H K E C L T S E H K L

中国石油化工股份有限公司

CHINA PETROLEUM & CHEMICAL CORPORATION

3 Principal Financial Data and Indicators

3.1 Principal Financial Data and Indicators Prepared in Accordance with China Accounting Standards for Business Enterprises ("ASBE") for the year ended 31 December 2017 of the Company

Items	As at 31 December 2017 RMB million	As at 31 December 2016 RMB million	Changes from the end of the last year %	As at 31 December 2015 RMB million
T	1,595,504	1,498,609	6.47	1,447,268
T				
C	727,244	712,232	2.11	677,538

Items	Year ended 31 December 2017 RMB million	2016 RMB million	Changes over the same period of last year %	2015 RMB million
N				
	190,935	214,543	(11.00)	165,740
O	2,360,193	1,930,911	22.23	2,020,375
N				
C	51,119	46,416	10.13	32,281
N				
C				
/	45,582	29,713	53.41	28,901
	7.14	6.68	0.46	5.07
(%)				
B (RMB)	0.422	0.383	10.18	0.267
D (RMB)	0.422	0.383	10.18	0.267

(3) Marketing and distribution

I 2017, [illegible] C [illegible] I [illegible] 199 [illegible] 178 [illegible] 2.9% [illegible]

Summary of Operations for the Marketing and Distribution Segment

	2017	2016	2015	Change from 2016 to 2017 (%)
T [illegible] ([illegible])	198.75	194.84	189.33	2.0
T [illegible] ([illegible])	177.76	172.70	171.37	2.9
R [illegible] ([illegible])	121.56	120.14	119.03	1.2
D [illegible] ([illegible])	56.20	52.56	52.34	6.9
A [illegible] ([illegible])	3,969	3,926	3,896	1.1

	31 December 2017	31 December 2016	31 December 2015	Change from the end of the previous year to the end of the reporting period (%)
T [illegible] S [illegible]	30,633	30,603	30,560	0.1
N [illegible]	30,627	30,597	30,547	0.1

(4) **Chemicals**

I 2017, C [illegible] 11.61 [illegible], 5.0% [illegible] T C [illegible] 89.0% [illegible] 63.0%. B [illegible] 12.2% [illegible] 78.5 [illegible].

Summary of Operations for the Chemicals Segment

U : [illegible]

	2017	2016	2015	Change from 2016 to 2017 (%)
E [illegible]	11,610	11,059	11,118	5.0
S [illegible]	15,938	15,201	15,065	4.8
S [illegible]	848	857	843	(1.1)
S [illegible]	9,439	9,275	8,994	1.8
S [illegible]	1,220	1,242	1,282	(1.8)

N : I [illegible] 100% [illegible].

(5) Research and Development

I 2017, C [illegible] R&D [illegible] R&D [illegible] . I [illegible] S [illegible] S [illegible]

(7) Capital Expenditures

I 2017, [illegible] C [illegible] . T [illegible] RMB 99.384 [illegible] . C [illegible] RMB 31.344 [illegible] , [illegible] F [illegible] H [illegible] , S [illegible] N [illegible] , LNG [illegible] T [illegible] -23 [illegible] I [illegible] . C [illegible] RMB 21.075 [illegible] , [illegible] R [illegible] P [illegible] M [illegible] GB VI [illegible] . C [illegible] RMB 21.539 [illegible] , [illegible] . C [illegible] RMB 23.028 [illegible] , [illegible] R [illegible] P [illegible] II [illegible] H [illegible] - [illegible] , G [illegible] S [illegible] SECCO, [illegible] . C [illegible] RMB 2.398 [illegible] , [illegible] R&D [illegible] .

5.3 Business Prospects

(1) Market Outlook

L [illegible] 2018, [illegible] . M [illegible] , [illegible] C [illegible] , [illegible] B [illegible] R [illegible] I [illegible] , [illegible] B [illegible] - T [illegible] -H [illegible] R [illegible] E [illegible] B [illegible] . N [illegible] . I [illegible] 2018 [illegible] .

(2) Operations

I 2018, C [illegible] . T C [illegible] , [illegible] .

Exploration and Production: [illegible]

Refining: [illegible]

Marketing and Distribution: [illegible]

Research and Development: [illegible]

Capital Expenditures: I 2018, [illegible] RMB 117 [illegible] RMB 48.5 [illegible] RMB 28.8 [illegible] RMB 18.5 [illegible] RMB 17.7 [illegible] RMB 3.5 [illegible]

6. Management Discussion and Analysis

T [illegible] C [illegible] A R [illegible] P [illegible] IFRS, [illegible] T [illegible] -[illegible].

6.1 Consolidated Results of Operations

I 2017, C [illegible] RMB 2,360.2 [illegible], [illegible] 22.2% [illegible] 2016. T [illegible] RMB 86.7 [illegible], [illegible] 8.2%.

