

CHINA PETROLEUM & CHEMICAL CORP

Form 6-K

August 29, 2018

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

The Securities Exchange Act of 1934

For the month of August 2018

CHINA PETROLEUM & CHEMICAL CORPORATION

22 Chaoyangmen North Street,

Chaoyang District, Beijing, 100728

People's Republic of China

Tel: (8610) 59960114

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F ☐ ☐ Form 40-F ☐

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes ☐ No ☐

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b):

82-_____.)

N/A

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This Form 6-K consists of:

1. An announcement of interim results for the six months of 2018 of China Petroleum & Chemical Corporation (the “Registrant”);
2. An announcement regarding renewal of continuing connected transactions and disclosable transactions; and
3. An announcement regarding proposed appointment of director;

Each made by the Registrant on August 24, 2018.

Announcement 1

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(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00386)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2018

1 Important Notice

This announcement is a summary of the 2018 interim report of China Petroleum & Chemical Corporation ("Sinopec Corp."). The full version of 2018 interim report is published on the websites of Shanghai Stock Exchange 1.1 (www.sse.com.cn), The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (www.hkex.com.hk) and Sinopec Corp. (www.sinopec.com). Investors should read the 2018 interim report for more details.

The interim financial statements for the six-month period ended 30 June 2018 (the "reporting period") of Sinopec 1.2 Corp. and its subsidiaries (the "Company"), prepared in accordance with the Accounting Standards for Business Enterprises of the PRC ("ASBE") and International Financial Reporting Standards ("IFRS"), have been reviewed by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Certified Public Accountants respectively.

1.3 Basic Information of Sinopec Corp.

Stock name	SINOPEC CORP		SINOPEC CORP	SINOPEC CORP
Stock code	600028	00386	SNP	SNP
Stock Exchange	Shanghai Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange
Authorised Representatives		Secretary to the Board		Representative on Securities Matters
Name	Mr. Dai Houliang	Mr. Huang Wensheng	Mr. Huang Wensheng	Mr. Zheng Baomin
Address	22 Chaoyangmen North Street, Chaoyang District, Beijing, PRC			
Tel	86-10-59960028	86-10-59960028	86-10-59960028	86-10-59960028
Fax	86-10-59960386	86-10-59960386	86-10-59960386	86-10-59960386
E-mail	ir@sinopec.com			

2 Principal Financial Data and Indicators

2.1 Principal Financial Data and Indicators Prepared in Accordance with ASBE

Items	As at 30 June 2018 (Unaudited) RMB million	As at 31 December 2017 (Audited) RMB million	Changes from the end of the last year %
Total assets	1,617,304	1,595,504	1.4
Total equity attributable to equity shareholders of the Company	721,193	727,244	(0.8)

Items	Six-month periods ended 30 June		Changes over the same period of preceding year
	2018	2017	
	(Unaudited) RMB million	(Audited) RMB million	%
Net cash flow from operating activities	71,620	60,847	17.7
Operating income	1,300,252	1,165,837	11.5
Net profit attributable to equity shareholders of the Company	41,600	27,092	53.6
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	39,791	26,099	52.5
Weighted average return on net assets (%)	5.74	3.79	1.95 percentage points
Basic earnings per share (RMB)	0.344	0.224	53.6
Diluted earnings per share (RMB)	0.344	0.224	53.6

2.2 Principal Financial Data and Indicators Prepared in accordance with IFRS

Items	Six-month periods ended 30 June		Changes over the same period of preceding year
	2018	2017	
	(Unaudited) RMB million	(Audited) RMB million	%
Operating profit	61,576	39,309	56.6
Profit attributable to owners of the Company	42,386	27,915	51.8
Basic earnings per share (RMB)	0.350	0.231	51.8
Diluted earnings per share (RMB)	0.350	0.231	51.8
Net cash generated from operating activities	71,620	60,847	17.7

Items	As of 30 June 2018 (Unaudited) RMB million	As of 31 December 2017 (Audited) RMB million	Changes from the end of the last year
			%

Total assets	1,617,304	1,595,504	1.4
Total equity attributable to owners of the Company	720,113	726,120	(0.8)

3

3 Number of Shareholders and Shareholdings of Principal Shareholders

As at 30 June 2018, there were a total of 457,903 shareholders of Sinopec Corp., of which 452,051 were holders of A shares and 5,852 were holders of H shares. The public float of Sinopec Corp. satisfied the minimum requirements under the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “Hong Kong Listing Rules”).

3.1 Top ten shareholders as of 30 June 2018

Unit: share

Name of Shareholders

China Petrochemical Corporation

HKSCC (Nominees) Limited²

Hong Kong Securities Clearing Company Ltd

分紅 個 分紅 005L FH002滬

全 社 基 四零一組合

長江

傳統 普通 品-005L-CT001滬

工商銀行-上 50交易型開放式১

Notes:

1. As compared with the number of shares as at 31 December 2017.

Sinopec Century Bright Capital Investment Limited, a wholly-owned overseas subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, accounting for 0.46% of the total share capital of Sinopec Corp. Such shareholdings are included in the total number of shares held by HKSCC Nominees Limited.

