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中国石化
SINOPEC

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
China Petroleum & Chemical Corporation
The First Quarterly Report for 2021**

This announcement is made pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

By Order of the Board
China Petroleum & Chemical Corporation
Huang Wensheng
Vice President and Secretary to the Board of Directors

Beijing, the PRC,
28 April 2021

As of the date of this announcement, directors of the Company are: Zhang Yuzhuo, Ma Yongsheng#, Yu Baocai#, Liu Hongbin#, Ling Yiqun#, Zhang Shaofeng*, Tang Min+, Cai Hongbin+, Ng, Kar Ling Johnny+*

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*

China Petroleum & Chemical Corporation

The First Quarterly Report for 2021

28 April 2021

Beijing, China

1 Important notice

- 1.1 The Board of Directors, the Board of Supervisors of China Petroleum & Chemical Corporation (“Sinopec Corp.” or “the Company”) and its directors, supervisors and senior management warrant that there are no false representations, misleading statements or material omissions 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 2021 was approved at the 22th meeting of the Seventh Session of the Board of Directors of Sinopec Corp. All directors attended this meeting.
- 1.3 Mr. Zhang Yuzhuo, Chairman, Mr. Ma Yongsheng, President, Ms. Shou Donghua, Chief Financial Officer and Head of the Financial 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 (CASs)

RMB million

| Items | As of 31 March 2021 | As of 31 December 2020 | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|------------------------|---------------------------|--|
| Total assets | 1,802,144 | 1,733,805 | 3.9 |
| Total equity attributable to equity shareholders of the Company | 764,675 | 742,463 | 3.0 |

| | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 (adjusted) | Three-month period ended 31 March 2020 (before adjustment) | Changes over the same period of preceding year(%) |
|---|--|--|--|--|
| Net cash flow from operating activities | (15,578) | (67,970) | (68,125) | - |
| Operating income | 576,982 | 554,482 | 555,502 | 4.1 |
| Net profit/ (loss) attributable to equity shareholders of the Company | 17,929 | (19,866) | (19,782) | - |
| Net profit/ (loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses | 17,674 | (20,440) | (20,444) | - |
| Weighted average return on net assets(%) | 2.38 | (2.73) | (2.73) | 5.11 percentage points |
| Basic earnings per share (RMB) | 0.148 | (0.164) | (0.163) | - |
| Diluted earnings per share (RMB) | 0.148 | (0.164) | (0.163) | - |

Note: The Company has completed the formation of Sinopec Baling Petrochemical Co. Ltd in 2020. The transaction described above has been accounted as business combination under common control, thus, the Company retroactively adjusted the relevant financial data of the first quarter of 2020.

| | |
|----------------------------|--|
| Extraordinary items | During the reporting period (income)/expenses (|
|----------------------------|--|

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

RMB million

| Items | As of 31 March 2021 | As of 31 December 2020 | Changes from the end of the preceding year to the end of the reporting period (%) |
|---|--------------------------------|-----------------------------------|--|
| Total assets | 1,802,144 | 1,733,805 | 3.9 |
| Total equity attributable to shareholders of the Company | 763,717 | 741,494 | 3.0 |

RMB: million

| | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 (adjusted) | Three-month period ended 31 March 2020 (before adjustment) | Changes over the same period of the preceding year (%) |
|---|---|--|---|---|
| Net cash generated from operating activities | (15,578) | (67,970) | (68,125) | - |
| Operating profit/ (loss) | 28,701 | (26,433) | (26,305) | - |
| Net profit/ (loss) attributable to shareholders of the Company | 18,543 | (19,229) | (19,145) | - |

| | | | | |
|----------------------------------|-------|---------|---------|---------------------------|
| Basic earnings per share (RMB) | 0.153 | (0.159) | (0.158) | - |
| Diluted earnings per share (RMB) | 0.153 | (0.159) | (0.158) | - |
| Return on net assets (%) | 2.43 | (2.70) | (2.69) | 5.13 percentage points |

Note: The Company has completed the formation of Sinopec Baling Petrochemical Co. Ltd in 2020. The transaction described above has been accounted as business combination under common control, thus, the Company retroactively adjusted the relevant financial data of the first quarter of 2020.

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 517,008, including 511,331 holders of domestic A shares and 5,677 holders of overseas H shares. | | | |
| Top ten shareholders | | | | |
| Name of shareholder | Total number of shares held | Percentage (%) | Number of shares subject to pledge or lock-ups | Nature of shareholder |
| China Petrochemical Corporation | 82,709,227,393 | 68.31 | 0 | State-owned share |
| HKSCC (Nominees) Limited | 25,385,219,245 | 20.97 | Unknown | H share |
| 中国证券金融股份有限公司 | 2,325,374,407 | 1.92 | 0 | A share |
| 香港中央结算有限公司 | 1,049,467,290 | 0.87 | 0 | A share |
| 中国人寿保险股份有限公司－传统－普通保险产品－005L－CT001 沪 | 813,500,331 | 0.67 | 0 | A share |
| 中国人寿保险股份有限公司－分红－个人分红－005L－FH002 沪 | 632,058,605 | 0.52 | 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 |
| 全国社保基金一一三组合 | 107,980,897 | 0.09 | 0 | A share |
| 阿布达比投资局 | 101,128,826 | 0.08 | 0 | A share |
| 基本养老保险基金八零二组合 | 81,496,100 | 0.07 | 0 | A share |

Note 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.