T [illegible] C [illegible]:

	Year ended 31 December		
	2017	**2016**	**Change (%)**
	RMB million	**RMB million**	
Turnover and other operating revenues	**2,360,193**	**1,930,911**	**22.2**
T [illegible]	2,300,470	1,880,190	22.4
O [illegible]	59,723	50,721	17.7
Operating expenses	**(2,288,723)**	**(1,853,718)**	**23.5**
P [illegible]	(1,770,651)	(1,379,691)	28.3
S [illegible]	(64,973)	(64,360)	1.0
D [illegible]	(115,310)	(108,425)	6.4
E [illegible]	(11,089)	(11,035)	0.5
P [illegible]	(74,854)	(63,887)	17.2
T [illegible]	(235,292)	(232,006)	1.4
O [illegible]	(16,554)	5,686	
Operating profit	**71,470**	**77,193**	**(7.4)**
N [illegible]	(1,560)	(6,611)	(76.4)
I [illegible]	16,787	9,569	75.4
Profit before taxation	**86,697**	**80,151**	**8.2**
T [illegible]	(16,279)	(20,707)	(21.4)
Profit for the year	**70,418**	**59,444**	**18.5**
Attributable to:			
O [illegible] C [illegible]	51,244	46,672	9.8
N [illegible]	19,174	12,772	50.1

(1) Turnover and other operating revenues

I 2017, C ' RMB 2,300.5 , 22.4% 2016. T . M , C ' .

T , , C ' 2017 2016:

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Year ended 31 December			Year ended 31 December		
	2017	2016	Change (%)	2017	2016	Change (%)
C	6,567	6,808	(3.5)	2,390	1,628	46.8
N , ( )	22,529	19,008	18.5	1,290	1,258	2.5
G	83,933	77,480	8.3	6,941	6,386	8.7
D	88,848	91,492	(2.9)	5,038	4,482	12.4
K	25,557	25,164	1.6	3,531	2,807	25.8
B	35,964	32,248	11.5	4,855	4,054	19.8
M	10,267	7,146	43.7	6,038	5,325	13.4
S	13,199	12,223	8.0	8,155	7,488	8.9
S	1,304	1,369	(4.7)	8,556	7,113	20.3
S	1,128	1,098	2.7	11,913	9,608	24.0
C	698	714	(2.2)	2,010	1,612	24.7

M , C . I 2017, , RMB 69.2 , 45.8% 2016. T , 2017.

I 2017, (,) R , S , M , D S , RMB 1,324.4 , 56.1% C ' , , 17.2% 2016, . T , , RMB 1120.4 , 14.8% 2016, , 84.6% . T RMB 204.0 , 31.8% 2016, , 15.4% .

C [illegible] C [illegible] S, [illegible] RMB 373.8 [illegible], [illegible] 31.5% [illegible] 2016, [illegible] 15.8% [illegible] C [illegible] [illegible] T [illegible] [illegible].

(2) Operating expenses

I 2017, C [illegible] RMB 2,288.7 [illegible], [illegible] 23.5% [illegible] 2016, [illegible] T [illegible]:

Purchased crude oil, products and operating supplies and expenses [illegible] RMB 1,770.7 [illegible], [illegible] 28.3% [illegible] 2016, [illegible] 77.4% [illegible]:

C [illegible] RMB 497.1 [illegible], [illegible] 33.0% [illegible] 2016. T [illegible] 2017 [illegible] 211.03 [illegible] ([illegible]), [illegible] 4.3% [illegible] 2016. T [illegible] RMB 2,655 [illegible], [illegible] 27.4% [illegible] 2016.

T C [illegible] RMB 300.5 [illegible], [illegible] 23.3% [illegible] 2016. T [illegible].

T C [illegible] RMB 503.9 [illegible], [illegible] 27.7% [illegible] 2016. T [illegible].

T C [illegible] RMB 469.2 [illegible], [illegible] 27.6% [illegible] 2016. T [illegible].

Selling, general and administrative expenses [illegible] RMB 65.0 [illegible], [illegible] 1.0% [illegible] 2016.

Depreciation, depletion and amortisation [illegible] RMB 115.3 [illegible], [illegible] RMB 6.9 [illegible] 6.4% [illegible] 2016. T [illegible] E [illegible] & D [illegible] S, [illegible] RMB 4.9 [illegible] 2016.

Exploration expenses [illegible] RMB 11.1 [illegible], [illegible] 0.5% [illegible]

Personnel expenses [illegible] RMB 74.9[illegible], [illegible] [illegible] [illegible] 17.2% [illegible] 2016. T[illegible] C[illegible], [illegible]. T[illegible] C[illegible]

6.2 Assets, Liabilities, Equity and Cash Flows

T [illegible] C [illegible] [illegible]- [illegible] [illegible]- [illegible]. T [illegible] [illegible], [illegible] [illegible] [illegible]- [illegible] [illegible]- [illegible].

(1) Assets, liabilities and equity

U : RMB [illegible]

	As of 31 December 2017	As of 31 December 2016	Change
T	1,595,504	1,498,609	96,895
C [illegible]	529,049	412,261	116,788
N - [illegible]	1,066,455	1,086,348	(19,893)
T	742,614	667,374	75,240
C [illegible]	579,446	485,543	93,903
N - [illegible]	163,168	181,831	(18,663)
T [illegible]			
[illegible] C [illegible]	726,120	710,994	15,126
S [illegible]	121,071	121,071	0
R [illegible]	605,049	589,923	15,126
N - [illegible]	126,770	120,241	6,529
T	852,890	831,235	21,655

A [illegible] 31 D [illegible] 2017, C [illegible] [illegible] RMB 1,595.5 [illegible], [illegible] RMB 96.9 [illegible] 2016, [illegible] :

C [illegible] RMB 529.0 [illegible], [illegible] RMB 116.8 [illegible] 2016, [illegible] RMB 30.2 [illegible] RMB 18.2 [illegible], [illegible] RMB 51.2 [illegible] RMB 33.8 [illegible].