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

Apart from

-分紅-個 分紅-005L-FH002滬 and
-傳統-普通 品-005L-CT001滬 which were both administrative

Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned shareholders.

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3.2 Information disclosed by H share shareholders in accordance with the Securities and Futures Ordinance (“SFO”) as of 30 June 2018

Name of shareholders	Status of shareholders	Number of shares interests held or regarded as held	Approximate percentage of Sinopec Corp.’s issued share capital (H share) (%)
BlackRock, Inc.	Interests of corporation controlled	2,047,836,932(L)	8.03(L)
	by the substantial shareholder	16,000 (S)	0.00(S)
Citigroup Inc.	Person having a security interest in shares	1,744,300 (L)	0.01 (L)
	Interests of corporation controlled	145,310,062(L)	0.57(L)
	by the substantial shareholder	92,456,947(S)	0.36(S)
	Custodian corporation/ Approved lending agent	1,641,417,830(L)	6.43(L)
Schroders Plc	Investment manager	1,548,527,001 (L)	6.07(L)
JPMorgan Chase & Co.	Beneficial owner	478,700,855 (L)	1.88 (L)
		157,452,151 (S)	0.62(S)
	Investment manager	103,077,862 (L)	0.40(L)
	Trustee (exclusive of passive trustee)	1,006,400 (L)	0.00(L)
	Custodian corporation/ Approved lending agent	956,876,795 (L)	3.75(L)

Note:(L): Long position, (S): Short position

3.3 Changes in the Controlling Shareholders and the de facto Controller

There was no change in the controlling shareholder or the de facto controller of Sinopec Corp. during the reporting period.

4 Equity Interests of Directors, Supervisors and Other Senior Management

As at 30 June 2018, apart from the 13,000 A shares of Sinopec Corp. held by Director and Senior Vice President Mr. Ling Yiqun, none of the directors, supervisors and other senior management of Sinopec Corp. held any shares of Sinopec Corp.

Save as disclosed above, the directors, supervisors or other senior management of Sinopec Corp. confirmed that none of them or any of their associates had any interest or short positions in any shares, underlying shares or debentures of Sinopec Corp. or any of its associated corporations (within the meaning of Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) contained in Appendix 10 to the Hong Kong Listing Rules.

5 Business Review and Prospects

5.1 Business Review

In the first half of 2018, global economy recorded slow recovery, while China economy, maintained an overall stable performance securing progress in its economic development with gross domestic product (GDP) grew by 6.8%. While the domestic demand for oil products maintained steady growth, the market witnessed strong competition because of abundant supply. According to the statistics of NDRC, domestic consumption of refined oil products increased by 5.7% compared with the first half of 2017, among which gasoline consumption increased by 4.6%, consumption growth for kerosene and diesel was 10.9% and 5.6%, respectively. Domestic demand for natural gas recorded higher growth rate, up by 17.5% compared with the first half of 2017. Domestic consumption of major chemicals maintained significant growth with consumption of ethylene equivalent up by 9.3% year on year, and gross margin for chemical products remained at a high level.

For the first half of 2018, international crude oil prices fluctuated with upward trend. The average spot price of Platts Brent for the first half of 2018 was USD 70.55 per barrel, increased by 36.2% year on year.

5.1.1 Operation Review

(1) Exploration and production

In the first half of 2018, capturing the recovery of crude oil price, the Company promoted efficient exploration and effective production to increase proved reserves, reduced costs and expenses and achieved good results. Our continuing efforts in exploration paid off with new oil and gas discoveries in Sichuan Basin, Tarim Basin, and Yin'e Basin. In development, we adopted a profit-oriented approach in resumption of crude oil production. We also accelerated natural gas development by enhancing production-supply-storage-marketing system building to realise synergy along the entire value chain. Production in the first half of 2018 was 224.59 million barrels of oil equivalent, of which domestic crude production was 123.68 million barrels, overseas crude production was 19.95 million barrels, and total gas production was 476.2 billion cubic feet, increased by 5.3% compared to the same period of last year.

Exploration and Production: Summary of Operations

	Six-month periods ended 30 June		Changes
	2018	2017	(%)
Oil and gas production (mmboe)	224.59	221.38	1.4
Crude oil production (mmbbls)	143.63	145.98	(1.6)
China	123.68	123.16	0.4
Overseas	19.95	22.82	(12.6)
Natural gas production (bcf)	476.20	452.12	5.3

(2)Refining

In the first half of 2018, with the market-oriented approach, we optimised product mix to produce more gasoline and jet fuel, and the diesel-to-gasoline ratio further decreased. We actively promoted the GB VI refined oil products quality upgrading. Export of refined oil products was increased to help maintain high utilisation of refining facilities. Crude oil sourcing and allocation optimisation continued to lower our feedstock cost. We comprehensively optimised our production plans to ensure safe and reliable operations. The advantage of centralised marketing was given full play, and profitability of LPG, asphalt, and sulphur maintained at a high level. In the first half of 2018, we processed 121 million tonnes of crude oil, and produced 76.37 million tonnes of refined oil products, with production of gasoline and kerosene up by 5.7% and 9.4% respectively from levels in the first half of 2017.

