融股份有限公司 | 1,837,422,477 | 1.52 | 0 | A share |
| 香港中央结算有限公司 | 425,075,019 | 0.35 | 0 | A share |
| 中央汇金资产管理有限责任公司 | 322,037,900 | 0.27 | 0 | A share |
| 工银瑞信基金—工商银行—特定客户资产管理 | 143,920,994 | 0.12 | 0 | A share |
| 国泰君安证券股份有限公司 | 131,912,706 | 0.11 | 0 | A share |
| 交通银行股份有限公司—汇丰晋信双核策略混合型证券投资基金 | 91,105,218 | 0.08 | 0 | A share |
| 长江证券股份有限公司 | 80,057,295 | 0.07 | 0 | A share |
| 交通银行股份有限公司—汇丰晋信大盘股票型证券投资基金 | 78,296,296 | 0.06 | 0 | A share |

Note 1 Sinopec Century Bright Capital Investment Limited, overseas wholly-owned subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, which is included in the total number of the shares held by HKSCC (Nominees) Limited.

2.3 Review of operating results

In the first quarter of 2017, the global economy recovered moderately, and Chinese economy got off to a good start with GDP up by 6.9%. International crude oil prices fluctuated within a narrow range, to which domestic refined oil prices were adjusted in a timely manner.

Focusing on enhancing growth quality, improving profitability and asset upgrading, the Company endeavoured to coordinate all aspects of work, mainly emphasising on cost reduction, market expansion, structural adjustments, consolidating growth basis and reforms, which resulted in notable good operating results. In accordance with ASBE, net profit attributable to equity shareholders of the Company was RMB 16.633 billion in the first quarter, up by 168.7% compared with the same period last year. In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 17.199 billion, up by 157.9% compared with the same period last year.

Exploration and Production: The Company gave priority to high-efficiency exploration with efforts on enhancing progressive exploration and reservoir appraisal and made new oil discoveries in Shunbei area in Xinjiang, as well as new natural gas findings in Sichuan basin. In development, we adopted a profit-oriented approach, adjusting development activities and enhancing cost discipline. Our production of natural gas increased and Phase Two Fuling shale gas development project was progressed according to the plan. In the first quarter, the oil and gas production of the Company was 111.93 million barrels of oil equivalent, declined by 2.4%, out of which crude oil output down by 9.2% while natural gas up by 12.8%, compared with the same period last year. Exploration and Production Segment had an operating loss of RMB 5.764 billion, less than by RMB 6.762 billion compared with the same period last year.

Refining: The Company implemented market-oriented strategy, optimised resource allocation and managed to lower the purchasing cost of crude oil. We adjusted product mix and increased output of gasoline and kerosene with diesel-to-gasoline ratio further declining. We actively responded to challenges of abundant market supply by moderately increasing export of oil products and as a result, maintained our high utilisation rate. We brought our centralised marketing advantages fully into play to further improve margins of asphalt, lubricant, LPG and other products. We accelerated the quality upgrading of GB VI refined oil products and GB V regular diesel. In the first quarter, refinery throughput grew by 3.1% and refined oil products production grew by 1.9%, among which gasoline up by 2.8%, kerosene up by 7.1% and diesel down by 0.7% over the same period last year. Refining Segment realised an operating profit of RMB 16.754 billion, up by 24.6% compared with the same period last year.

Marketing and Distribution: The Company intensified marketing strategy of balancing profits and volume with priority on profits and gave full play of our advantages in integrated operation and marketing network, as well as optimising internal and external resources and adjusting marketing tactics, to maintain total sales volume of refined oil products stable. We improved our marketing network through planning and construction of service stations as well as revamping storage and transportation facilities of refined oil products. In the first quarter, total sales volume of refined oil products was 47.44 million tonnes, up by 0.5% over the same period last year. Total domestic sales volume of refined oil products was 41.94 million tonnes, down by 3.1%. We accelerated the

development of emerging business of which transaction volume reached RMB 13.48 billion, up by 51.3% compared with the same period last year. The operating profit of Marketing and Distribution Segment was RMB 9.161 billion, up by 19.1% compared with the same period last year.

Chemicals: The Company fine-tuned its alignment among feedstock, facilities and product mix to raise profitability. We seized market opportunity of strong profitability from ethylene and ethylene derivative products, optimised operations of facilities, increased production of products well received in the market and high-value-added products, as well as enhanced R&D, production and promotion efforts on high-value-added products with specialty and new products as a percentage of synthetic resins reaching 61.1% and differential ratio of synthetic fiber reaching 88.2%. We implemented differentiated marketing strategies through bringing our advantages in distribution network into full play. In the first quarter, ethylene production reached 2.941 million tonnes, up by 4.2%, chemical sales volume was 18.592 million tonnes, up by 19.0% over the same period last year. The operating profit of Chemicals Segment was RMB 8.509 billion, up by 87.0% compared with the same period last year.