N - [illegible] RMB 1,066.5 [illegible], [illegible] RMB 19.9 [illegible] 2016. T [illegible] ( ) RMB 39.8 [illegible] RMB 10.9 [illegible]. E [illegible] RMB 13.6 [illegible], [illegible] RMB 11.8 [illegible].

T C [illegible] RMB 742.6 [illegible], [illegible] RMB 75.2 [illegible] 2016, [illegible]:

C [illegible] RMB 579.4 [illegible], [illegible] RMB 93.9 [illegible] 2016. T [illegible] RMB 25.8 [illegible] RMB 54.7 [illegible].

N - [illegible] RMB 163.2 [illegible], [illegible] RMB 18.7 [illegible] 2016. T [illegible] - [illegible] RMB 16.9 [illegible].

T [illegible] C [illegible] RMB 726.1 [illegible], [illegible] RMB 15.1 [illegible] 2016, [illegible]

(2) Cash Flow

T [illegible] 2017 [illegible] 2016.

U : RMB [illegible]

Major items of cash flows	Year ended 31 December	
	2017	2016
N [illegible]	190,935	214,543
N [illegible]	(145,323)	(66,217)
N [illegible]	(56,509)	(93,047)

I 2017, [illegible] RMB 190.9 [illegible], [illegible] RMB 23.6 [illegible] 2016. T [illegible] [illegible].

I 2017, [illegible] RMB 145.3 [illegible], [illegible] RMB 79.1 [illegible] 2016. T [illegible] 3 [illegible] [illegible].

I 2017, [illegible] C [illegible] RMB 56.5 [illegible], [illegible] RMB 36.5 [illegible] 2016. T [illegible] [illegible].

A [illegible] 2017, [illegible] RMB 113.2 [illegible].

(3) Contingent Liabilities

P [illegible] M [illegible] G [illegible] C [illegible] T [illegible] P [illegible] S [illegible] E [illegible] A [illegible] R [illegible].

(4) Capital Expenditures

P [illegible] C [illegible] E [illegible] B [illegible] R [illegible] P [illegible] A [illegible] R [illegible].

(5) Research & development expenses and environmental expenditures

R [illegible] & [illegible] I 2017, [illegible] & [illegible] RMB 6.423 [illegible].

E [illegible] C [illegible] I 2017, C [illegible] RMB 7.851 [illegible].

(6) Measurement of fair values of derivatives and relevant system

T C [illegible] [illegible].

Items relevant to measurement of fair values U [illegible]: RMB [illegible]

Items	Beginning of the year	End of the year	Profits and losses from variation of fair values in the current year	Accumulated variation of fair values recorded as equity	Impairment loss provision of the current year	Funding source
F [illegible]						
[illegible]		51,196	196			S [illegible]
S [illegible] D		51,196	196			
A [illegible]	262	178		(9)		S [illegible]
S [illegible]	262	178		(9)		
D [illegible]	314	(522)	(353)			S [illegible]
C [illegible]	(4,024)	(1,617)	103	(1,314)		S [illegible]
Total	(3,448)	49,235	(54)	(1,323)		

6.3 Analysis of financial statements prepared under ASBE

(1) Under ASBE, the operating income and operating profit or loss by reportable segments were as follows:

	Year ended 31 December	
	2017	**2016**
	RMB million	**RMB million**
Operating income		
E [illegible] P[illegible] S [illegible]	157,505	115,939
R [illegible] S [illegible]	1,011,853	855,786
M [illegible] D [illegible] S [illegible]	1,224,197	1,052,857
C [illegible] S [illegible]	437,743	335,114
C [illegible] O [illegible]	974,850	739,947
E [illegible]	(1,445,955)	(1,168,732)
Consolidated operating income	**2,360,193**	**1,930,911**
Operating (loss)/profit		
E [illegible] P[illegible] S [illegible]	(47,399)	(58,531)
R [illegible] S [illegible]	64,047	55,808
M [illegible] D [illegible] S [illegible]	32,011	32,385
C [illegible] S [illegible]	22,796	20,769
C [illegible] O [illegible]	(3,160)	2,912
E [illegible]	(1,655)	1,581
F [illegible]	20,325	22,465
Consolidated operating profit	**86,965**	**77,389**
Net profit attributable to equity shareholders of the Company	**51,119**	**46,416**

Operating profit: I 2017, [illegible] C [illegible] RMB 87.0 [illegible], [illegible] RMB 9.6 [illegible] 2016.

Net profit: I 2017, [illegible] C [illegible] RMB 51.1 [illegible], [illegible] RMB 4.7 [illegible] 10.1% [illegible] 2016.