Refining: Summary of Operations

Unit: million tonnes

	Six-month periods ended 30 June		Changes (%)
	2018	2017	
Refinery throughput	120.72	117.79	2.5
Gasoline, diesel and kerosene production	76.37	74.11	3.0
Gasoline	30.04	28.41	5.7
Diesel	32.09	32.67	(1.8)
Kerosene	14.25	13.03	9.4
Light chemical feedstock production	19.34	18.94	2.1

Note: Includes 100% of production of domestic joint ventures.

(3) Marketing and distribution

In the first half of 2018, confronted with fierce competition, the Company brought our advantages in distribution network into full play, and achieved good operational results. We coordinated internal and external resources, intensified efforts to explore more markets, expanded retail scale, and achieved sustained growth in total domestic sales volume. We proactively promoted precision marketing and differentiated marketing, and improved our marketing network to reinforce existing advantages. The total sales volume of refined oil products in the first half of 2018 was 96.48 million tonnes, of which domestic sales accounted for 88.45 million tonnes, up by 1.4% year on year. We strengthened development of key convenience store goods and proprietary brand to promote a rapid growth of non-fuel business.

Marketing and Distribution: Summary of Operations

	Six-month periods ended 30 June			Change
	2018	2017		(%)
Total sales volume of refined oil products (million tonnes)	96.48	98.55	(2.1)
Total domestic sales volume of refined oil products (million tonnes)	88.45	87.22	1.4	
Retail (million tonnes)	59.28	58.68	1.0	
Direct sales and Distribution (million tonnes)	29.16	28.54	2.2	
Annualised average throughput per station (tonne/station)	3,870	3,832	1.0	
	As of 30 June 2018	As of 31 December 2017	Change from the end of last year (%)	
Total number of Sinopec-branded service stations	30,645	30,633	0.04	
Number of company-operated stations	30,639	30,627	0.04	
Number of convenience stores	26,424	25,775	2.5	

(4) Chemicals

In the first half of 2018, we constantly fine-tuned chemical feedstock mix to further lower costs, optimised product mix by enhancing the dynamic optimisation of facilities and product chains to provide more products needed by the market. We strengthened the integration among production, marketing, R&D, and application, and intensified efforts on R&D, production and sales of high value-added products, with the ratio of specialty products of synthetic resin reached 64.0% and our differential ratio of synthetic fibre reached 90.3%. Ethylene production for the first half of 2018 was 5.786 million tonnes, up by 3.2% year on year. We coordinated internal and external resources, implemented precision marketing and further expanded the market, with total chemical sales volume increased by 14.1% from the corresponding period in 2017 to 42.56 million tonnes.

Major Chemical Products: Summary of Operations

Unit: 1,000 tonnes

	Six-month periods ended 30 June		Changes
	2018	2017	(%)
Ethylene	5,786	5,609	3.2
Synthetic resin	8,068	7,802	3.4
Synthetic fiber monomer and polymer	4,601	4,659	(1.2)
Synthetic fiber	603	616	(2.1)
Synthetic rubber	405	412	(1.7)

Note: Includes 100% of production of domestic joint ventures.

5.1.2 Safety Management and Environmental Protection

The Company prioritised safe production and intensified safety supervision. In the first half of this year, we promote the construction of tiered risk control and operation hazard identification, prevention and rectification system. We advanced safety control of contractors and on-site operation, enhanced process safety of chemicals business, security and staff healthy management, and further consolidated the foundation of safe production at operational level. Above all, we achieved safe production and operations.

The Company actively implemented its green and low-carbon strategy and launched “Green Enterprise Campaign”. We effectively carried out pollution prevention and control and constantly pushed forward energy efficiency improvement. We also accelerated carbon asset management and made great progress in energy and environment work.

5.1.3 Capital Expenditures

Focusing on quality and return on investment, the Company continuously optimised its investment projects. In the first half of 2018, total capital expenditures were RMB 23.687 billion. Capital expenditures for the exploration and production segment were RMB 10.762 billion, mainly for oil and gas capacity building, Wen 23 Gas Storage Project, Erdos-Anping-Cangzhou Gas Pipeline Project, the first phase of Xinjiang Coal Gas Pipeline Project as well as overseas projects. Capital expenditures for the refining segment were RMB 4.61 billion, mainly for the Zhongke integrated refining and chemical project, product mix optimisation of Zhenhai, Maoming and Tianjin, and GB VI gasoline and diesel quality upgrading projects. Capital expenditures for the marketing and distribution segment were RMB 5.373 billion, mainly for constructing refined oil products depots, pipelines and service stations and revamping of underground oil tanks, as well as other safety and environmental protection hazard removal projects. Capital expenditures for the chemicals segment were RMB 2.635 billion, mainly for integrated refining and chemical projects of Zhongke and Gulei, high-efficiency and environment-friendly aromatics project in Hainan and Zhong'an United Coal Chemical project. Capital expenditures for corporate and others were RMB 307 million, mainly for R&D facilities and information technology application projects.