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

Apart from 中国人寿保险股份有限公司－分红－个人分红－005L－CT001 沪 and 中国人寿保险股份有限公司－传统－普通保险产品－005L－FH002 沪 which were both administrated by 中国人寿保险股份有限公司, Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned shareholders.

2.3 Review of operating results

In the first quarter of 2021, the effects of global epidemic prevention and control have gradually emerged and China's economy maintained restorative growth with gross domestic product (GDP) up by 18.3%. The spot price of Platt's Brent for the first quarter averaged USD 60.9 per barrel, up by 21.2% year on year. The domestic demand for refined oil products recovered steadily and demand for natural gas and chemical products maintained rapid growth.

The company expedited to implement new development concepts and world-leading development strategies and implement the "One Foundation of energy and resources, Two wings of clean fuels and advanced chemicals and Three Growth Engines in new energy, new materials and new economy" industrial deployment pattern. To promote the efficiency and profitability of the whole industrial chain and comprehensively promote high-quality development, the Company actively responded to market changes and optimized production and operations arrangements and achieved good performance.

In accordance with China Accounting Standards for Business Enterprises, net profit attributable to equity shareholders of the Company was RMB 17.929 billion with a basic earnings of RMB 0.148 per share. In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 18.543 billion with a basic earnings of RMB 0.153 per share, achieving a turnaround from loss to profit as compared with the same period in 2020, and better than that of the same period in 2019.

Exploration and Production: The Company continuously pressed ahead with high-efficiency

| Exploration and Production | Unit | Three-month period ended 31 March | | Changes |
|----------------------------|-------------------------|-----------------------------------|-------|---------|
| | | 2021 | 2020 | (%) |
| Realised crude oil price | USD/barrel | 54.89 | 49.15 | 11.7 |
| Realised natural gas price | USD/thousand cubic feet | 7.07 | 6.43 | 10.0 |

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.

Refining: The Company brought the advantages of integrated refining and marketing into full play, actively responded to market change, optimized production operation, dynamically adjusted export scale and kept stable operation and high utilization rate with a significant increase of crude oil throughput. With a market oriented approach, we intensified product slate adjustment and increased output of marketable and high-profit products such as gasoline, jet-fuel, light chemical feedstock, asphalt, lubricants and etc. We optimized crude oil resources allocation and coordinated the whole process management of crude oil supply to lower procurement cost and also increased production of low-sulfur bunker fuel with an output of first quarter up by 187% and market share improving continuously. In the first quarter, the Company processed 62.52 million tonnes of crude oil, up by 16.3%. The refining segment realised EBIT of RMB 19.885 billion, achieving a turnaround from loss to profit as compared with the same period in 2020, and also better than that of the same period in 2019.

| Refining | Unit | Three-month period ended 31 March | | Changes |
|--|----------------|-----------------------------------|-------|--------------------------|
| | | 2021 | 2020 | (%) |
| Refinery throughput | million tonnes | 62.52 | 53.74 | 16.3 |
| Gasoline, diesel and kerosene production | million tonnes | 35.70 | 33.00 | 8.2 |
| Gasoline | million tonnes | 16.37 | 13.02 | 25.7 |
| Diesel | million tonnes | 14.34 | 14.19 | 1.1 |
| Kerosene | million tonnes | 4.99 | 5.79 | (13.8) |
| Light chemical feedstock production | million tonnes | 11.60 | 9.84 | 17.9 |
| Light product yield | % | 74.22 | 75.31 | (1.09) percentage points |
| Refining yield | % | 95.26 | 94.64 | 0.62 percentage points |

Note: Including 100% production of domestic joint ventures.

Marketing and Distribution: The Company brought the advantages of marketing network into full play, continuously improved marketing strategy and expanded market and increased sales with a significant increase of sales volume of refined oil products. With focus on customer needs, we vigorously adopted a differentiated marketing strategy to continuously improve retail volume. We constantly optimized the network layout to reach end users, and improved the network integrity, stability and competitiveness. We deepened non-fuel business reform and improved membership system. New model of “internet+service station+convenience store+third party operation” was promoted and more hydrogen stations were constructed with conventional service

stations or alone to establish a new model of comprehensive energy supply and services, providing refined oil products, gas, hydrogen, power and services. In the first quarter, domestic sales volume of refined oil products was 40.03 million tonnes. The marketing and distribution segment realised EBIT of RMB 8.550 billion, achieving a turnaround from loss to profit as compared with the same period in 2020, and also better than that of same period in 2019.

| Marketing and Distribution | Unit | Three-month period ended 31 March | | Changes (%) |
|---|----------------|-----------------------------------|-------|-------------|
| | | 2021 | 2020 | |
| Total sales volume of refined oil products | million tonnes | 51.93 | 48.61 | 6.8 |
| Total domestic sales volume of refined oil products | million tonnes | 40.03 | 32.48 | 23.2 |
| Retail | million tonnes | 27.15 | 21.83 | 24.4 |
| Direct sales & Distribution | million tonnes | 12.88 | 10.65 | 20.9 |
| Annualized average throughput per station | tonnes | 3,536 | 2,844 | 24.3 |

Note: The total sales volume of refined oil products includes the amount of trading volume.