Summary of Principal Operating Results for the First Quarter

| Operating data | Unit | For three-month period ended 31 March | | Changes (%) |
|--|-------------------------|---------------------------------------|--------|--------------------------|
| | | 2017 | 2016 | |
| Exploration and production | | | | |
| Oil and gas production ¹ | million boe | 111.93 | 114.68 | (2.40) |
| Crude oil production | million barrels | 72.08 | 79.42 | (9.24) |
| China | million barrels | 60.67 | 66.35 | (8.56) |
| Overseas | million barrels | 11.41 | 13.07 | (12.70) |
| Natural gas production | billion cubic feet | 238.35 | 211.36 | 12.77 |
| Realised crude oil price | USD/barrel | 49.09 | 27.06 | 81.41 |
| Realised natural gas price | USD/thousand cubic feet | 5.00 | 5.47 | (8.59) |
| Refining² | | | | |
| Refinery throughput | million tonnes | 58.95 | 57.18 | 3.10 |
| Gasoline, diesel and kerosene production | million tonnes | 37.03 | 36.33 | 1.93 |
| Gasoline | million tonnes | 14.31 | 13.92 | 2.80 |
| Diesel | million tonnes | 16.21 | 16.32 | (0.67) |
| Kerosene incl. jet fuel | million tonnes | 6.51 | 6.08 | 7.07 |
| Light chemical feedstock | million tonnes | 9.97 | 9.74 | 2.36 |
| Light product yield | % | 76.30 | 77.05 | (0.75) percentage points |
| Refining yield | % | 95.29 | 94.93 | 0.36 percentage points |
| Marketing and Distribution | | | | |
| Total sales volume of refined oil products | million tonnes | 47.44 | 47.21 | 0.49 |

| Operating data | Unit | For three-month period ended 31 March | | Changes (%) |
|---|-----------------|---------------------------------------|--------|-------------|
| | | 2017 | 2016 | |
| Total domestic sales of refined oil products | million tonnes | 41.94 | 43.29 | (3.12) |
| Retail | million tonnes | 28.63 | 29.66 | (3.47) |
| Direct sales & Distribution | million tonnes | 13.31 | 13.63 | (2.35) |
| Total number of Sinopec-branded service stations ³ | stations | 30,752 | 30,603 | 0.49 |
| Company-operated | stations | 30,746 | 30,597 | 0.49 |
| Throughput per station ⁴ | tonnes | 3,725 | 3,879 | (3.97) |
| Chemicals² | | | | |
| Ethylene | thousand tonnes | 2,941 | 2,823 | 4.18 |
| Synthetic resin | thousand tonnes | 4,074 | 3,840 | 6.09 |
| Synthetic rubber | thousand tonnes | 227 | 205 | 10.73 |
| Monomers and polymers for synthetic fiber | thousand tonnes | 2,424 | 2,328 | 4.12 |
| Synthetic fiber | thousand tonnes | 308 | 311 | (0.96) |

Note:

1. Conversion: for domestic production of crude oil, 1 tonne = 7.10 barrels; for overseas production of crude oil, 1 tonne=7.21 barrels; for production of natural gas, 1 cubic meter = 35.31 cubic feet.
2. Including 100% production of domestic joint ventures.
3. The number of service stations in 2016 was the number as of 31 December 2016.
4. Throughput per station was annualised.

Capital expenditure: The Company continued to focus on quality and profitability with total capital expenditures of RMB 2,716 million in the first quarter. Capital expenditures for exploration and production segment were RMB 1,461 million, mainly for Fuling shale gas development projects, LNG terminal projects and overseas projects. Capital expenditures for refining segment were RMB 804 million, mainly for building of Zhongke refining-chemical base, structural adjustment and GB VI quality upgrading of gasoline and diesel. Capital expenditures for marketing and distribution segment were RMB 180 million, mainly for depots and storage facilities, pipeline network and service stations. Capital expenditures for chemical segment were RMB 225 million, mainly for Zhongke refining-chemical base and Hainan aromatics project. Capital expenditure for corporate and others were RMB 46 million, mainly for R&D and information technology projects.

3 Significant events

3.1 Significant changes in major items contained in the consolidated financial statements prepared in accordance with ASBE and the reasons for such changes.

| Items of Consolidated Balance Sheet | As of 31 March 2017 | As of 31 December 2016 | Increase/(decrease) | | Main reasons for changes |
|-------------------------------------|---------------------|------------------------|---------------------|------------|---|
| | | | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Prepayments | 4,915 | 3,749 | 1,166 | 31.1 | Increase of natural gas procurement and rent of service stations. |
| Short-term debentures payable | 0 | 6,000 | (6,000) | (100.0) | Repayment of RMB 6 billion super short-term financing paper in the first quarter this year. |
| Specific reserve | 1,245 | 765 | 480 | 62.7 | Increase in unused safety production fund. |

