China Petroleum & Chemical Corporation

The First Quarterly Report for 2018

26 April 2018

Beijing, China

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

Items	As of 31 March 2018	As of 31 December 2017	Changes from the end of the preceding year to the end of the reporting period (%)
Total assets	1,572,527	1,595,504	(1.4)
Total equity attributable to equity shareholders of the Company	745,799	727,244	2.6

Items	Three months		Changes over the same period of the preceding year (%)
	2018	2017	
Net cash flow from operating activities	12,052	13,276	(9.2)
Operating income	621,251	582,185	6.7
Net profit attributable to equity shareholders of the Company	18,770	16,633	12.8
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	17,982	16,540	8.7
Weighted average return on net assets (%)	2.55	2.31	0.24 percentage points
Basic earnings per share (RMB)	0.155	0.137	13.1
Diluted earnings per share (RMB)	0.155	0.137	13.1

Extraordinary gain/loss items	During the reporting period (gains)/losses RMB million
Net loss on disposal of non-current assets	18
Donations	2
Government grants	(692)
Gains on holding and disposal of various investments	(261)
Other extraordinary income and expenses, net	(181)
Subtotal	(1,114)
Tax effect	278
Total	(836)
Equity shareholders of the Company	(788)
Minority interests	(48)

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 495,963, including 490,022 holders of domestic A shares and 5,941 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]	25,382,952,346	20.97	Unknown	H share
	2,405,864,801	1.99	0	A share
	351,035,394	0.29	0	A share
	322,037,900	0.27	0	A share
005L FH002	123,078,870	0.10	0	A share
	106,162,730	0.09	0	A share
	104,088,736	0.09	0	A share
	102,849,475	0.08	0	A share
	92,593,454	0.08	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.

refined oil products, optimised crude oil procurement and resource distribution to realise cost control. In the first quarter, refinery throughput grew by 2.1% and refined oil products production grew by 2.6%, among which gasoline up by 4.7%, kerosene up by 8.6% and diesel down by 1.7% over the same period of last year. Refining Segment realised an operating profit of RMB 19.007 billion.

Refining[2]	**Unit**	**For three-month period ended 31 March**		**Changes (%)**
		2018	**2017**	
Refinery throughput	million tonnes	60.16	58.95	2.1
Gasoline, diesel and kerosene production	million tonnes	37.98	37.03	2.6
Gasoline	million tonnes	14.98	14.31	4.7
Diesel	million tonnes	15.93	16.21	(1.7)
Kerosene	million tonnes	7.07	6.51	8.6
Light chemical feedstock	million tonnes	9.94	9.97	(0.3)
Light product yield	%	76.22	76.30	(0.08) Percentage points
Refining yield	%	95.23	95.29	(0.06) Percentage points

Note 2 Including 100% production of domestic joint ventures.

Marketing and Distribution: Faced with intensified competition, the Company took an active part in coping with marketing challenges. We gave full play of our advantages in integrated operation and marketing network by coordinating internal and external resources, optimising resource distribution, and improving capability of service, and realised increase in both total domestic sales and retail volume of refined oil products. We optimised the distribution network, improved environment protection measures for our service stations, and revamped the storage and transportation facilities of refined oil products to improve the marketing network. We further promoted integration of fuel business and non-fuel business, optimised the system for self-owned brand products and accelerated the construction of integrated service stations. Our non-fuel business kept increasing rapidly. In the first quarter, total sales volume of refined oil products was 47.21 million tonnes, among which domestic sales volume recorded 43.35 million tonnes with an increase of 3.4% over the same period of last year. The operating revenues of non-fuel business reached RMB 8.726 billion, up by 21.8% compared with the same period of last year. The Marketing and Distribution Segment realised an operating profit of RMB 8.925 billion.

Marketing and Distribution	**Unit**	**For three-month period ended 31 March**		**Changes (%)**
		2018	**2017**	
Total sales volume of refined oil products	million tonnes	47.21	47.44	(0.5)

3 Significant events

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

Items of Consolidated Balance Sheet	As of 31 March 2018	As of 31 December 2017	Increase/(Decrease)		Main reasons for changes
			Amount	Percentage	
	RMB million	RMB million	RMB million	%	
Tax Payable	45,124	71,940	(26,816)	(37.3)	Due to the time difference of tax payment, part of the unpaid tax from the end of last year had been paid during this reporting period.
Specific reserve	1,411	888	523	58.9	The provision of safety production fund.