(2) Financial data prepared under ASBE

	As of 31 December 2017 RMB million	As of 31 December 2016 RMB million	Change
T	1,595,504	1,498,609	96,895
N -	161,988	180,541	(18,553)
S '	854,070	832,525	21,545

A 2017, C ' RMB 1,595.5 , RMB 96.9 2016. T RMB 116.8 .

A 2017, C ' - RMB 162.0 , RMB 18.6 2016. T - .

A 2017, ' C RMB 854.1 , RMB 21.5 2016. T C .

(3) The results of the principal operations by segments

Segments	Operation income RMB million	Operation cost RMB million	Gross profit margin* (%)	Increase/ (decrease) of operation income on a year-on-year basis (%)	Increase/ (decrease) of operation cost on a year-on-year basis (%)	Increase/ (decrease) of gross profit margin on a year-on-year basis (%)
E P	157,505	154,224	(3.5)	35.9	20.0	11.8
R	1,011,853	703,743	8.7	18.2	26.6	(0.4)
M D	1,224,197	1,127,374	7.6	16.3	17.2	(0.8)
C	437,743	386,111	11.2	30.6	33.3	(1.8)
C O	974,850	963,246	1.2	31.7	32.6	(0.6)
E	(1,445,955)	(1,444,300)	N/A	N/A	N/A	N/A

7. Report of the Board of Directors

7.1 Proposals for dividend distribution

A 17 , B , B , RMB 0.40 ( ) , , RMB 0.10 ( ) , , RMB 0.50 ( ) .

T 14 J 2018 (T) S C . 4 J 2018 (M). I H , H , H , K , R , L 1712-1716 17 F H C , 183 Q ' R E , C H , K , 4:30 . 28 M 2018 (M) , . T H , S C . 29 M 2018 (T) 4 J 2018 (M) ( ).

T RMB, , S , -H , K , S C P , RMB H , K , D T , H , K , D , RMB , H , K , D P ' B C .

I E I T L P ' R C 1 J 2008 , , S C . , 10% - , , , H S S C . A H S S C . HKSCC N L , , , , , -, . T , , , . I H S , , , . S C . , , , H S C . .

I H , K , M , 10% , , C , ,

S C . 10%. S HS 10% C , S C . 10%. I , HS (E A) 10% , S C . , S C . S C . . S HS 10% 20% C , S C . , . I HS 20% C , C , , S C . 20%.

P N T P R P P , S -H , K , S C (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) (C 2014 N . 81):

F HS S C . , S -H , K , S C P , , 20% . T

F H , K , S E , ( ) , A S S C . , S -H , K , S C

7.2 Core competitiveness analysis

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

[illegible]

7.3 Major suppliers and customers

D [illegible] C [illegible] 48.8% [illegible] C [illegible] 15.5% [illegible] C [illegible].

T [illegible] C [illegible] 2017 [illegible] RMB 159,918 [illegible] 6.8% [illegible] C [illegible] (S [illegible]) [illegible] RMB 87,349 [illegible] 3.7% [illegible]

D [illegible] C [illegible]. T [illegible] C [illegible] C [illegible] ' [illegible].

8 Financial statements

8.1 Auditors' opinion

F [illegible] □U [illegible] A [illegible]
A [illegible]' [illegible] S [illegible] □N [illegible]

8.2 Financial Statements

8.2.1 F [illegible] A [illegible] S [illegible]
B [illegible] E [illegible]

Consolidated and Parent Balance Sheets

U [illegible]:RMB [illegible]

Items	At 31 December 2017		At 31 December 2016	
Assets	Consolidated	Parent	Consolidated	Parent
Current assets				
C [illegible]	165,004	92,545	142,497	98,250
F [illegible]	51,196	48,179		
B [illegible]	16,207	157	13,197	471
A [illegible]	68,494	37,609	50,289	38,332
O [illegible]	16,467	63,820	25,596	45,643
P [illegible]	4,901	4,429	3,749	

Items	At 31 December 2017		At 31 December 2016	
	Consolidated	Parent	Consolidated	Parent
Liabilities and shareholders' equity				

Items	At 31 December 2017		At 31 December 2016	
	Consolidated	Parent	Consolidated	Parent
Liabilities and shareholders' equity				
Shareholders' equity				
S[illegible]	121,071	121,071	121,071	121,071
C[illegible]	119,557	68,789	119,525	68,769
O[illegible]	(4,413)	196	(932)	263
S[illegible]	888	482	765	393
S[illegible]	199,682	199,682	196,640	196,640
R[illegible]	290,459	177,049	275,163	182,440
Total equity attributable to shareholders of the Company	727,244	567,269	712,232	569,576
Minority interests	126,826		120,293	
Total shareholders' equity	854,070	567,269	832,525	569,576
Total liabilities and shareholders' equity	1,595,504	1,002,495	1,498,609	977,725