| Items of consolidated income statement | For three-month period ended 31 March | | Increase/(decrease) | | Main reasons for changes |
|--|---------------------------------------|-------------|---------------------|------------|---|
| | 2017 | 2016 | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Operating income | 582,185 | 414,061 | 168,124 | 40.6 | Significant increase in price of crude oil and petrochemical products, and increase in sales of petrochemical products compared with same period last year. |
| Operating costs | 466,318 | 313,495 | 152,823 | 48.7 | Increase in prices of crude oil and refined oil products purchased by the Company. |
| Financial expenses | 827 | 1,826 | (999) | (54.7) | Decrease of interest expense as a result of decrease in interest bearing debt, and increase of interest income as a result of increase in cash at bank and on hand. |
| Investment income | 3,944 | 1,375 | 2,569 | 186.8 | Increase of profit of joint ventures and associates of the company compared with the same period last year. |
| Profit before taxation | 27,980 | 12,216 | 15,764 | 129.0 | With significant increase of international crude oil price, upstream segment reduced losses; and growing demand for middle and downstream products helped to increase profitability as compared with the same period last year. |
| Income tax expense | 6,297 | 3,181 | 3,116 | 98.0 | Increase of profit of the Company compared with the same period last year. |

| Items of consolidated cash flow statement | For three-month period ended 31 March | | Increase/(decrease) | | Main reasons for changes |
|---|---------------------------------------|-------------|---------------------|------------|--|
| | 2017 | 2016 | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Net cash flow from operating activities | 13,276 | 34,285 | (21,009) | (61.3) | Increase of net occupation of working capital due to increase of crude oil price etc. compared with the same period last year. |

| Items of consolidated cash flow statement | For three-month period ended 31 March | | Increase/(decrease) | | Main reasons for changes |
|---|---------------------------------------|-------------|---------------------|------------|--|
| | 2017 | 2016 | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Cash received from returns on investments | 357 | 3,120 | (2,763) | (88.6) | Increase of recovery of entrusted loans in the first quarter last year. |
| Net cash received from the disposal of subsidiaries and other business entities | 0 | 2,027 | (2,027) | (100.0) | Cash received from disposal of Jingtian Company in the first quarter last year. |
| Cash paid for acquisition of investments | (1,668) | (11,934) | 10,266 | (86.0) | Increase of financial assets measured at fair value with the sum of RMB 11 billion in the first quarter last year. |
| Other cash paid relating to investing activities | (6,925) | (5) | (6,920) | - | Increase of 3-month time deposits. |
| Cash flows from financing activities | (5,131) | (14,208) | 9,077 | (63.9) | Decrease of mature debts during the reporting period. |

3.2 This quarterly results announcement is published in both Chinese and English languages. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

By Order of the Board

Chairman

Wang Yupu

27 April 2017

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4. Appendix

4.1 Quarterly financial statements prepared under China Accounting Standards for Business Enterprises (“ASBE”)

Consolidated Balance Sheet

as at 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2017 | At 31 December 2016 |
|---|------------------|---------------------|
| Current assets: | | |
| Cash at bank and on hand | 135,050 | 142,497 |
| Bills receivable | 13,425 | 13,197 |
| Accounts receivable | 56,265 | 50,289 |
| Prepayments | 4,915 | 3,749 |
| Other receivables | 23,408 | 25,596 |
| Inventories | 159,934 | 156,511 |
| Other current assets | 19,702 | 20,422 |
| Total current assets | 412,699 | 412,261 |
| Non-current assets: | | |
| Available-for-sale financial assets | 11,521 | 11,408 |
| Long-term equity investments | 120,161 | 116,812 |
| Fixed assets | 671,709 | 690,594 |
| Construction in progress | 123,242 | 129,581 |
| Intangible assets | 86,246 | 85,023 |
| Goodwill | 6,346 | 6,353 |
| Long-term deferred expenses | 13,274 | 13,537 |
| Deferred tax assets | 8,112 | 7,214 |
| Other non-current assets | 25,607 | 25,826 |
| Total non-current assets | 1,066,218 | 1,086,348 |
| Total assets | 1,478,917 | 1,498,609 |
| Current liabilities: | | |
| Short-term loans | 29,748 | 30,374 |
| Bills payable | 6,039 | 5,828 |
| Accounts payable | 158,158 | 174,301 |
| Advances from customers | 95,104 | 95,928 |
| Employee benefits payable | 3,621 | 1,618 |
| Taxes payable | 44,431 | 52,886 |
| Other payables | 66,124 | 79,636 |
| Short-term debentures payable | - | 6,000 |
| Non-current liabilities due within one year | 36,750 | 38,972 |
| Total current liabilities | 439,975 | 485,543 |
| Non-current liabilities: | | |
| Long-term loans | 67,858 | 62,461 |
| Debentures payable | 54,887 | 54,985 |

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| | | |
|--|-----------|-----------|
| Provisions | 39,706 | 39,298 |
| Deferred tax liabilities | 6,967 | 7,661 |
| Other non-current liabilities | 15,917 | 16,136 |
| Total non-current liabilities | 185,335 | 180,541 |
| Total liabilities | 625,310 | 666,084 |
| Shareholders' equity: | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 119,527 | 119,525 |
| Other comprehensive income | (1,661) | (932) |
| Specific reserve | 1,245 | 765 |
| Surplus reserves | 196,640 | 196,640 |
| Retained earnings | 291,796 | 275,163 |
| Total equity attributable to shareholders of the Company | 728,618 | 712,232 |
| Minority interests | 124,989 | 120,293 |
| Total shareholders' equity | 853,607 | 832,525 |
| Total liabilities and shareholders' equity | 1,478,917 | 1,498,609 |