Items of Consolidated Income Statement	For three-month period ended 31 March		Increase/(Decrease)		Main reasons for changes
	2018	2017	Amount	Percentage	
	RMB Million	RMB Million	RMB Million	%	
Financial Expense	455	827	(372)	(45.0)	The appreciation of RMB caused the exchange gain during this accounting period.
Impairment Losses	(13)	303	(316)	-	The impairment losses of fixed assets decreased compared with the first quarter of last year.
Asset disposal income/(loss)	227	(16)	243	-	The C disposal of land.

Items of consolidated cash flow statement	For three-month period ended 31 March		Increase/(Decrease)		Main reasons for changes
	2018	2017	Amount	Percentage	
	RMB million	RMB million	RMB million	%	
Refund of tax and levies	593	228	365	160.1	The amount of tax refund increased compared with the first quarter of last year.
Cash received from disposal of investments	13,342	357	12,985	3,637.3	Part of the structured deposit expired and disposed.
Other cash received relating to investing activities	21,325	1,455	19,870	1,365.6	Fixed term deposit, over three months, expired and recovered.
Cash paid for acquisition of investments	(2,241)	(1,668)	573	34.4	The amount related to structured deposit increased.
Other cash paid relating to investing activities	(13,499)	(6,925)	6,574	94.9	The amount related to fixed term deposit, over

4. Appendix

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

Consolidated Balance Sheet

as at 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	At 31 March 2018	At 31 December 2017
Current assets		
Cash at bank and on hand	173,640	165,004
Financial assets at fair value through profit and loss	39,167	51,196
Bills receivable	14,466	16,207
Accounts receivable	58,973	68,494
Prepayments	5,743	4,901
Other receivables	17,669	16,467
Inventories	191,323	186,693
Other current assets	20,249	20,087
Total current assets	521,230	529,049
Non-current assets		
Financial assets at fair value through other comprehensive income	1,155	-
Available-for-sale financial assets	-	1,676
Long-term equity investments	133,967	131,087
Fixed assets	634,081	650,774
Construction in progress	115,816	118,645
Intangible assets	96,446	97,126
Goodwill	8,598	8,634
Long-term deferred expenses	14,637	14,720
Deferred tax assets	16,892	15,131
Other non-current assets	29,705	28,662
Total non-current assets	1,051,297	1,066,455
Total assets	1,572,527	1,595,504
Current liabilities		
Short-term loans	57,358	54,701
Bills payable	7,398	6,462
Accounts payable	177,944	200,073
Advances from customers	124,548	120,734
Employee benefits payable	8,425	7,162
Taxes payable	45,124	71,940
Dividends Payable	6,782	6,843
Other payables	75,019	84,850
Non-current liabilities due within one year	27,155	26,681

Total current liabilities	529,753	579,446
Non-current liabilities		
Long-term loans	71,724	67,754
Debentures payable	30,944	31,370
Provisions	40,295	39,958
Deferred tax liabilities	6,322	6,466
Other non-current liabilities	16,173	16,440
Total non-current liabilities	165,458	161,988
Total liabilities	695,211	741,434
Share capital	121,071	121,071
Capital reserve	119,551	119,557
Other comprehensive income	(5,228)	(4,413)
Specific reserve	1,411	888
Surplus reserves	199,682	199,682
Retained earnings	309,312	290,459
Total equity attributable to shareholders of the Company	745,799	727,244
Minority interests	131,517	126,826
	877,316	854,070
equity	1,572,527	

Balance Sheet

as at 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	At 31 March 2018	At 31 December 2017
Current assets		

Other non-current liabilities	2,523	2,591
Total non-current liabilities	121,985	117,663
Total liabilities	402,726	435,226
Share capital	121,071	121,071
Capital reserve	68,789	68,789
Other comprehensive income	128	196
Specific reserve	745	482
Surplus reserves	199 n /P	

Consolidated Income Statement

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	**Three-month periods ended 31 March 2018**	**Three-month periods ended 31 March 2017**
I. Total operating income	621,251	582,185
II.Total operating costs	594,063	558,233
Including: Operating costs	501,278	466,318
Taxes and surcharges	57,719	58,169
Selling and distribution expenses	13,688	12,429
General and administrative expenses	18,706	17,911
Financial expenses	455	827
Exploration expenses, including dry holes	2,230	2,276
Impairment losses	(13)	303
Add: Gain from changes in fair value	126	-
Investment income	3,355	3,944
Asset disposal income/(loss)	227	(16)

Minority interests	5,047	4,878
VIII. Earnings per share		
(i) Basic earnings per share (RMB)	0.155	0.137
(ii)Diluted earnings per share (RMB)	0.155	0.137