Chemicals: The company strengthened research on market needs, dynamically optimized facilities and product chain, optimized maintenance schedule, and realised an optimal operation of producing units and utilization rate. We integrated production with marketing, further fine-tuned chemical feedstock mix and product slate, increased production of acrylonitrile, BDO and other high profitable products, and continuously increased the ratio of high value-added and high-end products with the ratio of high value-added products of synthetic fiber reaching 33.6%, up by 0.6 percentage point, the ratio of high value-added products of synthetic rubber reaching 35.5%, up by 5.2 percentage points and the ratio of high value-added products of synthetic resin reaching 67.8%, up by 1.7 percentage points. We innovated marketing model, deepened fine marketing strategy, targeted our tailored service, and further expanded the market with a significant increase in sales volume of major chemical products. In the first quarter, the ethylene production was 3.380 million tonnes, up by 11.7% year on year, and the total chemical sales volume was 19.84 million tonnes, up by 10.53%. The chemicals segment realised EBIT of RMB 8.933 billion, achieving a turnaround from loss to profit as compared with the same period of 2020, and also better than that of the same period of 2019.

| Chemicals | Unit | Three-month period ended 31 March | | Changes (%) |
|---|-----------------|-----------------------------------|-------|-------------|
| | | 2021 | 2020 | |
| Ethylene | thousand tonnes | 3,380 | 3,026 | 11.7 |
| Synthetic resin | thousand tonnes | 4,787 | 4,293 | 11.5 |
| Synthetic rubber | thousand tonnes | 322 | 256 | 25.8 |
| Monomers and polymers for synthetic fibre | thousand tonnes | 2,343 | 2,333 | 0.4 |
| Synthetic fibre | thousand tonnes | 351 | 266 | 32.0 |

Note: Including 100% production of domestic joint ventures.

Capital expenditure: In the first quarter, focusing on quality and profitability of investment, the Company continuously optimized investment projects, with total capital expenditures of RMB 23.0

billion. Capital expenditure for the exploration and production segment was RMB 9.0 billion, mainly for Fuling and Weirong natural gas capacity building projects, Shunbei, Jiyang crude oil capacity building projects and phase II of Tianjin LNG project and phase II of Shangdong LNG project. Capital expenditure for the refining segment was RMB 7.6 billion, mainly for structural adjustment of Anqing project as well as the expansion of Zhenhai. Capital expenditure for the marketing and distribution segment was RMB 2.9 billion, mainly for construction of service stations, gas stations, comprehensive energy supply stations, refined oil products depots and non-fuel businesses. Capital expenditure for the chemicals segment was RMB 1.8 billion, mainly for construction of Zhenhai, Tianjin, Amur ethylene projects and Shanghai large-tow carbon fiber and Yizheng PTA projects. Capital expenditure for corporate and others was RMB 1.7 billion, mainly for R&D facilities and information technology projects.

3 Significant events

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

| Items of Consolidated Balance Sheet | As of 31 March 2021 | As of 31 December 2020 | Increase/(Decrease) | | Main reasons for changes |
|-------------------------------------|---------------------|------------------------|---------------------|------------|--|
| | | | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Financial assets held for trading | 3,723 | 1 | 3,722 | 372,200 | Increase in structured deposits |
| Derivative financial assets | 21,097 | 12,528 | 8,569 | 68 | Increase in profit position of derivative hedging financial instruments due to fluctuation of crude oil price |
| Accounts receivable | 47,144 | 35,587 | 11,557 | 32 | Increase in accounts receivable due to increase of crude oil price |
| Short-term loans | 48,834 | 20,756 | 28,078 | 135 | Increase in low-interest short-term loans for supplementary of liquidity |
| Other current liabilities | 40,885 | 17,775 | 23,110 | 130 | Issuing short-term debentures payable of RMB 30 billion for supplementary of liquidity |
| Other comprehensive income | 4,719 | 1,038 | 3,681 | 355 | Increase in fair value gain of hedging business for crude oil and difference of foreign currency statement conversion affected by changes in foreign exchange rate |
| Specific reserve | 2,544 | 1,941 | 603 | 31 | The provision of safety production fund |

| Items of Consolidated Income Statement | For three-month period ended 31 March | | Increase/(Decrease) | | Main reasons for changes |
|--|--|----------------|---------------------|------------|--|
| | 2021 | 2020 | Amount | Percentage | |
| | RMB Million | RMB Million | RMB Million | (%) | |
| Research and development expenses | 2,069 | 1,091 | 978 | 90 | Expand investment in research and development |
| Other income | 474 | 1,103 | (629) | (57) | Decrease in VAT refund of imported LNG |
| Gains/ (losses) from changes in fair value | 2,095 | 8,342 | (6,247) | (75) | Decrease in fair value profit on derivative financial instruments not qualified as hedging |

| | For three-month period ended 31 March | | Increase/(Decrease) | | |
|--|--|------|---------------------|------------|--------------------------|
| | 2021 | 2020 | Amount | Percentage | |
| Items of consolidated cash flow statement | RMB | | | | Main reasons for changes |

