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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

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
	1,837,422,477	1.52	0	A share
	425,075,019	0.35	0	A share
	322,037,900	0.27	0	A share
	143,920,994	0.12	0	A share
	131,912,706	0.11	0	A share
	91,105,218	0.08	0	A share
	80,057,295	0.07	0	A share
	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

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				

The First Quarterly Report for 2017

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 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. en-US

	As of 31 March 2017	As of 31 December 2016	Increase/(decrease)		Main reasons for changes
			Amount	Percentage	
Items of Consolidated Balance Sheet	RMB million	RMB million	RMB million		

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

The First Quarterly Report for 2017

4. Appendix

4.1 Quarterly financial statements prepared under China Accounting Standards for Business Enterprises

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

The First Quarterly Report for 2017

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

Total liabilities	380,505	408,149
:		
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
	572,320	569,576
Tota equity	952,825	977,725

Wang Yupu

Chairman

(Legal representative)

Dai Houliang

President

Wang Dehua

Chief Financial Officer

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

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: 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

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)

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

4.2 Quarterly financial statements prepared under International Financial Reporting Standards

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

The First Quarterly Report for 2017

Consolidated Balance Sheet

as at 31 March 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million

The First Quarterly Report for 2017

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

The First Quarterly Report for 2017

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		

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

The First Quarterly Report for 2017

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 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:

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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

are analysed as follows:

Items	At 31 March 2017	At 31 December 2016
	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

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

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.