Dai Houliang **Wang Dehua**

Vice Chairman,

Income Statement

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	**Three-month periods ended 31 March 2018**	**Three-month periods ended 31 March 2017**
I.Operating income	241,136	210,822
Less: Operating costs	184,696	158,751
Taxes and surcharges	40,067	38,558
Selling and distribution expenses	693	585
General and administrative expenses	10,367	9,425
Financial expenses	1,008	635
Exploration expenses, including dry holes	2,213	2,190
Impairment losses	4	279
Add: Loss from changes in fair value	(18)	-
Investment income	2,931	2,31 53

Consolidated Cash Flow Statement

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 31 March 2018	Three-month periods ended 31 March 2017
I.Cash flows from operating activities		
Cash received from sale of goods and rendering of services	707,017	662,996
Refund of taxes and levies	593	228
Other cash received relating to operating activities	16,695	16,280
Sub-total of cash inflows	724,305	679,504
Cash paid for goods and services	(561,416)	(532,989)
Cash paid to and for employees	(16,056)	(13,802)
Payments of taxes and levies	(109,547)	(95,096)
Other cash paid relating to operating activities	(25,234)	(24,341)
Sub-total of cash outflows	(712,253)	(666,228)
Net cash flow from operating activities	12,052	13,276
II.Cash flows from investing activities		
Cash received from disposal of investments	13,342	357
Cash received from returns on investments	674	285
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	106
Other cash received relating to investing activities	21,325	1,455
Sub-total of cash inflows	35,341	2,203
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(17,901)	(15,184)
Cash paid for acquisition of investments	(2,241)	(1,668)
Net cash paid for the acquisition of subsidiaries and other business entities	(3,188)	-
Other cash paid relating to investing activities	(13,499)	(6,925)
Sub-total of cash outflows	(36,829)	(23,777)
Net cash flow from investing activities	(1,488)	(21,574)
III.Cash flows from financing activities		
Cash received from capital contributions	70	42
Including: Cash received from minority shareholders capital contributions to	70	42

subsidiaries		
Cash received from borrowings	126,432	139,881
Sub-total of cash inflows	126,502	139,923
Cash repayments of borrowings	(118,865)	(144,028)
Cash paid for dividends, profits distribution or interest	(1,173)	(1,026)
Including: for distribution of dividends or profits to minority shareholders	(390)	(268)
Other cash paid relating to financing activites	(3)	-
Sub-total of cash outflows	(120,041)	(145,054)
Net cash flow from financing activities	6,461	(5,131)
IV.Effects of changes in foreign exchange rate	(455)	(55)
V.Net increace/(decrease) in cash and cash equivalents	16,570	(13,484)
Add:Cash and cash equivalents at 1 January	113,218	124,468
VI.Cash and cash equivalents at 31 March	129,788	110,984

Dai Houliang
Vice Chairman, President

Wang Dehua
Chief Financial Officer

Cash Flow Statement

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 31 March 2018	Three-month periods ended 31 March 2017
I.Cash flows from operating activities		
Cash received from sale of goods and rendering of services	285,228	249,135
Refund of taxes and levies	445	38
Other cash received relating to operating activities	6,926	5,170
Sub-total of cash inflows	292,599	254,343
Cash paid for goods and services	(192,802)	(166,951)
Cash paid to and for employees	(8,515)	(7,290)
Payments of taxes and levies	(75,254)	(58,535)
Other cash paid relating to operating activities	(31,161)	(13,745)
Sub-total of cash outflows	(307,732)	(246,521)
Net cash flow from operating activities	(15,133)	7,822
II.Cash flows from investing activities		
Cash received from disposal of investments	15,319	3,961
Cash received from returns on investments	2,116	1,497
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	289	490
Other cash received relating to investing activities	12,428	543
Sub-total of cash inflows	30,152	6,491
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(8,098)	(7,028)
Cash paid for acquisition of investments	(2,316)	(4,390)
Other cash paid relating to investing activities	-	(2,730)
Sub-total of cash outflows	(10,414)	(14,148)
Net cash flow from investing activities	19,738	(7,657)
III.Cash flows from financing activities		
Cash received from borrowings	25,723	50,244
Sub-total of cash inflows	25,723	50,244
Cash repayments of borrowings	(18,654)	(55,946)
Cash paid for dividends or interest	(1,161)	(246)
Sub-total of cash outflows	(19,815)	(56,192)

Net cash flow from financing activities	5,908	(5,948)
IV.Net increace/(decrease) in cash and cash equivalents	10,513	(5,783)
Add: Cash and cash equivalents at 1 January	72,309	98,250