Consolidated and Parent Income Statement

U :RMB

Items	Year ended 31 December 2017 Consolidated	2017 Parent	2016 Consolidated	2016 Parent
Operating income	2,360,193	857,478	1,930,911	726,178
L : O	1,890,398	633,114	1,492,165	513,514
S	235,292	158,480	232,006	158,373
S	56,055	2,670	49,550	2,365
G				
	78,928	44,982	74,155	41,724
F	1,560	2,642	6,611	3,851
E ,				
	11,089	10,614	11,035	11,012
I	21,791	14,372	17,076	14,044
A : (L)/				
	(13)	179	(216)	33
I	19,060	38,058	30,779	43,519
A	(1,518)	(887)	(1,487)	(413)
O	4,356	1,784		
Operating profit	86,965	29,738	77,389	24,434
A : N -	1,317	474	4,706	2,812
L : N -	1,709	725	2,218	1,117
Profit before taxation	86,573	29,487	79,877	26,129
L : I	16,279	(928)	20,707	2,539
Net profit	70,294	30,415	59,170	23,590
I :				
			86	

	Year ended 31 December			
	2017		2016	
Items	**Consolidated**	**Parent**	**Consolidated**	**Parent**
Attributable to:				
E[illegible] C[illegible]	51,119	30,415	46,416	23,590
M[illegible]	19,175		12,754	
Basic earnings per share	0.422	N/A	0.383	N/A
Diluted earnings per share	0.422	N/A	0.383	N/A
Net profit	70,294	30,415	59,170	23,590
Other comprehensive income				
I[illegible] ([illegible]):				
C[illegible]	(1,580)	53	2,014	557
C[illegible]	(57)		(24)	
S[illegible] /( )	1,053	(120)	45	(149)
F[illegible]	(3,792)		4,298	
Total other comprehensive income	(4,376)	(67)	6,333	408
Total comprehensive income	65,918	30,348	65,503	23,998
Attributable to:				
E[illegible] C[illegible]	47,638	30,348	53,468	23,998
M[illegible]	18,280		12,035	

Consolidated and Parent Cash Flow Statement

Unit: RMB [illegible]

	Year ended 31 December			
	2017		2016	
Items	**Consolidated**	**Parent**	**Consolidated**	**Parent**
Cash flows from operating activities:				
C[illegible]				
[illegible]	2,644,126	1,000,467	2,163,695	831,578
R[illegible]	2,158	1,304	2,434	1,323
O[illegible]				
[illegible]	57,287	42,913	77,436	85,932
Sub-total of cash inflows	2,703,571	1,044,684	2,243,565	918,833
C[illegible]	(2,041,977)	(653,412)	(1,547,868)	(504,152)
C[illegible]	(68,260)	(37,054)	(62,602)	(35,190)
P[illegible]	(328,304)	(200,995)	(316,062)	(189,557)
O[illegible]				
[illegible]	(74,095)	(35,502)	(102,490)	(50,638)
Sub-total of cash outflows	(2,512,636)	(926,963)	(2,029,022)	(779,537)
Net cash flow from operating activities	190,935	117,721	214,543	139,296

	Year ended 31 December			
	2017		2016	
Items	**Consolidated**	**Parent**	**Consolidated**	**Parent**
C [illegible] :				
C [illegible]				
[illegible]	4,729	18,919	31,489	29,002
C [illegible]				
[illegible]	8,506	23,842	4,028	22,233
N [illegible]				
[illegible]	1,313	252	440	1,885
O [illegible]	52,304	23,270	2,914	1,488
N [illegible]				
[illegible]	80	1	2,027	2,02771,313354ET SQ 1 T[illegible]

	Year ended 31 December			
	2017		2016	
Items	**Consolidated**	**Parent**	**Consolidated**	**Parent**
Cash flows from financing activities:				
C[illegible]	946		343	
I[illegible]: C[illegible]				
[illegible]	946		343	
C[illegible]	524,843	106,407	506,097	153,790
Sub-total of cash inflows	525,789	106,407	506,440	153,790
C[illegible]	(536,380)	(133,663)	(569,091)	(192,828)
C[illegible]	(45,763)	(38,392)	(30,396)	(21,826)
I[illegible]: S[illegible]				
[illegible]	(7,539)		(6,553)	
O[illegible]	(155)			
Sub-total of cash outflows	(582,298)	(172,055)	(599,487)	(214,654)
Net cash flow from financing activities	(56,509)	(65,648)	(93,047)	(60,864)
Effects of changes in foreign exchange rate	(353)		256	
Net (decrease)/increase in cash and cash equivalents	(11,250)	(15,811)	55,535	41,667

Consolidated 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 attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total shareholders' equity RMB million
B 1 J 2016	121,071	121,576	(7,984)	612	196,640	245,623	677,538	112,027	789,565
C									
1. N						46,416	46,416	12,754	59,170
2. O			7,052				7,052	(719)	6,333
T			7,052			46,416	53,468	12,035	65,503
T									
3. A									
A									
D						(16,829)	(16,829)		(16,829)
4. T		(30)					(30)	263	233
5. D						(47)	(47)	(39)	(86)
6. D								(6,146)	(6,146)
7. A		(2,137)					(2,137)	2,137	
T		(2,167)				(16,876)	(19,043)	(3,785)	(22,828)
8. N				153			153	7	160
9. O		116					116	9	125
Balance at 31 December 2016	121,071	119,525	(932)	765	196,640	275,163	712,232	120,293	832,525