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
Zhang Yuzhuo
28 April 2021

4 Appendix

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

Consolidated Balance Sheet

As at 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2021 | At 31 December 2020 |
|-----------------------------------|------------------|---------------------|
| Current assets: | | |
| Financial assets held for trading | | |

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Consolidated Balance Sheet (Continued)

| | | |
|--|-----------|-----------|
| Current liabilities: | | |
| Short-term loans | 48,834 | 20,756 |
| Derivative financial liabilities | 5,002 | 4,826 |
| Bills payable | 10,045 | 10,394 |
| Accounts payable | 162,382 | 151,262 |
| Contract liabilities | 128,886 | 126,160 |
| Employee benefits payable | 11,232 | 7,081 |
| Taxes payable | 42,770 | 76,843 |
| Other payables | 83,858 | 84,600 |
| Non-current liabilities due within one year | 25,843 | 22,493 |
| Other current liabilities | 40,885 | 17,775 |
| Total current liabilities | 559,737 | 522,190 |
| Non-current liabilities: | | |
| Long-term loans | 45,296 | 45,459 |
| Debentures payable | 38,441 | 38,356 |
| Lease liabilities | 173,093 | 172,306 |
| Provisions | 46,020 | 45,552 |
| Deferred tax liabilities | 10,120 | 8,124 |
| Other non-current liabilities | 18,705 | 17,942 |
| Total non-current liabilities | 331,675 | 327,739 |
| Total liabilities | 891,412 | 849,929 |
| Shareholders' equity: | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 122,557 | 122,558 |
| Other comprehensive income | 4,719 | 1,038 |
| Specific reserve | 2,544 | 1,941 |
| Surplus reserves | 209,280 | 209,280 |
| Retained earnings | 304,504 | 286,575 |
| Total equity attributable to shareholders of the Company | 764,675 | 742,463 |
| Minority interests | 146,057 | 141,413 |
| Total shareholders' equity | 910,732 | 883,876 |
| Total liabilities and shareholders' equity | 1,802,144 | 1,733,805 |

Zhang Yuzhuo**Ma Yongsheng****Shou Donghua**

Balance Sheet

As at 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2021 | At 31 December 2020 |
|---|------------------|---------------------|
| Current assets: | | |
| Cash at bank and on hand | 104,062 | 99,188 |
| Derivative financial assets | 7,776 | 7,776 |
| Accounts receivable | 22,810 | 21,763 |
| Receivables financing | 526 | 707 |
| Prepayments | 4,199 | 2,626 |
| Other receivables | 41,433 | 37,938 |
| Inventories | 41,817 | 39,034 |
| Other current assets | 16,570 | 14,048 |
| Total current assets | 239,193 | 223,080 |
| Non-current assets: | | |
| Long-term equity investments | 345,122 | 343,356 |
| Other equity instrument investments | 428 | 428 |
| Fixed assets | 280,394 | 283,695 |
| Construction in progress | 59,667 | 59,880 |
| Right-of-use assets | 108,617 | 108,737 |
| Intangible assets | 8,685 | 8,779 |
| Long-term deferred expenses | 2,287 | 2,499 |
| Deferred tax assets | 14,282 | 12,661 |
| Other non-current assets | 29,109 | 26,828 |
| Total non-current assets | 848,591 | 846,863 |
| Total assets | 1,087,784 | 1,069,943 |
| Current liabilities: | | |
| Short-term loans | 34,394 | 20,669 |
| Derivative financial liabilities | 362 | 362 |
| Bills payable | 5,461 | 6,061 |
| Accounts payable | 70,511 | 65,779 |
| Contract liabilities | 5,701 | 5,840 |
| Employee benefits payable | 4,172 | 1,673 |
| Taxes payable | 22,856 | 43,500 |
| Other payables | 171,126 | 188,568 |
| Non-current liabilities due within one year | 13,364 | 12,026 |
| Other current liabilities | 30,400 | 439 |
| Total current liabilities | 358,347 | 344,917 |

Company Balance Sheet (Continued)

| | | |
|--|-----------|-----------|
| Non-current liabilities: | | |
| Long-term loans | 29,858 | 30,413 |
| Debentures payable | 26,980 | 26,977 |
| Lease liabilities | 105,153 | 105,691 |
| Provisions | 36,474 | 36,089 |
| Other non-current liabilities | 3,517 | 3,581 |
| Total non-current liabilities | 201,982 | 202,751 |
| Total liabilities | 560,329 | 547,668 |
| Shareholders' equity: | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 68,996 | 68,976 |
| Other comprehensive income | 9,104 | 5,910 |
| Specific reserve | 1,448 | 1,189 |
| Surplus reserves | 209,280 | 209,280 |
| Retained earnings | 117,556 | 115,849 |
| Total shareholders' equity | 527,455 | 522,275 |
| Total liabilities and shareholders' equity | 1,087,784 | 1,069,943 |