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

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Balance Sheet

as at 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2017 | At 31 December 2016 |
|---|------------------|---------------------|
| Current assets: | | |
| Cash at bank and on hand | 95,197 | 98,250 |
| Bills receivable | 756 | 471 |
| Accounts receivable | 34,493 | 38,332 |
| Prepayments | 2,894 | 3,454 |
| Other receivables | 49,366 | 45,643 |
| Inventories | 38,358 | 46,942 |
| Other current assets | 31,585 | 32,743 |
| Total current assets | 252,649 | 265,835 |
| Non-current assets: | | |
| Available-for-sale financial assets | 297 | 297 |
| Long-term equity investments | 270,484 | 268,451 |
| Fixed assets | 360,387 | 373,020 |
| Construction in progress | 47,315 | 49,277 |
| Intangible assets | 7,802 | 7,913 |
| Long-term deferred expenses | 1,745 | 1,980 |
| Deferred tax assets | 1,123 | - |
| Other non-current assets | 11,023 | 10,952 |
| Total non-current assets | 700,176 | 711,890 |
| Total assets | 952,825 | 977,725 |
| Current liabilities: | | |
| Short-term loans | 6,321 | 9,256 |
| Bills payable | 2,814 | 2,761 |
| Accounts payable | 64,973 | 75,787 |
| Advances from customers | 2,546 | 2,360 |
| Employee benefits payable | 1,443 | 312 |
| Taxes payable | 27,718 | 32,423 |
| Other payables | 106,288 | 113,841 |
| Short-term debentures payable | - | 6,000 |
| Non-current liabilities due within one year | 35,935 | 38,082 |
| Total current liabilities | 248,038 | 280,822 |
| Non-current liabilities: | | |
| Long-term loans | 63,881 | 58,448 |
| Debentures payable | 36,000 | 36,000 |
| Provisions | 30,125 | 29,767 |
| Deferred tax liabilities | - | 505 |
| Other non-current liabilities | 2,461 | 2,607 |
| Total non-current liabilities | 132,467 | 127,327 |

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| | | |
|--|---------|---------|
| Total liabilities | 380,505 | 408,149 |
| Shareholders' equity: | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 68,769 | 68,769 |
| Other comprehensive income | 339 | 263 |
| Specific reserve | 653 | 393 |
| Surplus reserves | 196,640 | 196,640 |
| Retained earnings | 184,848 | 182,440 |
| Total shareholders' equity | 572,320 | 569,576 |
| Total liabilities and shareholders' equity | 952,825 | 977,725 |

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

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Consolidated Income Statement

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| I. Total operating income | 582,185 | 414,061 |
| II. Total operating costs | 558,233 | 403,110 |
| Including: Operating costs | 466,318 | 313,495 |
| Sales taxes and surcharges | 58,169 | 55,101 |
| Selling and distribution expenses | 12,429 | 11,869 |
| General and administrative expenses | 17,911 | 18,621 |
| Financial expenses | 827 | 1,825 |
| Exploration expenses, including dry holes | 2,276 | 2,152 |
| Impairment losses | 303 | 47 |
| Add: Loss from changes in fair value | - | (2) |
| Investment income | 3,944 | 1,375 |
| III. Operating profit | 27,896 | 12,324 |
| Add: Non-operating income | 416 | 371 |
| Less: Non-operating expenses | 332 | 479 |
| IV. Profit before taxation | 27,980 | 12,216 |
| Less: Income tax expense | 6,297 | 3,181 |
| V. Net profit | 21,683 | 9,035 |
| Attributable to: | | |
| Equity shareholders of the Company | 16,633 | 6,190 |
| Minority interests | 5,050 | 2,845 |
| VI. Total other comprehensive income | (901) | 1,424 |
| <i>Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):</i> | | |
| Cash flow hedges | (570) | 954 |
| Available-for-sale financial assets | (9) | 1 |
| Share of other comprehensive income of associates and jointly controlled entities | 4 | 22 |
| Foreign currency translation differences | (326) | 447 |
| VII. Total comprehensive income | 20,782 | 10,459 |
| Attributable to: | | |
| Equity shareholders of the Company | 15,904 | 10,468 |
| Minority interests | 4,878 | (9) |
| VIII. Earnings per share: | | |
| (i) Basic earnings per share (RMB) | 0.137 | 0.051 |

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| | | |
|--------------------------------------|-------|-------|
| (ii)Diluted earnings per share (RMB) | 0.137 | 0.051 |
|--------------------------------------|-------|-------|

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

The First Quarterly Report for 2017

Income Statement

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| I. Operating income | 210,822 | 168,063 |
| Less: Operating costs | 158,751 | 117,829 |
| Sales taxes and surcharges | 38,558 | 39,828 |
| Selling and distribution expenses | 585 | 731 |
| General and administrative expenses | 9,425 | 10,202 |
| Financial expenses | 635 | 1,210 |
| Exploration expenses, including dry holes | 2,190 | 2,152 |
| Impairment losses | 279 | 20 |
| Add: Investment income | 2,860 | 1,637 |
| II. Operating profit | 3,259 | (2,272) |
| Add: Non-operating income | 141 | 174 |
| Less: Non-operating expenses | 208 | 264 |
| III. Profit before taxation | 3,192 | (2,362) |
| Less: Income tax expense | 784 | (557) |
| IV. Net profit | 2,408 | (1,805) |
| V. Total other comprehensive income | 76 | 839 |
| <i>Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):</i> | | |
| Cash flow hedges | 72 | 847 |
| Share of other comprehensive income/(loss) of associates and jointly controlled entities | 4 | (8) |
| VI. Total comprehensive income | 2,484 | (966) |