	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 attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total shareholders' equity RMB million
B 1 J 2017	121,071	119,525	(932)	765	196,640	275,163	712,232	120,293	832,525
C									
1. N						51,119	51,119	19,175	70,294
2. O			(3,481)				(3,481)	(895)	(4,376)
T			(3,481)			51,119	47,638	18,280	65,918
T									
3. A									
A					3,042	(3,042)			
D						(32,689)	(32,689)		(32,689)
4. T		(13)					(13)	724	711
5. D								(12,501)	(12,501)
T		(13)			3,042	(35,731)	(32,702)	(11,777)	(44,479)
6. N				123			123	3	126
7. O		45				(92)	(47)	27	(20)
Balance at 31 December 2017	121,071	119,557	(4,413)	888	199,682	290,459	727,244	126,826	854,070

	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
B[illegible] 1 J[illegible] 2017	121,071	68,769	263	393	196,640	182,440	569,576
C[illegible]							
1. N[illegible]						30,415	30,415
2. O[illegible]			(67)				(67)
T[illegible]			(67)			30,415	30,348
T[illegible]							
[illegible]							
[illegible]							
3. A[illegible]							
A[illegible]							
[illegible]					3,042	(3,042)	
D[illegible]						(32,689)	(32,689)
T[illegible]							
[illegible]					3,042	(35,731)	(32,689)
4. N[illegible]							
[illegible]				89			89
5. O[illegible]		20				(75)	(55)
Balance at 31 December 2017	121,071	68,789	196	482	199,682	177,049	567,269

8.2.2 S[illegible] I[illegible] F[illegible] R[illegible] S[illegible]

Consolidated Income Statement

U[illegible]:RMB [illegible]

	Year ended 31 December	
	2017	**2016**
Turnover and other operating revenues		
T[illegible]	2,300,470	1,880,190
O[illegible]	59,723	50,721
	2,360,193	1,930,911
Operating expenses		
P[illegible]	(1,770,651)	(1,379,691)
S[illegible]	(64,973)	(64,360)
D[illegible]	(115,310)	(108,425)
E[illegible]	(11,089)	(11,035)
P[illegible]	(74,854)	(63,887)
T[illegible]	(235,292)	(232,006)
O[illegible]	(16,554)	5,686
Total operating expenses	(2,288,723)	(1,853,718)
Operating profit	71,470	77,193

	Year ended 31 December	
	2017	**2016**
Finance costs		
I [illegible]	(7,146)	(9,219)
I [illegible]	5,254	3,218
L [illegible]		
[illegible]		
F [illegible] /([illegible]), [illegible]	332	(610)
Net finance costs	(1,560)	(6,611)
I [illegible]	262	263
S [illegible]		
[illegible]	16,525	9,306
Profit before taxation	86,697	80,151
T [illegible]	(16,279)	(20,707)
Profit for the year	70,418	59,444
Attributable to:		
O [illegible] C [illegible]	51,244	46,672
N [illegible]	19,174	12,772
Profit for the year	70,418	59,444
Earnings per share:		
B [illegible]	0.423	0.385
D [illegible]	0.423	0.385

Consolidated Statement of Comprehensive Income

U :RMB

	Year ended 31 December	
	2017	**2016**
Profit for the year	70,418	59,444
Other comprehensive income:		
I		
( ):		
C	(1,580)	2,014
A	(57)	(24)
S	1,053	45
F	(3,792)	4,298
Total items that may be reclassified subsequently to profit or loss	(4,376)	6,333
Total other comprehensive (loss)/income	(4,376)	6,333
Total comprehensive income for the year	66,042	65,777
Attributable to:		
O C	47,763	53,724
N	18,279	12,053
Total comprehensive income for the year	66,042	65,777

Balance Sheet

U :RMB

	At 31 December 2017		At 31 December 2016	
	Consolidated	Parent	Consolidated	Parent
Non-current assets				
P	650,774	329,814	690,594	373,020
C	118,645	50,046	129,581	49,277
G	8,634		6,353	
I		245,156		238,264
I	79,726	15,579	66,116	14,691
I	51,361	14,822	50,696	15,496
A	1,676	395	11,408	297
D	15,131	6,834	7,214	
L	58,526	6,916	54,241	6,114
L	81,982	14,072	70,145	14,731
Total non-current assets	1,066,455	683,634	1,086,348	711,890
Current assets				
C	113,218	72,309	124,468	88,120
T	51,786	20,236	18,029	10,130
F	51,196	48,179		
T	68,494	37,609	50,289	38,332
B	16,207	157	13,197	471
D		16,327		5,454
I	186,693	44,933	156,511	46,942
P	41,455	79,111	49,767	76,386
Total current assets	529,049	318,861	412,261	265,835

	At 31 December 2017		At 31 December 2016	
	Consolidated	Parent	Consolidated	Parent
Current liabilities				
S [illegible]	55,338	33,454	56,239	50,574
L [illegible] S [illegible] G [illegible] C [illegible]	25,311	3,214	18,580	2,703
T [illegible]	200,073	83,449	174,301	75,787
B [illegible]	6,462	3,155	5,828	2,761
A [illegible]	279,247	194,291	224,544	148,997
I [illegible]	13,015		6,051	

8.2.3 D [illegible] ASBE IFRS ( )

(1) E [illegible] ASBE [illegible] IFRS [illegible]:

Items	Year ended 31 December 2017 RMB million	2016 RMB million
N [illegible] ASBE	70,294	59,170
A [illegible]:		
G [illegible]	110	114
S [illegible]	126	160
O [illegible]	(112)	
Profit for the year under IFRS*	70,418	59,444

(2) E [illegible] ASBE [illegible] IFRS [illegible]:

Items	2017 31 December RMB million	2016 31 December RMB million
S [illegible] ASBE	854,070	832,525
A [illegible]:		
G [illegible]	(1,180)	(1,290)
Total equity under IFRS*	852,890	831,235

* T [illegible] IFRS [illegible] 31 D [illegible] 2016 2017 [illegible] P [illegible] C [illegible].