Segment Reporting

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 31 March 2018	Three-month periods ended 31 March 2017
Income from principal operations		
Exploration and production		
External sales	20,933	17,119
Inter-segment sales	20,269	19,104
Subtotal	41,202	36,223
Refining		
External sales	33,933	32,676
Inter-segment sales	252,897	214,908
Subtotal	286,830	247,584
Marketing and distribution		
External sales	310,117	290,119

Corporate and others	(1,069)	1,048
Elimination	(6,000)	(4,300)
Total segment operating profit	27,643	24,779
Investment income		
Exploration and production	337	413
Refining	226	179
Marketing and distribution	646	547
Chemicals	1,490	2,400
Corporate and others	656	405
Total segment investment income	3,355	3,944
Financial expenses	(455)	(827)
Gain from changes in fair value	126	-
Asset disposal income/(loss)	227	(16)
Other income	594	-
Operating profit	31,490	27,880
Add: Non-operating income	378	410
Less: Non-operating expenses	353	310
Profit before taxation	31,515	27,980

Consolidated Statement of Comprehensive Income

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	**Three-month periods ended 31 March 2018**	**Three-month periods ended 31 March 2017**
Profit for the period	25,127	22,255
Total other comprehensive income	(1,485)	(901)
Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):		
Cash flow hedges	785	(570)
Available-for-sale securities	-	(9)
Foreign currency translation differences	(2,418)	(326)
Share of other comprehensive income of associates and joint ventures	148	4
Total comprehensive income	23,642	21,354
Attributable to:		
Owners of the Company	18,526	16,470
Non-controlling interests	5,116	4,884

Consolidated Balance Sheet

as at 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	At 31 March 2018	At 31 December 2017
Non-current assets		
Property, plant and equipment, net	634,081	650,774
Construction in progress	115,816	118,645
Goodwill	8,598	8,634
Interest in associates	80,976	79,726
Interest in joint ventures	52,991	51,361
Financial assets at fair value through other comprehensive income	1,155	-
Available-for-sale financial assets	-	1,676
Deferred tax assets	16,892	15,131
Lease prepayments	58,368	58,526
Long-term prepayments and other non-current assets	82,420	81,982
Total non-current assets	1,051,297	1,066,455
Current assets:		
Cash and cash equivalents	129,788	113,218
Time deposits with financial institutions	43,852	51,786
Financial assets at fair value through profit and loss	39,167	51,196
Trade accounts receivable	58,973	68,494
Bills receivable	14,466	16,207
Inventories	191,323	186,693
Prepaid expenses and other current assets	43,661	41,455
Total current assets	521,230	529,049
Current liabilities		
Short-term debts	58,679	55,338
Loans from Sinopec Group Company and fellow subsidiaries	25,834	25,311
Trade accounts payable	177,944	200,073
Bills payable	7,398	6,462
Accrued expenses and other payables	247,032	279,247
Income tax payable	12,866	13,015
Total current liabilities	529,753	579,446
Net current liabilities	(8,523)	(50,397)
Total assets less current liabilities	1,042,774	1,016,058
Non-current liabilities		
Long-term debts	59,348	55,804
Loans from Sinopec Group Company and fellow subsidiaries	43,320	43,320

Deferred tax liabilities	6,322	6,466
Provisions	40,295	39,958
Other non-current liabilities	17,339	17,620
Total non-current liabilities	166,624	163,168
Total net assets	876,150	852,890
Equity		
Share capital	121,071	121,071
Reserves	623,617	605,049
Total equity attributable to owners of the Company	744,688	726,120
Non-controlling interests	131,462	126,770
Total equity	876,150	852,890

Consolidated Statement of Cash Flows

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Items	Three-month periods ended 31 March 2018	Three-month periods ended 31 March 2017
Net cash generated from operating activities(a)	12,052	13,276
Investing activities		
Capital expenditure	(17,294)	(14,278)
Exploratory wells expenditure	(607)	(906)
Purchase of investments, investments in associates and investments in joint ventures	(2,241)	(1,668)
Payment for acquisition of subsidiary, net of cash acquired	(3,188)	-
Proceeds from disposal of investments and investments in associates, net	13,342	357
Proceeds from disposal of property, plant, equipment and other non-current assets	-	106
Increase in time deposits with maturities over three months	(13,445)	(6,857)
Decrease in time deposits with maturities over three months	21,379	790
Interest received	(108)	597
Investment and dividend income received	674	285
Net cash used in investing activities	(1,488)	(21,574)
Financing activities		
Proceeds from bank and other loans	126,432	139,881
Repayments of bank and other loans	(118,865)	(144,028)
Distributions by subsidiaries to non-controlling interests	(390)	(268)
Contributions to subsidiaries from non-controlling interests	70	42
Interest paid	(783)	(758)
Finance lease payment	(3)	-
Net cash used in financing activities	6,461	(5,131)
Net increase/(decrease) in cash and cash equivalents	17,025	(13,429)
Cash and cash equivalents at 1 January	113,218	124,468
Effect of foreign currency exchange rate changes	(455)	(55)
Cash and cash equivalents at 31 March	129,788	110,984