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

The First Quarterly Report for 2017

Consolidated Cash Flow Statement

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 662,996 | 493,696 |
| Refund of taxes and levies | 228 | 405 |
| Other cash received relating to operating activities | 16,280 | 17,867 |
| Sub-total of cash inflows | 679,504 | 511,968 |
| Cash paid for goods and services | (532,989) | (355,202) |
| Cash paid to and for employees | (13,802) | (13,376) |
| Payments of taxes and levies | (95,096) | (84,477) |
| Other cash paid relating to operating activities | (24,341) | (24,628) |
| Sub-total of cash outflows | (666,228) | (477,683) |
| Net cash flow from operating activities | 13,276 | 34,285 |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 357 | 3,120 |
| Cash received from returns on investments | 285 | 360 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 106 | 63 |
| Other cash received relating to investing activities | 1,455 | 487 |
| Net cash received from the disposal of subsidiaries and other business entities | - | 2,027 |
| Sub-total of cash inflows | 2,203 | 6,057 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (15,184) | (19,160) |
| Cash paid for acquisition of investments | (1,668) | (11,934) |
| Other cash paid relating to investing activities | (6,925) | (5) |
| Sub-total of cash outflows | (23,777) | (31,099) |
| Net cash flow from investing activities | (21,574) | (25,042) |
| III. Cash flows from financing activities: | | |
| Cash received from capital contributions | 42 | 172 |
| Including: Cash received from minority shareholders' capital contributions to subsidiaries | 42 | 102 |

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| | | |
|--|-----------|-----------|
| Cash received from borrowings | 139,881 | 147,150 |
| Sub-total of cash inflows | 139,923 | 147,322 |
| Cash repayments of borrowings | (144,028) | (157,930) |
| Cash paid for dividends, profits distribution or interest | (1,026) | (3,600) |
| Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders | (268) | (2,474) |
| Sub-total of cash outflows | (145,054) | (161,530) |
| Net cash flow from financing activities | (5,131) | (14,208) |
| IV.Effects of changes in foreign exchange rate | (55) | (88) |
| V.Net decrease in cash and cash equivalents | (13,484) | (5,053) |
| Add:Cash and cash equivalents at 1 January | 124,468 | 68,933 |
| VI.Cash and cash equivalents at 31 March | 110,984 | 63,880 |

Wang Yupu
Chairman
(Legal representative)

Dai Houliang
President

Wang Dehua
Chief Financial Officer

The First Quarterly Report for 2017

Cash Flow Statement

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 249,135 | 200,810 |
| Refund of taxes and levies | 38 | 281 |
| Other cash received relating to operating activities | 5,170 | 6,597 |
| Sub-total of cash inflows | 254,343 | 207,688 |
| Cash paid for goods and services | (166,951) | (120,444) |
| Cash paid to and for employees | (7,290) | (7,913) |
| Payments of taxes and levies | (58,535) | (53,848) |
| Other cash paid relating to operating activities | (13,745) | (18,126) |
| Sub-total of cash outflows | (246,521) | (200,331) |
| Net cash flow from operating activities | 7,822 | 7,357 |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 3,961 | 1,704 |
| Cash received from returns on investments | 1,497 | 6,243 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 490 | 507 |
| Net cash received from the disposal of subsidiaries and other business entities | - | 2,027 |
| Other cash received relating to investing activities | 543 | 219 |
| Sub-total of cash inflows | 6,491 | 10,700 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (7,028) | (11,065) |
| Cash paid for acquisition of investments | (4,390) | (14,899) |
| Other cash paid relating to investing activities | (2,730) | - |
| Sub-total of cash outflows | (14,148) | (25,964) |
| Net cash flow from investing activities | (7,657) | (15,264) |
| III. Cash flows from financing activities: | | |
| Cash received from borrowings | 50,244 | 64,441 |
| Sub-total of cash inflows | 50,244 | 64,441 |
| Cash repayments of borrowings | (55,946) | (66,683) |
| Cash paid for dividends or interest | (246) | (457) |
| Sub-total of cash outflows | (56,192) | (67,140) |
| Net cash flow from financing activities | (5,948) | (2,699) |
| IV. Net decrease in cash and cash equivalents | (5,783) | (10,606) |

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| | | |
|--|---------------|---------------|
| Add: Cash and cash equivalents at 1 January | 98,250 | 46,453 |
| V.Cash and cash equivalents at 31 March | 92,467 | 35,847 |