Zhang Yuzhuo**Ma Yongsheng****Shou Donghua**

Consolidated Income Statement

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|---|---|---|
| I. Operating income | 576,982 | 554,482 |
| II. Total Operating costs | 549,384 | 582,239 |
| Including: Operating costs | 449,200 | 497,745 |
| Taxes and surcharges | 60,396 | 50,104 |
| Selling and distribution expenses | 16,054 | 14,662 |
| General and administrative expenses | 16,790 | 14,334 |
| Research and development costs | 2,069 | 1,091 |
| Financial expenses | 2,379 | 2,035 |
| Exploration expenses, including dry holes | 2,496 | 2,268 |
| Add: Other income | 474 | 1,103 |
| Investment income | (76) | 153 |
| Gains from changes in fair value | 2,095 | 8,342 |
| Credit impairment losses | 14 | 5 |
| Impairment losses | 11 | (10,360) |
| Asset disposal gains | 164 | 60 |
| III. Operating profit/(loss) | 30,280 | (28,454) |
| Add: Non-operating income | 304 | 216 |
| Less: Non-operating expenses | 597 | 476 |
| IV. Profit/(loss) before taxation | 29,987 | (28,714) |
| Less: Income tax expense | 7,082 | (7,529) |
| V. Net profit/(loss) | 22,905 | (21,185) |
| Classification by going concern: | | |
| (i) Net profit/(loss) from continuous operation | 22,905 | (21,185) |
| (ii) Net profit from discontinued operation | - | - |
| Classification by ownership: | | |
| (i) Equity shareholders of the Company | 17,929 | (19,866) |
| (ii) Minority interests | 4,976 | (1,319) |

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Income Statement

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|--|---|---|
| I. Operating income | 227,855 | 199,942 |
| Less: Operating costs | 176,554 | 171,987 |
| Taxes and surcharges | 36,511 | 32,996 |
| Selling and distribution expenses | 967 | 724 |
| General and administrative expenses | 7,922 | 6,992 |
| Research and development costs | 1,956 | 1,034 |
| Financial expenses | 2,629 | 2,050 |
| Exploration expenses, including dry holes | 2,056 | 1,936 |
| Add: Other income | 232 | 896 |
| Investment income | 3,058 | 814 |
| Gains from changes in fair value | 288 | 400 |
| Credit impairment losses | 1 | 31 |
| Impairment losses | (1) | (7,992) |
| Asset disposal gains | - | 1 |
| II. Operating profit/(loss) | 2,838 | (23,627) |
| Add: Non-operating income | 99 | 33 |
| Less: Non-operating expenses | 311 | 232 |
| III. Profit/(loss) before taxation | 2,626 | (23,826) |
| Less: Income tax expense | 918 | (6,002) |
| IV. Net profit/(loss) | 1,708 | (17,824) |
| (i) Net profit/(loss) from continuous operation | 1,708 | (17,824) |
| (ii) Net profit from discontinued operation | - | - |
| V. Other comprehensive income | 3,514 | (7,387) |
| | | |
| Other comprehensive loss that can be converted into profit or loss under the equity method | 7 | 49 |
| Cash flow hedges | 3,507 | (7,436) |
| VI. Total comprehensive income | 5,222 | (25,211) |

Zhang Yuzhuo

Ma Yongsheng

Shou Donghua

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|---|---|---|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 605,032 | 598,622 |
| Refund of taxes and levies | 39 | 818 |
| Other cash received relating to operating activities | 37,445 | 35,349 |
| Sub-total of cash inflows | 642,516 | 634,789 |
| Cash paid for goods and services | (485,354) | (541,718) |
| Cash paid to and for employees | (18,036) | (17,033) |
| Payments of taxes and levies | (110,250) | (84,926) |
| Other cash paid relating to operating activities | (44,454) | (59,082) |
| Sub-total of cash outflows | (658,094) | (702,759) |
| Net cash flow from operating activities | (15,578) | (67,970) |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 177 | 3,402 |
| Cash received from returns on investments | 895 | 986 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 324 | 18 |
| Other cash received relating to investing activities | 10,268 | 19,162 |
| Net cash received from disposal of subsidiaries and other business entities | 4,305 | - |
| Sub-total of cash inflows | 15,969 | 23,568 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (27,417) | (22,350) |
| Cash paid for acquisition of investments | (5,527) | (1,672) |
| Other cash paid relating to investing activities | (7,077) | (14,094) |
| Sub-total of cash outflows | (40,021) | (38,116) |
| Net cash flow from investing activities | (24,052) | (14,548) |
| III. Cash flows from financing activities: | | |
| Cash received from capital contributions | 124 | 260 |
| Including: Cash received from minority shareholders' capital contributions to subsidiaries | 48 | 260 |

Consolidated Cash Flow Statement (Continued)

| | | |
|--|----------|-----------|
| Cash received from borrowings | 114,768 | 275,885 |
| Other cash received relating to financing activities | 7 | 276 |
| Sub-total of cash inflows | 114,899 | 276,421 |
| Cash repayments of borrowings | (58,339) | (173,688) |
| Cash paid for dividends, profits distribution or interest | (1,784) | (1,583) |
| Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders | (840) | (160) |
| Other cash paid relating to financing activities | (3,662) | (3,492) |
| Sub-total of cash outflows | (63,785) | (178,763) |
| Net cash flow from financing activities | 51,114 | 97,658 |
| IV. Effects of changes in foreign exchange rate | 204 | 553 |
| V. Net increase in cash and cash equivalents | 11,688 | 15,693 |
| Add: Initial balance of cash and cash equivalents | 87,559 | 60,438 |
| VI. Ending balance of cash and cash equivalents | 99,247 | 76,131 |