5.2 Business Prospects

Looking into the second half of 2018, we expect China's economy to maintain steady growth and the demand for refined oil products and petrochemicals to increase steadily with more robust demand for high-end products. Along with the adjustments of China's energy structure, demand for natural gas will maintain robust growth. For the second half of 2018, the uncertainty of international crude oil prices will increase due to trade frictions and geopolitical tensions.

Confronted with the present situation, the Company will integrate reform, management, innovation and development, to fully improve operational performances, expand markets, reduce costs, prevent risks and realise structural adjustments. Our focuses are on the following aspects:

For Exploration and Production, we will continue to advance high-efficiency exploration, profitable production and cost reduction. In crude oil development, we will accelerate profitable development of new oilfields and resumed production of suspended wells, deepen the structural adjustments of mature fields, and increase yields of profitable crude oil. In natural gas development, we will advance key projects for capacity construction, enhance the efficiency and quality of developed gas fields, as well as promote synergy of production, supply, storage and marketing to push forward the development of natural gas. In the second half of 2018, we plan to produce 146 million barrels of crude oil, of which domestic production will account for 125 million barrels and overseas production will account for 21 million barrels. We plan to produce 497.8 billion cubic feet of natural gas during the period.

For Refining, with efficiency-oriented approach, we will optimise our production plans based on market demand to consolidate our competitive advantages in refining business. We will continue to adjust our product mix by further lowering the diesel-to-gasoline ratio and increasing the production of gasoline, jet fuel and light chemical feedstock. We will complete GB VI refined oil products upgrading project as scheduled. We will fully optimise operations and ensure safe and stable production, and we plan to process 121 million tonnes of crude oil in the second half of the year.

For Marketing and Distribution, we will intensify our marketing strategy of balancing profit and volume by optimising resources allocation and operational efficiency. We will make efforts to expand retail scale through implementing precision marketing as well as differentiated marketing. We will further improve our marketing network to reinforce existing advantages and enhance the ability of exporting refined oil products. We will push forward the construction and operation of natural gas stations and expand natural gas market for automobiles. We will take the advantage of “Internet +” marketing strategy and accelerate the development and marketing of proprietary brand and products to advance the growth of non-fuel business. In the second half, we plan to sell 90.50 million tonnes of refined oil products in the domestic market in the second half of 2018.

For Chemicals, we will focus on the “basic and high-end” development concept to adjust our feedstock structure and lower cost. We will fine-tune our product slate, improve the coordination among mechanism combining production, marketing, research and application, advance new product development, promotion and application, and deliver more high-end products. We will put more emphasis on the dynamic optimisation of facilities and product chains and improving the utilisation and production scheduling based on market demands. Meanwhile, we will promote the precision marketing and services, improve customer services and provide total solutions and value-added services. We plan to produce 5.734 million tonnes of ethylene in the second half of 2018.

In the second half of the year, the Company will continue to focus on growth pattern upgrading, insist on specialised development, market-oriented operation, optimised global presence and integrated planning to enhance efficiency and deliver superior operating results.

6 Management's Discussion and Analysis

The following discussion and analysis should be read in conjunction with the Company's interim financial statements and the accompanying notes in the interim report of Sinopec Corp. Parts of the following financial data, unless otherwise stated, were abstracted from the Company's interim financial statements that have been prepared according to IFRS.

6.1 Consolidated results of operations

In the first half of 2018, the Company's turnover and other operating revenues were RMB 1,300.3 billion, representing an increase of 11.5% year on year, and operating profit was RMB 61.6 billion, representing an increase of 56.6% year on year.

The following table sets forth the principal revenue and expenses items from the Company's consolidated financial statements for the first half of 2018 and the corresponding period in 2017:

	Six-month periods ended 30 June		
	2018	2017	Change
	RMB	RMB	
	million	million	(%)
Turnover and other operating revenues	1,300,252	1,165,837	11.5
Turnover	1,268,803	1,137,828	11.5
Other operating revenues	31,449	28,009	12.3
Operating expenses	(1,238,676)	(1,126,528)	10.0
Purchased crude oil, products, and operating supplies and expenses	(994,797)	(887,028)	12.1
Selling, general and administrative expenses	(31,332)	(30,131)	4.0
Depreciation, depletion and amortisation	(51,902)	(55,217)	(6.0)
Exploration expenses, including dry holes	(4,362)	(4,542)	(4.0)
Personnel expenses	(37,340)	(31,328)	19.2
Taxes other than income tax	(118,721)	(116,297)	2.1
Other operating expense, net	(222)	(1,985)	(88.8)
Operating profit	61,576	39,309	56.6
Net finance costs	(263)	(1,289)	(79.6)
Investment income and share of profit less losses from associates and joint ventures	7,458	7,937	(6.0)
Profit before taxation	68,771	45,957	49.6
Tax expense	(14,586)	(8,915)	63.6
Profit for the period	54,185	37,042	46.3
Attributable to:			
Owners of the Company	42,386	27,915	51.8
Non-controlling interests	11,799	9,127	29.3

(1) Turnover and other operating revenues

In the first half of 2018, the Company's turnover was RMB 1,268.8 billion, representing an increase of 11.5% year on year. The change was mainly attributable to the increase of international crude oil prices as well as the Company's efforts in exploiting our advantages in distribution network, implementing precision marketing, coordinating internal and external resources and expanding the market in the market competition.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2018 as compared with the first half of 2017.