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

The First Quarterly Report for 2017

Segment Reporting

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| Income from principal operations | | |
| Exploration and production | | |
| External sales | 17,119 | 11,542 |
| Inter-segment sales | 19,104 | 10,413 |
| Subtotal | 36,223 | 21,955 |
| Refining | | |
| External sales | 32,676 | 22,592 |
| Inter-segment sales | 214,908 | 164,400 |
| Subtotal | 247,584 | 186,992 |
| Marketing and distribution | | |
| External sales | 290,119 | 237,058 |
| Inter-segment sales | 891 | 708 |
| Subtotal | 291,010 | 237,766 |
| Chemicals | | |
| External sales | 93,725 | 58,251 |
| Inter-segment sales | 13,084 | 8,893 |
| Subtotal | 106,809 | 67,144 |
| Corporate and others | | |
| External sales | 134,245 | 74,389 |
| Inter-segment sales | 99,064 | 59,029 |
| Subtotal | 233,309 | 133,418 |
| Elimination of inter-segment sales | (347,051) | (243,443) |
| Consolidated income from principal operations | 567,884 | 403,832 |
| Income from other operations | | |
| Exploration and production | 1,797 | 1,409 |
| Refining | 1,125 | 1,016 |
| Marketing and distribution | 7,333 | 4,745 |
| Chemicals | 3,793 | 2,712 |
| Corporate and others | 253 | 347 |
| Consolidated income from other operations | 14,301 | 10,229 |
| Consolidated operating income | 582,185 | 414,061 |
| Operating profit/(loss) | | |
| By segment | | |
| Exploration and production | (5,717) | (12,458) |
| Refining | 16,292 | 13,115 |
| Marketing and distribution | 9,007 | 7,653 |
| Chemicals | 8,449 | 4,484 |

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| | | |
|---------------------------------|---------|---------|
| Corporate and others | 1,048 | 1,152 |
| Elimination | (4,300) | (1,170) |
| Total segment operating profit | 24,779 | 12,776 |
| Investment income/(loss) | | |
| Exploration and production | 413 | (397) |
| Refining | 179 | 271 |
| Marketing and distribution | 547 | 232 |
| Chemicals | 2,400 | 1,115 |
| Corporate and others | 405 | 154 |
| Total segment investment income | 3,944 | 1,375 |
| Financial expenses | (827) | (1,825) |
| Loss from changes in fair value | - | (2) |
| Operating profit | 27,896 | 12,324 |
| Add: Non-operating income | 416 | 371 |
| Less: Non-operating expenses | 332 | 479 |
| Profit before taxation | 27,980 | 12,216 |

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4.2 Quarterly financial statements prepared under International Financial Reporting Standards (“IFRS”)

Consolidated Income Statement

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| Turnover and other operating revenues | | |
| Turnover | 567,884 | 403,832 |
| Other operating revenues | 14,301 | 10,229 |
| Subtotal | 582,185 | 414,061 |
| Operating expenses | | |
| Purchased crude oil, products and operating supplies and expenses | (438,807) | (287,801) |
| Selling, general and administrative expenses | (14,614) | (16,400) |
| Depreciation, depletion and amortization | (27,256) | (25,309) |
| Exploration expenses, including dry holes | (2,276) | (2,152) |
| Personnel expenses | (15,431) | (13,951) |
| Taxes other than income tax | (58,169) | (55,101) |
| Other operating expense, net | (197) | (320) |
| Total operating expenses | (556,750) | (401,034) |
| Operating profit | 25,435 | 13,027 |
| Finance costs | | |
| Interest expense | (2,084) | (2,509) |
| Interest income | 1,163 | 668 |
| Foreign currency exchange income, net | 94 | 16 |
| Net finance costs | (827) | (1,825) |
| Investment income | 52 | 35 |
| Share of profits less losses from associates and joint ventures | 3,892 | 1,515 |
| Profit before taxation | 28,552 | 12,752 |
| Tax expense | (6,297) | (3,181) |
| Profit for the period | 22,255 | 9,571 |
| Attributable to: | | |
| Owners of the Company | 17,199 | 6,668 |
| Non-controlling interests | 5,056 | 2,903 |
| Profit for the period | 22,255 | 9,571 |
| Earnings per share | | |
| Basic earnings per share (RMB) | 0.142 | 0.055 |
| Diluted earnings per share (RMB) | 0.142 | 0.055 |

The First Quarterly Report for 2017

Consolidated Statement of Comprehensive Income

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|--|--|
| Profit for the period | 22,255 | 9,571 |
| Total other comprehensive income | (901) | 1,424 |
| <i>Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):</i> | | |
| Cash flow hedges | (570) | 954 |
| Available-for-sale securities | (9) | 1 |
| Foreign currency translation differences | (326) | 447 |
| Share of other comprehensive income of associates and joint ventures | 4 | 22 |
| Total comprehensive income | 21,354 | 10,995 |
| Attributable to: | | |
| Owners of the Company | 16,470 | 10,946 |
| Non-controlling interests | 4,884 | 49 |