Zhang Yuzhuo

Ma Yongsheng

Shou Donghua

Cash Flow Statement

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|---|---|---|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 249,027 | 217,331 |
| Refund of taxes and levies | 21 | 798 |
| Other cash received relating to operating activities | 6,966 | 1,619 |
| Sub-total of cash inflows | 256,014 | 219,748 |
| Cash paid for goods and services | (184,870) | (175,248) |
| Cash paid to and for employees | (9,474) | (8,835) |
| Payments of taxes and levies | (63,405) | (53,244) |
| Other cash paid relating to operating activities | (6,431) | (5,349) |
| Sub-total of cash outflows | (264,180) | (242,676) |
| Net cash flow from operating activities | (8,166) | (22,928) |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 4,399 | 4,759 |
| Cash received from returns on investments | 1,567 | 1,224 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 17 | 3 |
| Other cash received relating to investing activities | 26,174 | 44,575 |
| Sub-total of cash inflows | 32,157 | 50,561 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (11,540) | (9,307) |
| Cash paid for acquisition of investments | (9,795) | (2,807) |
| Other cash paid relating to investing activities | (26,479) | (47,607) |
| Sub-total of cash outflows | (47,814) | (59,721) |
| Net cash flow from investing activities | (15,657) | (9,160) |
| III. Cash flows from financing activities: | | |
| Cash received from borrowings | 73,395 | 130,458 |
| Other cash received relating to financing activities | 307,581 | 57,475 |
| Sub-total of cash inflows | 380,976 | 187,933 |
| Cash repayments of borrowings | (30,225) | (66,328) |
| Cash paid for dividends or interest | (2,005) | (875) |
| Other cash paid relating to financing activities | (318,350) | (72,108) |
| Sub-total of cash outflows | (350,580) | (139,311) |
| Net cash flow from financing activities | 30,396 | 48,622 |

Cash Flow Statement (Continued)

| | | |
|---|--------|--------|
| IV. Net increase in cash and cash equivalents | 6,573 | 16,534 |
| Add: Initial balance of cash and cash equivalents | 28,081 | 38,616 |
| V. Ending balance of cash and cash equivalents | 34,654 | 55,150 |

Zhang Yuzhuo**Ma Yongsheng****Shou Donghua**

Segment Reporting

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|---|---|---|
| Income from principal operations | | |
| Exploration and production | | |
| External sales | 34,776 | 26,944 |
| Inter-segment sales | 18,812 | 18,238 |
| Subtotal | 53,588 | 45,182 |
| Refining | | |
| External sales | 37,727 | 25,145 |
| Inter-segment sales | 259,339 | 217,468 |
| Subtotal | 297,066 | 242,613 |
| Marketing and distribution | | |
| External sales | 278,914 | 248,725 |
| Inter-segment sales | 1,359 | 1,226 |
| Subtotal | 280,273 | 249,951 |
| Chemicals | | |
| External sales | 95,550 | 71,652 |
| Inter-segment sales | 14,102 | 15,354 |
| Subtotal | 109,652 | 87,006 |
| Corporate and others | | |
| External sales | 114,257 | 169,142 |
| Inter-segment sales | 161,530 | 131,839 |
| Subtotal | 275,787 | 300,981 |
| Elimination of inter-segment sales | (455,142) | (384,125) |
| Consolidated income from principal operations | 561,224 | 541,608 |
| Income from other operations | | |
| Exploration and production | 1,754 | 1,272 |
| Refining | 1,148 | 932 |
| Marketing and distribution | 9,877 | 6,939 |
| Chemicals | 2,604 | 3,405 |
| Corporate and others | 375 | 326 |
| Consolidated income from other operations | 15,758 | 12,874 |
| Consolidated operating income | 576,982 | 554,482 |

Segment Reporting (Continued)

| | | |
|---|---------|----------|
| Operating profit/(loss) | | |
| By segment | | |
| Exploration and production | 1,885 | 404 |
| Refining | 19,656 | (26,299) |
| Marketing and distribution | 8,009 | (2,621) |
| Chemicals | 6,852 | (1,894) |
| Corporate and others | 1,300 | (5,667) |
| Elimination | (7,700) | - |
| Total segment operating profit/(loss) | 30,002 | (36,077) |
| Investment income | | |
| Exploration and production | 803 | 476 |
| Refining | (10) | (680) |
| Marketing and distribution | 269 | 657 |
| Chemicals | 1,828 | (66) |
| Corporate and others | (2,966) | (234) |
| Total segment investment income | (76) | 153 |
| Financial expenses | (2,379) | (2,035) |
| Gains/(losses) from changes in fair value | 2,095 | 8,342 |
| Asset disposal gains/(losses) | 164 | 63 |
| Other income | 474 | 1,100 |
| Operating profit/(loss) | 30,280 | (28,454) |
| Add: Non-operating income | 304 | 216 |
| Less: Non-operating expenses | 597 | 476 |
| Profit/(loss) before taxation | 29,987 | (28,714) |