8.3 Changes in accounting polices

A □N

M F N .42 A S B E - , , , , N .16 A S B E - , C K [2017 N . 30 A . T C , , , , ASBE 31 D 2017, , , 31 D 2016 2015 . T C ' .

Content and Reasons for Changes of Accounting Policy	Items affected	Amount affected in 2016 (RMB in millions)	Amount affected in 2015 (RMB in millions)
G , , , , , C 2017 N - , , .	L	1,487	693
T 2016 2015 N - , , .	L	258	L 264
	L	1,745	L 957

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

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

A □N

O 27 A 2017, S C ., S C .' G P C ., L BP C E C I L , , , k G P C ., L 50% S , SECCO P C L (S , SECCO) BP C E C I L . O 26 O 2017, , , RMB 10,135 . B , S C . , 30% 20% S , SECCO, . A , S C . , , 100% S , SECCO, S C .

8.6 Notes on the financial statements prepared under IFRS

8.6.1 T

T

8.6.2 T

T :

Items	Year ended 31 December 2017 RMB million	2016 RMB million
C		
P	26,668	21,313
A	(72)	228
D	(10,317)	(834)
	16,279	20,707

R :

	Year ended 31 December 2017 RMB million	2016 RMB million
Profit before taxation	86,697	80,151
E PRC		
25%	21,674	20,038
T -	1,905	1,529
T -	(5,939)	(2,786)
T ( )	(793)	83
E ( )	(1,394)	299
T	(613)	(453)
T	1,485	958
-	26	811
A	(72)	228
Actual income tax expense	16,279	20,707

N :

( ) T PRC 25% G PRC, G PRC 15% 2020.

( ) I R A, (A,) 50% .

8.6.3 B D E S

T 31 D 2017 C RMB 51,244 (2016: RMB 46,672) 121,071,209,646 (2016: 121,071,209,646)

T 31 D 2017 C ( ) RMB 51,242 (2016: RMB 46,669) 121,071,209,646 (2016: 121,071,209,646) :

( ) P C ( )

	Year ended 31 December	
	2017	**2016**
	RMB million	**RMB million**
P C	51,244	46,672
A S, P	(2)	(3)
P C ( )	51,242	46,669

( ) [illegible]

	Year ended 31 December	
	2017	**2016**
	Number of shares	**Number of shares**
[illegible]		
[illegible] 31 D[illegible]	121,071,209,646	121,071,209,646
[illegible]		
[illegible] 31 D[illegible]	121,071,209,646	121,071,209,646

8.6.4 D[illegible]

D[illegible] C[illegible]:

	Year ended 31December	
	2017	**2016**
	RMB million	**RMB million**
D[illegible]		
RMB 0.10[illegible] (2016: RMB 0.079[illegible])	12,107	9,565
D[illegible]		
RMB 0.40[illegible] (2016: RMB 0.17[illegible])	48,428	20,582
	60,535	30,147

P[illegible] C[illegible] A[illegible] A[illegible]
D[illegible] (2)T ( )T ( )

P [illegible] 23 M [illegible] 2018, [illegible] 31 D [illegible] 2017 [illegible] RMB 0.40 (2016: RMB 0.17) [illegible] RMB 48,428 [illegible] (2016: RMB 20,582 [illegible]) [illegible] A G [illegible] M [illegible]. F [illegible].

D [illegible] C [illegible]:

	Year ended 31December	
	2017	**2016**
	RMB million	**RMB million**
F [illegible] RMB 0.17 [illegible] (2016: RMB 0.06 [illegible])	20,582	7,264

P [illegible] A G [illegible] M [illegible] 28 J [illegible] 2017, [illegible] RMB 0.17 [illegible] RMB 20,582 [illegible] 18 J [illegible] 2017 [illegible]. A [illegible] 31 D [illegible] 2017.

P [illegible] A G [illegible] M [illegible] 18 M [illegible] 2016, [illegible] RMB 0.06 [illegible] RMB 7,264 [illegible] 23 J [illegible] 2016 [illegible]. A [illegible] 31 D [illegible] 2016.