Note to consolidated statement of Cash Flows

for the three-month periods ended 31 March 2018

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 periods ended 31 March 2018**	**Three-month periods ended 31 March 2017**
Operating activities		
Profit before taxation	32,120	28,552
Adjustments for:		
Depreciation, depletion and amortization	26,336	27,256
Dry hole costs written off	1,974	2,085
Share of profits from associates and joint ventures	(3,140)	(3,892)
Investment income	(217)	(52)
Interest income	(1,288)	(1,163)
Interest expense	1,989	2,084
(Gain)/loss on foreign currency exchange rate changes and derivative financial instruments	(604)	414
Loss on disposal of property, plant, equipment and other non-current assets, net	-	16
Impairment losses on assets	(13)	303
Operating profit before change of operating capital	57,157	55,603
Accounts receivable and other current assets	7,815	(5,336)
Increase of inventories	(4,630)	(3,423)
Accounts payable and other current liabilities	(39,182)	(30,717)
Subtotal	21,160	16,127
Income tax paid	(9,108)	(2,851)
Net cash generated from operating activities	12,052	13,276

Segment Reporting

for the three-month periods ended 31 March 2018

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

Information of the company and Group reportable segments is as follows:

Items	Three-month periods ended 31 March 2018	Three-month periods ended 31 March 2017
Turnover		
Exploration and production		
External sales	20,933	17,119
Inter-segment sales	20,269	19,104
Subtotal	41,202	36,223
Refining		
External sales	33,933	32,676
Inter-segment sales	252,897	214,908
Subtotal	286,830	247,584
Marketing and distribution		
External sales	310,117	290,119
Inter-segment sales	1,176	891
Subtotal	311,293	291,010
Chemicals		
External sales	104,780	93,725
Inter-segment sales	15,980	13,084
Subtotal	120,760	106,809
Corporate and others		
External sales	135,500	134,245
Inter-segment sales	131,516	99,064
Subtotal	267,016	233,309
Elimination of inter-segment sales	(421,838)	(347,051)
Turnover	605,263	567,884
Other operating revenues		
Exploration and production	1,742	1,797
Refining	1,125	1,125
Marketing and distribution	8,892	7,333
Chemicals	3,738	3,793
Corporate and others	491	253
Other operating revenues	15,988	14,301
Turnover and other operating revenues	621,251	582,185
Result		
Operating (loss)/profit		
By segment		
Exploration and production	(318)	(5,764)
Refining	19,007	16,754
Marketing and distribution	8,925	9,161

Chemicals	8,452	8,509
Corporate and others	(848)	1,075
Elimination	(6,000)	(4,300)
Total segment operating profit	29,218	25,435
Share of profits from associates and joint ventures		
Exploration and production	276	413
Refining	223	182
Marketing and distribution	641	532
Chemicals	1,495	2,397
Corporate and others	505	368
Aggregate share of profits from associates and joint ventures	3,140	3,892
Investment income/(losses)		
Exploration and production	61	-
Refining	3	(3)
Marketing and distribution	8	15
Chemicals	(6)	3
Corporate and others	151	37
Aggregate investment income	217	52
Net finance costs	(455)	(827)
Profit before taxation	32,120	28,552

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

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

(i) Government Grants

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

(ii) Safety Production Fund

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

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

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Units: million Currency: RMB Type: unaudited

Items	**Three-month periods ended 31 March 2018**	**Three-month periods ended 31 March 2017**
Net profit under ASBE	24,522	21,683
Adjustments:		
Government grants (i)	14	28
Safety production fund (ii)	591	544
Profit for the period under IFRS	25,127	22,255

IFRS are analysed as follows:

Units: million Currency: RMB Type: unaudited

Items	At 31 March 2018	At 31 December 2017
	877,316	854,070
Adjustments:		
Government grants(i)	(1,166)	(1,180)
Total equity under IFRS	876,150	852,890