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

Consolidated Income Statement

For the three-month period ended 31 March 2021

Consolidated Statement of Comprehensive Income

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|---|---|---|
| Profit for the period | 23,619 | (20,438) |
| Other comprehensive income: | 4,857 | (7,360) |
| | | |
| Equity investments at fair value through other comprehensive income | 20 | - |
| | | |
| Fair value hedges | (20) | - |
| Share of other comprehensive income of associates and joint ventures | (135) | (76) |
| Cash flow hedges | 4,627 | (8,401) |
| Foreign currency translation differences | 365 | 1,117 |
| Total comprehensive income | 28,476 | (27,798) |
| Attributable to: | | |
| Shareholders of the Company | 23,065 | (26,550) |
| Non-controlling interests | 5,411 | (1,248) |

Consolidated Balance Sheet

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | At 31 March 2021 | At 31 December 2020 |
|---|------------------|---------------------|
| Non-current assets: | | |
| Property, plant and equipment, net | 584,395 | 589,247 |
| Construction in progress | 126,774 | 124,765 |
| Right-of-use assets | 268,061 | 266,368 |
| Goodwill | 8,623 | 8,620 |
| Interest in associates | 138,308 | 136,163 |
| Interest in joint ventures | 56,216 | 52,179 |
| Financial assets at fair value through other comprehensive income | 1,546 | 1,525 |
| Deferred tax assets | 27,422 | 25,054 |
| Long-term prepayments and other non-current assets | 70,820 | 74,489 |
| Total non-current assets | 1,282,165 | 1,278,410 |
| Current assets: | | |
| Cash and cash equivalents | 99,247 | 87,559 |
| Time deposits with financial institutions | 98,839 | 100,498 |
| Financial assets at fair value through profit and loss | 3,723 | 1 |
| Derivatives financial assets | 21,097 | 12,528 |
| Trade accounts receivable and bills receivable | 47,144 | 35,587 |
| Financial assets at fair value through other comprehensive income | 9,793 | 8,735 |
| Inventories | 182,477 | 151,895 |
| Prepaid expenses and other current assets | 57,659 | 58,592 |
| Total current assets | 519,979 | 455,395 |
| Current liabilities: | | |
| Short-term debts | 74,991 | 23,769 |
| Loans from Sinopec Group Company and fellow subsidiaries | 10,790 | 5,264 |
| Lease liabilities | 16,961 | 15,292 |
| Derivatives financial liabilities | 5,002 | 4,826 |
| Trade accounts payable and bills payable | 172,427 | 161,656 |
| Contract liabilities | 128,886 | 126,160 |
| Other payables | 143,519 | 178,637 |
| Income tax payable | 7,161 | 6,586 |
| Total current liabilities | 559,737 | 522,190 |

Consolidated Balance Sheet (Continued)

| | | |
|--|-----------|-----------|
| Net current liabilities | 39,758 | 66,795 |
| Total assets less current liabilities | 1,242,407 | 1,211,615 |
| Non-current liabilities: | | |
| Long-term debts | 72,041 | 72,037 |
| Loans from Sinopec Group Company and fellow subsidiaries | 11,696 | 11,778 |
| Lease liabilities | 173,093 | 172,306 |
| Deferred tax liabilities | 10,120 | 8,124 |
| Provisions | 46,020 | 45,552 |
| Other non-current liabilities | 19,711 | 18,960 |
| Total non-current liabilities | 332,681 | 328,757 |
| Total net assets | 909,726 | 882,858 |
| Equity: | | |
| Share capital | 121,071 | 121,071 |
| Reserves | 642,646 | 620,423 |
| Total equity attributable to shareholders of the Company | 763,717 | 741,494 |
| Non-controlling interests | 146,009 | 141,364 |
| Total equity | 909,726 | 882,858 |

Consolidated Cash Flow Statement

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|--|---|---|
| Net cash generated from operating activities(a) | (15,578) | (67,970) |
| Investing activities | | |
| Capital expenditure | (20,561) | (20,455) |
| Exploratory wells expenditure | (6,856) | (1,895) |
| Purchase of investments, investments in associates and investments in joint ventures | (2,327) | (1,672) |
| Payment for financial assets at fair value through profit or loss | (3,200) | - |
| Proceeds from disposal of investments and investments in associates | 4,482 | 3,402 |
| Proceeds from disposal of property, plant, equipment and other non-current assets | 324 | 18 |
| Increase in time deposits with maturities over three months | (4,748) | (13,912) |
| Decrease in time deposits with maturities over three months | 9,359 | 18,553 |
| Interest received | 287 | 609 |
| Investment and dividend income received | 895 | 986 |
| Repayments of other investing activities | (1,707) | (182) |
| Net cash used in investing activities | (24,052) | (14,548) |
| Financing activities | | |
| Proceeds from bank and other loans | 114,768 | 275,885 |
| Repayments of bank and other loans | (58,339) | (173,688) |
| Contributions to subsidiaries from non-controlling interests | 124 | 260 |
| Distributions by subsidiaries to non-controlling interests | (840) | (160) |
| Interest paid | (944) | (1,423) |
| Payments made to acquire non-controlling interests | - | (1,117) |
| Repayments of lease liabilities | (3,649) | (2,375) |
| (Repayments)/proceeds from other financing activities | | |
| Net increase in cash and cash equivalents | 11,48 | 97,658 |