The First Quarterly Report for 2017

Consolidated Balance Sheet

as at 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2017 | At 31 December 2016 |
|--|------------------|---------------------|
| Non-current assets: | | |
| Property, plant and equipment, net | 671,709 | 690,594 |
| Construction in progress | 123,242 | 129,581 |
| Goodwill | 6,346 | 6,353 |
| Interest in associates | 67,879 | 66,116 |
| Interest in joint ventures | 52,282 | 50,696 |
| Available-for-sale financial assets | 11,521 | 11,408 |
| Deferred tax assets | 8,112 | 7,214 |
| Lease prepayments | 54,726 | 54,241 |
| Long-term prepayments and other non-current assets | 70,401 | 70,145 |
| Total non-current assets | 1,066,218 | 1,086,348 |
| Current assets: | | |
| Cash and cash equivalents | 110,984 | 124,468 |
| Time deposits with financial institutions | 24,066 | 18,029 |
| Trade accounts receivable | 56,265 | 50,289 |
| Bills receivable | 13,425 | 13,197 |
| Inventories | 159,934 | 156,511 |
| Prepaid expenses and other current assets | 48,025 | 49,767 |
| Total current assets | 412,699 | 412,261 |
| Current liabilities: | | |
| Short-term debts | 50,082 | 56,239 |
| Loans from Sinopec Group Company and fellow subsidiaries | 16,416 | 18,580 |
| Trade accounts payable | 158,158 | 174,301 |
| Bills payable | 6,039 | 5,828 |
| Accrued expenses and other payables | 198,357 | 224,544 |
| Income tax payable | 10,923 | 6,051 |
| Total current liabilities | 439,975 | 485,543 |
| Net current liabilities | (27,276) | (73,282) |
| Total assets less current liabilities | 1,038,942 | 1,013,066 |
| Non-current liabilities: | | |
| Long-term debts | 77,913 | 72,674 |
| Loans from Sinopec Group Company and fellow subsidiaries | 44,832 | 44,772 |
| Deferred tax liabilities | 6,967 | 7,661 |
| Provisions | 39,706 | 39,298 |
| Other long-term liabilities | 17,179 | 17,426 |
| Total non-current liabilities | 186,597 | 181,831 |

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| | | |
|--|---------|---------|
| Total net assets | 852,345 | 831,235 |
| Equity: | | |
| Share capital | 121,071 | 121,071 |
| Reserves | 606,333 | 589,923 |
| Total equity attributable to owners of the Company | 727,404 | 710,994 |
| Non-controlling interests | 124,941 | 120,241 |
| Total equity | 852,345 | 831,235 |

The First Quarterly Report for 2017

Consolidated Statement of Cash Flows
for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|---|---|
| Net cash generated from operating activities(a) | 13,276 | 34,285 |
| Investing activities | | |
| Capital expenditure | (14,278) | (17,681) |
| Exploratory wells expenditure | (906) | (1,479) |
| Purchase of investments, investments in associates and investments in joint ventures | (1,668) | (11,934) |
| Proceeds from disposal of investments and investments in associates, net | 357 | 5,147 |
| Proceeds from disposal of property, plant, equipment and other non-current assets | 106 | 63 |
| Decrease in time deposits with maturities over three months | (6,067) | (2) |
| Interest received | 597 | 484 |
| Investment and dividend income received | 285 | 360 |
| Net cash used in investing activities | (21,574) | (25,042) |
| Financing activities | | |
| Proceeds from bank and other loans | 139,881 | 147,150 |
| Repayments of bank and other loans | (144,028) | (157,930) |
| Distributions by subsidiaries to non-controlling interests | (268) | (2,474) |
| Contributions to subsidiaries from non-controlling interests | 42 | 172 |
| Interest paid | (758) | (1,126) |
| Net cash used in financing activities | (5,131) | (14,208) |
| Net decrease in cash and cash equivalents | (13,429) | (4,965) |
| Cash and cash equivalents at 1 January | 124,468 | 68,933 |
| Effect of foreign currency exchange rate changes | (55) | (88) |
| Cash and cash equivalents at 31 March | 110,984 | 63,880 |

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Note to consolidated statement of Cash Flows

(a) Reconciliation of profit before taxation to net cash generated from operating activities

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|---|---|---|
| Operating activities | | |
| Profit before taxation | 28,552 | 12,752 |
| Adjustments for: | | |
| Depreciation, depletion and amortization | 27,256 | 25,309 |
| Dry hole costs written off | 2,085 | 1,636 |
| Share of profits from associates and joint ventures | (3,892) | (1,515) |
| Investment income | (52) | (35) |
| Interest income | (1,163) | (668) |
| Interest expense | 2,084 | 2,509 |
| Loss on foreign currency exchange rate changes and derivative financial instruments | 414 | 118 |
| Loss on disposal of property, plant, equipment and other non-current assets, net | 16 | 5 |
| Impairment losses on assets | 303 | 47 |
| Operating profit before change of operating capital | 55,603 | 40,158 |
| Accounts receivable and other current assets | (5,336) | 16,588 |
| (Decrease)/increase of inventories | (3,423) | 6,931 |
| Accounts payable and other current liabilities | (30,717) | (24,751) |
| Subtotal | 16,127 | 38,926 |
| Income tax paid | (2,851) | (4,641) |
| Net cash generated from operating activities | 13,276 | 34,285 |

The First Quarterly Report for 2017

Segment Reporting

for the three-month periods ended 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Information of the company and its subsidiaries (the “Group”) reportable segments is as follows:

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|--|--|--|
| Turnover | | |
| Exploration and production | | |
| External sales | 17,119 | 11,542 |
| Inter-segment sales | 19,104 | 10,413 |
| Subtotal | 36,223 | 21,955 |
| Refining | | |
| External sales | 32,676 | 22,592 |
| Inter-segment sales | 214,908 | 164,400 |
| Subtotal | 247,584 | 186,992 |
| Marketing and distribution | | |
| External sales | 290,119 | 237,058 |
| Inter-segment sales | 891 | 708 |
| Subtotal | 291,010 | 237,766 |
| Chemicals | | |
| External sales | 93,725 | 58,251 |
| Inter-segment sales | 13,084 | 8,893 |
| Subtotal | 106,809 | 67,144 |
| Corporate and others | | |
| External sales | 134,245 | 74,389 |
| Inter-segment sales | 99,064 | 59,029 |
| Subtotal | 233,309 | 133,418 |
| Elimination of inter-segment sales | (347,051) | (243,443) |
| Turnover | 567,884 | 403,832 |
| Other operating revenues | | |
| Exploration and production | 1,797 | 1,409 |
| Refining | 1,125 | 1,016 |
| Marketing and distribution | 7,333 | 4,745 |
| Chemicals | 3,793 | 2,712 |
| Corporate and others | 253 | 347 |
| Other operating revenues | 14,301 | 10,229 |
| Turnover and other operating revenues | 582,185 | 414,061 |
| Result | | |
| Operating profit/(loss) | | |
| By segment | | |
| Exploration and production | (5,764) | (12,526) |
| Refining | 16,754 | 13,443 |
| Marketing and distribution | 9,161 | 7,690 |

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| | | |
|--|---------------|----------------|
| Chemicals | 8,509 | 4,551 |
| Corporate and others | 1,075 | 1,039 |
| Elimination | (4,300) | (1,170) |
| Total segment operating profit | 25,435 | 13,027 |
| Share of profits / (losses) from associates and joint ventures | | |
| Exploration and production | 413 | (406) |
| Refining | 182 | 275 |
| Marketing and distribution | 532 | 219 |
| Chemicals | 2,397 | 1,111 |
| Corporate and others | 368 | 316 |
| Aggregate share of profits from associates and joint ventures | 3,892 | 1,515 |
| Investment income | | |
| Exploration and production | - | 9 |
| Refining | (3) | (4) |
| Marketing and distribution | 15 | 13 |
| Chemicals | 3 | 4 |
| Corporate and others | 37 | 13 |
| Aggregate investment income | 52 | 35 |
| Net finance costs | (827) | (1,825) |
| Profit before taxation | 28,552 | 12,752 |

4.3 Differences between Consolidated Financial Statements prepared in accordance with the accounting policies complying with ASBE and IFRS (unaudited)

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Group's consolidated financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

(i) Government Grants

Under ASBE, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS, government grants relating to the purchase of fixed assets are recognized as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) Safety Production Fund

Under ASBE, safety production fund should be recognized in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS, payments are expensed as incurred, or capitalised as fixed assets and depreciated according to applicable depreciation methods.

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

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 31 March 2017 | Three-month periods ended 31 March 2016 |
|----------------------------------|--|--|
| Net profit under ASBE | 21,683 | 9,035 |
| Adjustments: | | |
| Government grants (i) | 28 | 29 |
| Safety production fund (ii) | 544 | 507 |
| Profit for the period under IFRS | 22,255 | 9,571 |

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

| Items | At 31 March 2017 | At 31 December 2016 |
|---------------------------------|------------------|---------------------|
| Shareholders' equity under ASBE | 853,607 | 832,525 |
| Adjustments: | | |
| Government grants(i) | (1,262) | (1,290) |
| Total equity under IFRS | 852,345 | 831,235 |

4.4 Restatement of prior period financial statements

Pursuant to the resolution passed at the Directors' meeting on October 29, 2015, the Company entered into the JV Agreement with Sinopec Assets Management Corporation ("SAMC") in relation to the formation of the Gaoqiao Petrochemical Co., Ltd. According to the JV Agreement, the Company and SAMC jointly set up Gaoqiao Petrochemical Co., Ltd. for RMB 100 million in cash in 2016. Subsequently, the Company subscribed capital contribution with the net assets of Gaoqiao Branch of the Company and SAMC subscribed capital contribution with the net assets of Gaoqiao Branch of SAMC. The capital contribution was completed on June 1, 2016, after which the Company held 55% of Gaoqiao Petrochemical Co., Ltd.'s voting rights and became the parent company of Gaoqiao Petrochemical Co., Ltd.

As Sinopec Group Company controls both the Group and SAMC, the non-cash transaction described above between Sinopec and SAMC has been accounted as business combination under the common control. Accordingly, the assets and liabilities of Gaoqiao Branch of SAMC have been accounted for at historical cost, and the consolidated financial statements of the Group prior to these acquisitions have been restated to include the results of operation and the assets and liabilities of Gaoqiao Branch of SAMC on a combined basis. The Group's operating results for the three months ended on 31 March 2016, which were disclosed in previous years, has been restated accordingly.