	Sales Volume (thousand tonnes)			Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods ended 30 June			Six-month periods ended 30 June		
	2018	2017	Change (%)	2018	2017	Change (%)
Crude oil	3,580	3,341	7.2	2,880	2,357	22.2
Natural gas (million cubic meters)	11,799	11,554	2.1	1,362	1,270	7.2
Gasoline	43,623	41,400	5.4	7,635	6,966	9.6
Diesel	39,749	44,951	(11.6)	5,701	4,889	16.6
Kerosene	12,071	12,748	(5.3)	4,220	3,547	19.0
Basic chemical feedstock	20,005	17,015	17.6	5,287	4,888	8.2
Synthetic fibre monomer and polymer	5,495	5,018	9.5	6,729	5,947	13.1
Synthetic resin	7,190	6,301	14.1	8,495	7,994	6.3
Synthetic fibre	639	638	0.2	9,405	8,317	13.1
Synthetic rubber	533	551	(3.3)	10,612	13,423	(20.9)

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production with the remaining sold to other customers. In the first half of 2018, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 41.1 billion, increased by 24.5% year on year, accounting for 3.2% of the Company's turnover and other operating revenues. The change was mainly attributable to the increase of realised price of crude oil and natural gas, and external sales volume as the Company seized the opportunity of crude oil price recovery to expedite crude oil capacity reconstruction and promote the building of natural gas production-supply-storage-sale system.

Petroleum products (mainly consisting of oil products and other refined petroleum products) sold externally by the Refining Segment and the Marketing and Distribution Segment achieved external sales revenues of RMB 718.6 billion, representing an increase of 9.9% year on year and accounting for 55.3% of the Company's turnover and other operating revenues. Those changes were mainly due to the rise of downstream product prices, high utilisation rates maintained by the Company when actively respond to the challenge of market over-supply, as well as increase of gasoline sales volume as the result of actively expanding market and promoting sales. The sales revenue of gasoline, diesel and kerosene was RMB 610.6 billion, representing an increase of 10.3% year on year, accounting for 85.0% of the sales revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 108.0 billion, representing an increase of 7.6% year on year, accounting for 15.0% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 218.8 billion, representing an increase of 22.5% year on year, accounting for 16.8% of its turnover and other operating revenues. The change was mainly due to the increases in chemical product sales volume and prices as the result of the Company seizing opportunities to expand trade scale and explore market.

(2) Operating expenses

In the first half of 2018, the Company's operating expenses were RMB 1,238.7 billion, representing an increase of 10.0% year on year. The change was mainly due to the increase of crude oil prices and relevant petroleum and petrochemical products prices. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 994.8 billion, representing an increase of 12.1% year on year, accounting for 80.3% of total operating expenses, of which:

Crude oil purchasing expenses were RMB 314.5 billion, representing an increase of 30.0% year on year. Throughput of crude oil purchased externally in the first half of 2018 was 98.25 million tonnes (excluding the volume processed for third parties), increased by 10.8% year on year. The average cost of crude oil purchased externally was RMB 3,201 per tonne, increased by 17.3% year on year.

The Company's purchasing expenses of refined oil products were RMB 160.8 billion, representing an increase of 9.6% over the same period of 2017.

The Company's purchasing expense related to trading activities were RMB 263.6 billion, representing an increase of 3.0% over the same period of 2017. This was mainly due to the increase in prices of purchased crude oil and refined oil.

Other purchasing expenses were RMB 255.9 billion, increased by 5.6% year on year. The change was mainly due to the upward trend of other petrochemical market and the increase in prices of petrochemical products over the same period of 2017.

Selling, general and administrative expenses of the Company totalled RMB 31.3 billion, representing an increase of 4.0% year on year. This was mainly because the Company increased input in research and development activities and promoted sales volume resulting in rise of freight and miscellaneous fee.

Depreciation, depletion and amortisation expenses of the Company were RMB 51.9 billion, representing a decrease of 6.0% year on year. This was mainly due to the decrease of depletion rate as the Company's proved reserves increased following the increase of crude oil price.

Exploration expenses were RMB 4.4 billion, representing a decrease of 4.0% year on year. This was mainly due to the Company's constant strengthening of exploration investment control to increase success rate of exploration operation.

Personnel expenses were RMB 37.3 billion, representing an increase of 19.2% year on year. The change was mainly due to: the Company achieved strong result and increased personnel remuneration in 2017, which leads to the increased base of social insurance, housing fund and enterprise annuity in 2018, thus increased fringe payment; Shanghai SECCO was consolidated into the financial statement of the Company at the end of 2017; as the Company improved its profit significantly in the first half of 2018, income of employee was increased accordingly in line with its incentive mechanism.

Taxes other than income tax were RMB 118.7 billion, representing an increase of 2.1% year on year.

Net other operating income were RMB 0.2 billion, representing a decrease of 88.8% year on year. This was mainly due to the decrease of the impairment of oil and gas assets.