Note to consolidated statement of Cash Flows

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

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

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|--|--|--|
| Operating activities | | |
| Profit before taxation | 30,701 | (27,967) |
| Adjustments for: | | |
| Depreciation, depletion and amortisation | 26,536 | 25,157 |
| Dry hole costs written off | 1,222 | 1,863 |
| Share of profits from associates and joint ventures | (4,311) | (472) |
| Investment income | (68) | (29) |
| Interest income | (1,297) | (715) |
| Interest expense | 3,684 | 3,684 |
| Gain on foreign currency exchange rate changes and derivative financial instruments | (2,087) | (8,589) |
| Gain on disposal of property, plant, equipment and other non-current assets, net | (164) | (3) |
| Impairment (reversal)/loss on assets | (11) | 10,360 |
| Credit impairment reversal | (14) | (5) |
| Operating profit before change of operating capital | 54,191 | 3,284 |
| Accounts receivable and other current assets | (13,918) | (48,286) |
| Inventories | (30,619) | (501) |
| Accounts payable and other current liabilities | (22,509) | (17,410) |
| Subtotal | (12,855) | (62,913) |
| Income tax paid | (2,723) | (5,057) |
| Net cash generated from operating activities | (15,578) | (67,970) |

Segment Reporting

For the three-month period ended 31 March 2021

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|--|---|---|
| Turnover | | |
| Exploration and production | | |
| External sales | 34,776 | 26,944 |
| Inter-segment sales | 18,812 | 18,238 |
| Subtotal | 53,588 | 45,182 |
| Refining | | |
| External sales | 37,727 | 25,145 |
| Inter-segment sales | 259,339 | 217,468 |
| Subtotal | 297,066 | 242,613 |
| Marketing and distribution | | |
| External sales | 278,914 | 248,725 |
| Inter-segment sales | 1,359 | 1,226 |
| Subtotal | 280,273 | 249,951 |
| Chemicals | | |
| External sales | 95,550 | 71,652 |
| Inter-segment sales | 14,102 | 15,354 |
| Subtotal | 109,652 | 87,006 |
| Corporate and others | | |
| External sales | 114,257 | 169,142 |
| Inter-segment sales | 161,530 | 131,839 |
| Subtotal | 275,787 | 300,981 |
| Elimination of inter-segment sales | (455,142) | (384,125) |
| Turnover | 561,224 | 541,608 |
| Other operating revenues | | |
| Exploration and production | 1,754 | 1,272 |
| Refining | 1,148 | 932 |
| Marketing and distribution | 9,877 | 6,939 |
| Chemicals | 2,604 | 3,405 |
| Corporate and others | 375 | 326 |
| Other operating revenues | 15,758 | 12,874 |
| Turnover and other operating revenues | 576,982 | 554,482 |
| Result | | |
| Operating profit/(loss) | | |

Segment Reporting (Continued)

| | | |
|--|----------------|-----------------|
| By segment | | |
| Exploration and production | 2,356 | 1,518 |
| Refining | 19,487 | (25,794) |
| Marketing and distribution | 8,021 | (1,536) |
| Chemicals | 7,104 | (1,696) |
| Corporate and others | (567) | 1,075 |
| Elimination | (7,700) | - |
| Total segment operating profit/(loss) | 28,701 | (26,433) |
| Share of profits from associates and joint ventures | | |
| Exploration and production | 656 | 476 |
| Refining | 412 | (682) |
| Marketing and distribution | 525 | 287 |
| Chemicals | 1,795 | (76) |
| Corporate and others | 923 | 467 |
| Aggregate share of profits from associates and joint ventures | 4,311 | 472 |
| Investment income/(losses) | | |
| Exploration and production | 60 | - |
| Refining | (14) | 2 |
| Marketing and distribution | 4 | 14 |
| Chemicals | 34 | 8 |
| Corporate and others | (16) | 5 |
| Aggregate investment income | 68 | 29 |
| Net finance costs | (2,379) | (2,035) |
| Profit/(loss) before taxation | 30,701 | (27,967) |

4.3 Differences between consolidated financial statements prepared in accordance with the accounting policies complying with the accounting policies complying with CASs 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 CASs 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 CASs, 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 recognised as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) Safety production fund

Under CASs, safety production fund should be recognised 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 CASs 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 period ended 31 March 2021 | Three-month period ended 31 March 2020 |
|--|---|---|
| Net profit/(loss) under CASs | 22,905 | (21,185) |
| Adjustments: | | |
| Government grants(i) | 12 | 12 |
| Safety production fund(ii) | 702 | 735 |
| Profit/(loss) for the period under IFRS | 23,619 | (20,438) |

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

Units: million Currency: RMB Type: unaudited

| Items | As of 31 March 2021 | As of 31 December 2020 |
|---------------------------------|---------------------|------------------------|
| Shareholders' equity under CASs | 910,732 | 883,876 |
| Adjustments: | | |
| Government grants(i) | (1,006) | (1,018) |
| Total equity under IFRS | 909,726 | 882,858 |