8.6.5 T[illegible] A[illegible] R[illegible] B[illegible] R[illegible]

	2017 31 December RMB million	2016 31 December RMB million
A[illegible]	56,203	39,994
A[illegible] S[illegible] G[illegible] C[illegible]	7,941	6,398
A[illegible]	4,962	4,580
	69,106	50,972
L[illegible]: I[illegible]	(612)	(683)
T[illegible]	68,494	50,289
B[illegible]	16,207	13,197
	84,701	63,486

T[illegible] ([illegible]) [illegible]:

	2017 31 December RMB million	2016 31 December RMB million
[illegible]	83,984	63,051
B[illegible]	573	233
B[illegible]	43	177
O[illegible]	101	25
	84,701	63,486

I[illegible]:

	2017 RMB million	2016 RMB million
B[illegible] 1 J[illegible]	683	525
P[illegible]	49	238
[illegible]	(100)	(8)
[illegible]	(21)	(72)
O[illegible]	1	
B[illegible] 31 D[illegible]	612	683

S[illegible]. C[illegible] A[illegible] S[illegible] G[illegible] C[illegible].

T[illegible] ([illegible]) [illegible]. T[illegible].

8.6.6 T A B P

	2017 31 December RMB million	2016 31 December RMB million
A	177,224	154,882
A S G C		
	13,350	13,168
A	9,499	6,251

9MCID3,52,1

8.6.7 S [illegible] R [illegible]

I [illegible] G [illegible]:

	2017 RMB million	2016 RMB million
Turnover		
E [illegible]		
E [illegible]	69,168	47,443
I [illegible]	77,804	58,954
	146,972	106,397
R [illegible]		
E [illegible]	132,478	102,983
I [illegible]	874,271	747,317
	1,006,749	850,300
M [illegible]		
E [illegible]	1,191,902	1,027,373
I [illegible]	3,962	3,480
	1,195,864	1,030,853
C [illegible]		
E [illegible]	373,814	284,289
I [illegible]	49,615	38,614
	423,429	322,903
C [illegible]		
E [illegible]	533,108	418,102
I [illegible]	440,303	320,367
	973,411	738,469
E [illegible]	(1,445,955)	(1,168,732)

	2017 RMB million	2016 RMB million
Turnover	2,300,470	1,880,190
Other operating revenues		
E	10,533	9,542
R	5,104	5,486
M	28,333	22,004
C	14,314	12,211
C	1,439	1,478
Other operating revenues	59,723	50,721
Turnover and other operating revenues	2,360,193	1,930,911
Result		
Operating (loss)/profit		
B		
E	(45,944)	(36,641)
R	65,007	56,265
M	31,569	32,153
C	26,977	20,623
C	(4,484)	3,212
E	(1,655)	1,581
Total segment operating profit	71,470	77,193
Share of profits/(losses) from associates and joint ventures		
E	1,449	(1,203)
R	989	1,075
M	2,945	2,362
C	9,621	5,696
C	1,521	1,376
Aggregate share of profits from associates and joint ventures	16,525	9,306

	2017 RMB million	2016 RMB million
Investment income/(losses)		
E	40	24
R	28	(4)
M	90	90
C	86	119
C	18	34
Aggregate investment income	262	263
Net finance costs	(1,560)	(6,611)
Profit before taxation	86,697	80,151

	At 31 December 2017 RMB million	At 31 December 2016 RMB million
Assets		
Segment assets		
E	343,404	402,476
R	273,123	260,903
M	309,727	292,328
C	158,472	144,371
C	170,045	95,263
Total segment assets	1,254,771	1,195,341
I	131,087	116,812
A	1,676	11,408
D	15,131	7,214
C		
	165,004	142,497,004

	Year ended 31 December	
	2017	**2016**
	RMB million	**RMB million**
Capital expenditure		
E [illegible]	31,344	32,187
R [illegible]	21,075	14,347
M [illegible]	21,539	18,493
C [illegible]	23,028	8,849
C [illegible]	2,398	2,580
	99,384	76,456
Depreciation, depletion and amortisation		
E [illegible]	66,843	61,929
R [illegible]	18,408	17,209
M [illegible]	15,463	14,540
C [illegible]	12,873	12,654
C [illegible]	1,723	2,093
	115,310	108,425
Impairment losses on long-lived assets		
E [illegible]	13,556	11,605
R [illegible]	1,894	1,655
M [illegible] D [illegible]	675	267
C [illegible]	4,922	2,898
C [illegible]	211	
	21,258	16,425

T [illegible] G [illegible] G [illegible] I [illegible] .

	Year ended 31 December	
	2017	**2016**
	RMB million	**RMB million**
External sales		
M C	1,758,365	1,488,117
S	269,349	152,068
O	332,479	290,726
	2,360,193	1,930,911

	2017	**2016**
	31 December	**31 December**
	RMB million	**RMB million**
Non-current assets		
M C	979,329	1,000,209
O	48,572	45,887
	1,027,901	1,046,096

9. Repurchase, Sales and Redemption of Shares

D S C . S C .

10. Model Code for Securities Transactions by Directors

E S C . M C S T D L C A 10 H K L R 31 D 2017. I , S C . R G S H C D S M C S M C S T C E S C .' S .

11. Compliance with Corporate Governance Code

S C . A.5 C G C C G R (C G C) A 14 H K L R . S C . C G C . T S C . C G C .

S , S C . C G C , , .

12. Review of Annual Results

T 31 D 2017 S C .

T E C I .

B O B

China Petroleum & Chemical Corporation

Huang Wensheng

V P S B D

B , PRC, 23 M 2018

*A C: D H #, L *, J F #, M #, J +, A . +, T M + F G +.*

 # E D

** N - D*

+ I N - D