(3) Operating profit

In the first half of 2018, the Company's operating profit was RMB 61.6 billion, representing an increase of 56.6% year on year. This was mainly due to significant decrease of losses in upstream business and steady increase of earning in midstream and downstream businesses.

(4) Net finance costs

In the first half of 2018, the Company's net finance costs were RMB 0.3 billion, down by RMB 1.0 billion, representing a decrease of 79.6% year on year, which was mainly because the Company enhanced cash flow management and increased cash at bank and on hand. The Company also gained interest income by cash management and optimised debt structure by replacing loans with favourable rates to decrease finance cost.

(5) Profit before taxation

In the first half of 2018, the Company's profit before taxation amounted to RMB 68.8 billion, representing an increase of 49.6% year on year.

(6) Tax expense

In the first half of 2018, the Company's tax expense totalled RMB 14.6 billion, up by RMB 5.7 billion, representing an increase of 63.6% year on year. This was mainly due to the increase of earnings and decrease of franked investment income year on year.

(7) Profit attributable to non-controlling interests of the Company

In the first half of 2018, profit attributable to non-controlling shareholders was RMB 11.8 billion, up by RMB 2.7 billion, representing an increase of 29.3% year on year.

(8) Profit attributable to owners of the Company

In the first half of 2018, profit attributable to owners of the Company was RMB 42.4 billion, representing an increase of 51.8% year on year.

6.2 Assets, liabilities, equity and cash flows

(1) Asset, liabilities and equity

Unit: RMB million

	As of 30 June 2018	As of 31 December 2017	Change
Total assets	1,617,304	1,595,504	21,800
Current assets	568,938	529,049	39,889
Non-current assets	1,048,366	1,066,455	(18,089)
Total liabilities	761,126	742,614	18,512
Current liabilities	577,065	579,446	(2,381)
Non-current liabilities	184,061	163,168	20,893
Total equity attributable to owners of the Company	720,113	726,120	(6,007)
Share capital	121,071	121,071	—
Reserves	599,042	605,049	(6,007)
Non-controlling Interests	136,065	126,770	9,295
Total equity	856,178	852,890	3,288

(2) Cash Flow

The following table sets forth the major items in the consolidated cash flow statements for the first half of 2018 and of 2017.

Unit: RMB million

Major items of cash flows	Six-month periods ended 30 June		Changes in amount
	2018	2017	
Net cash generated from operating activities	71,620	60,847	10,773
Net cash generated from/(used in) investing activities	19,258	(40,002)	59,260
Net cash used in financing activities	(49,308)	(16,038)	(33,270)
Net increase in cash and cash equivalents	41,570	4,807	36,763

6.3 The results of the principal operations by segments (under ASBE)

Segments	Operating income (RMB million)	Operating cost (RMB million)	Gross profit margin* (%)	Increase of operating income on a year-on-year basis (%)	(Decrease)/ increase of operating cost on a year-on-year basis (%)	Increase/ (decrease) of gross profit margin on a year-on-year basis (percentage point)
Exploration and Production	87,924	71,233	12.9	18.6	(2.4)	17.2
Refining	593,327	433,726	8.2	21.5	27.6	0.1
Marketing and Distribution	668,325	619,769	7.1	10.3	10.7	(0.2)
Chemicals	256,268	229,064	10.2	23.0	24.2	(0.5)
Corporate and Others	585,443	582,523	0.5	20.0	20.6	(0.5)
Elimination of inter-segment sales	(891,035)	(885,596)	N/A	N/A	N/A	N/A
Total	1,300,252	1,050,719	10.1	11.5	11.5	0.9

*Gross profit margin = (Operating income Ó Operating cost, tax and surcharges)/Operating income

7 Dividend

7.1 Dividend distribution for the year ended 31 December 2017

Upon its approval at its 2017 Annual General Meeting, Sinopec Corp. distributed the final cash dividend of RMB 0.40 per share (tax inclusive). The final dividend for 2017 has been distributed to shareholders on or before 14 June 2018 who were registered as existing shareholders as at 4 June 2018. Combined with the 2017 interim cash dividend of RMB 0.10 per share (tax inclusive), the total cash dividend for the whole year 2017 amounted to RMB 0.50 per share (tax inclusive).

7.2 Interim dividend distribution plan for the six months ended 30 June 2018

As approved at the third meeting of the seventh session of the Board, the interim dividend for the six months ended 30 June 2018 of RMB 0.16 per share (tax inclusive) will be distributed based on the total number of shares as of 11 September 2018 (Record Date) in cash.

The 2018 interim dividend distribution plan, with the consideration of interest of shareholders and development of the Company, is in compliance with the Articles of Association and relevant procedures. The independent non-executive directors have issued independent opinions on it.

The interim cash dividend will be distributed on or before 21 September 2018 (Friday) to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of 11 September 2018 (Tuesday). To be entitled to the interim dividend, holders of H shares shall lodge their share certificates and transfer documents with Hong Kong Registrars Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration of transfer, no later than 4:30 p.m. on 4 September 2018 (Tuesday). The register of members of the H shares of Sinopec Corp. will be closed from 5 September 2018 (Wednesday) to 11 September 2018 (Tuesday) (both days inclusive).

The dividend will be denominated and declared in RMB and distributed to domestic shareholders and Shanghai-Hong Kong Stock Connect shareholders in RMB and to foreign shareholders in Hong Kong Dollars. The exchange rate for dividend to be paid in Hong Kong dollars is based on the average benchmark exchange rate of RMB against Hong Kong Dollar as published by the People's Bank of China one week ahead of the date of declaration of the interim dividend, i.e. 24 August 2018 (Friday).

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, Sinopec Corp. is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares of Sinopec Corp. when distributing the cash dividends to them. Any H Shares of the Sinopec Corp. registered not under the name of an individual shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. Therefore, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change their shareholder status, they should enquire about the relevant procedures from their agents or trustees. Sinopec Corp. will withhold and pay enterprise income tax on behalf of the relevant shareholders based on the register of members for H shares of Sinopec Corp. as at the Record Date in accordance with the laws or the requirements of relevant government authorities.

Where the individual holders of the H shares are residents of Hong Kong, Macau or a country which had an agreed tax rate of 10% for cash dividends to them with China under relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Where the individual holders of the H Shares are residents of a country which had an agreed tax rate of less than 10% with China under relevant tax agreement, Sinopec Corp. shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of the H Shares wish to reclaim the extra amount withheld (the “Extra Amount”) by the application of 10% tax rate, Sinopec Corp. can apply for the relevant agreed preferential tax treatment provided that the relevant shareholders submit the evidence required by the notice of the tax agreement to the share register for H shares of Sinopec Corp. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. Where the individual holders of the H Shares are residents of a country which has an agreed tax rate of over 10% but less than 20% with China under the tax agreement, Sinopec Corp. shall withhold and pay the individual income tax at the agreed actual rate in accordance with relevant tax agreements. Where the individual holders of the H Shares are residents of a country which has an agreed tax rate of 20% with China, or has not entered into any tax agreement with China, or under any other circumstances, Sinopec Corp. shall withhold and pay the individual income tax at a rate of 20%.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港 票市場交易互聯互互 (Caishui [2014] No. 81):

For domestic investors of H Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect, Sinopec Corp. shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. Sinopec Corp. will not withhold or pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

For investors in the Hong Kong Stock Exchange (including enterprises and individuals) of A Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect Program, the Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors who are tax residents of other countries, whose country of domicile is a country having entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, the enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate under such tax treaty will be refunded.

8 Financial statements

In this section, the Company refers to China Petroleum & Chemical Corporation and the Group refers to China Petroleum & Chemical Corporation and its subsidiaries.

8.1 Auditors' opinion

Financial statements Unaudited; Audited

8.2 Financial Statements

8.2.1 Interim financial statement prepared under ASBE

Unaudited Consolidated and Parent Balance Sheets

Unit: RMB million

Items	At 30 June 2018		At 31 December 2017		At 1 January 2017	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
Assets						
Current assets						
Cash at bank and on hand	205,153	96,071	165,004	92,545	142,497	98,250
Financial assets held for trading	7,269	2,008	51,196	48,179	—	—
Bills receivable and accounts receivable	79,828	33,312	84,701	37,766	63,486	38,803
Prepayments	5,537	1,950	4,901	4,429	3,749	3,454
Other receivables	24,430	55,112	16,467	63,820	25,596	45,643
Inventories	225,573	55,692	186,693	44,933	156,511	46,942
Other current assets	21,148	19,175	20,087	27,189	20,422	32,743
Total current assets	568,938	263,320	529,049	318,861	412,261	265,835
Non-current assets						
Available-for-sale financial assets	—	—	1,676	395	11,408	297
Long-term equity investments	134,921	277,186	131,087	275,557	116,812	268,451
Other equity instrument investments	1,480	395	—	—	—	—
Fixed assets	620,044	309,012	650,920	329,814	690,594	373,020
Construction in progress	118,957	49,575	118,645	50,046	129,581	49,277
Intangible assets	97,396	8,418	97,126	8,340	85,023	7,913
Goodwill	8,642	—	8,634	—	6,353	—
Long-term deferred expenses	14,387	1,921	14,720	1,958	13,537	1,980
Deferred tax assets	19,000	9,298	15,131	6,834	7,214	—
Other non-current assets	33,539	9,155	28,516	10,690	25,826	10,952
Total non-current assets	1,048,366	664,960	1,066,455	683,634	1,086,348	711,890
Total assets	1,617,304	928,280	1,595,504	1,002,495	1,498,609	977,725

Unit: RMB million

Items	At 30 June 2018		At 31 December		At 1 January 2017	
	Consolidated	Parent	Consolidated	Parent	Consolidated	Parent
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans	57,985	12,431	54,701	17,330	30,374	9,256
Bills payable and accounts payable	234,386	95,031	206,535	86,604	180,129	78,548
Advances from customers	—	—	120,734	3,413	95,928	2,360
Contract liabilities	123,567	3,106	—	—	—	—
Employee benefits payable	12,467	8,622	7,162	4,854	1,618	312
Taxes payable	39,831	24,930	71,940	42,549	52,886	32,423
Other payables	88,043	101,494	91,693	143,274	79,636	113,841
Short-term debentures payable	—	—	—	—	6,000	6,000
Non-current liabilities due within one year	20,786	20,084	26,681	19,539	38,972	38,082
Total current liabilities	577,065	265,698	579,446	317,563	485,543	280,822
Non-current liabilities						
Long-term loans	79,274	67,727	67,754	63,667	62,461	58,448
Debentures payable	31,518	20,000	31,370	20,000	54,985	36,000
Provisions	41,423	32,126	39,958	31,405	39,298	29,767
Deferred tax liabilities	5,814	—	6,466	—	7,661	505
Other non-current liabilities	24,899	2,908	16,440	2,591	16,136	2,607
Total non-current liabilities	182,928	122,761	161,988	117,663	180,541	127,327
Total liabilities	759,993	388,459	741,434	435,226	666,084	408,149

Unit: RMB million

Items	At 30 June 2018 ConsolidatedParent		At 31 December 2017 ConsolidatedParent		At 1 January 2017 ConsolidatedParent	
Liabilities and shareholders' equity (Continued)						
Shareholders' equity						
Share capital	121,071	121,071	121,071	121,071	121,071	121,071
Capital reserve	119,577	68,789	119,557	68,789	119,525	68,769
Other comprehensive income	(4,422)	196	(4,413)	196	(932)	263
Specific reserve	1,752	933	888	482	765	393
Surplus reserves	199,682	199,682	199,682	199,682	196,640	196,640
Retained earnings	283,533	149,150	290,459	177,049	275,163	182,440
Total equity attributable to shareholders of the Company	721,193	539,821	727,244	567,269	712,232	569,576
Minority interests	136,118	—	126,826	—	120,293	—
Total shareholders' equity	857,311	539,821	854,070	567,269	832,525	569,576
Total liabilities and shareholders' equity	1,617,304	928,280	1,595,504	1,002,495	1,498,609	977,725

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Unaudited Consolidated and Parent Income Statement

Unit: RMB million

Items	Six-month periods ended 30 June			
	2018		2017	
	Consolidated	Parent	Consolidated	Parent
Operating income	1,300,252	494,612	1,165,837	411,410
Less: Operating costs	1,050,719	369,561	942,602	306,503
Taxes and surcharges	118,721	83,045	116,297	77,324
Selling and distribution expenses	27,661	1,405	25,955	1,280
General and administrative expenses	33,908	16,810	33,231	17,003
Research and development expenses	4,080	3,888	2,672	2,506
Financial expenses	263	1,389	1,289	1,395
Exploration expenses, including dry holes	4,362	4,173	4,542	4,143
Impairment losses	137	49	4,076	3,681
Credit impairment losses	(38)	(14)	—	—
Add: Other income	1,849	593	1,321	358
Investment income	5,884	9,861	8,152	8,873
(Losses)/gains from changes in fair value	(450)	(171)	369	—
Asset disposal income/(expense)	218	252	(98)	(118)
Operating profit	67,940	24,841	44,917	6,688
Add: Non-operating income	630	145	741	303
Less: Non-operating expenses	703	289	626	340
Profit before taxation	67,867	24,697	45,032	6,651
Less: Income tax expense	14,586	4,082	8,915	478
Net profit	53,281	20,615	36,117	6,173
Classification by going concern:				
Continuous operating net profit	53,281	20,615	36,117	6,173
Termination of net profit	—	—	—	—
Classification by ownership:				
Equity shareholders of the Company	41,600	20,615	27,092	6,173
Minority interests	11,681	—	9,025	—
Basic earnings per share (RMB)	0.344	N/A	0.224	N/A
Diluted earnings per share (RMB)	0.344	N/A	0.224	N/A
Net profit	53,281	20,615	36,117	6,173

Unit: RMB million

Items	Six-month periods ended 30 June			
	2018		2017	
	Consolidated	Parent	Consolidated	Parent
Other comprehensive income				
Items that may not be reclassified subsequently to profit or loss				
Changes in fair value of other equity instrument investments	(17)	—	—
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income that can be converted into profit or loss under the equity method	(113)	—	277
Changes in fair value of available-for-sale financial assets	—	—	(7)
Cash flow hedges	(508)	—	162
Foreign currency translation differences	896	—	(1,542)
Total other comprehensive income	258	—	(1,110)
Total comprehensive income	53,539	20,615	35,007	6,184
Attributable to:				
Equity shareholders of the Company	41,603	20,615	26,450	6,184
Minority interests	11,936	—	8,557	—

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Unaudited Consolidated and Parent Cash Flow Statement

Unit: RMB million

Items	Six-month periods ended 30 June			
	2018		2017	
	Consolidated Parent		Consolidated Parent	
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,464,593	575,001	1,310,796	488,179
Refund of taxes and levies	905	521	788	401
Other cash received relating to operating activities	33,582	2,267	33,601	11,055
Sub-total of cash inflows	1,499,080	577,789	1,345,185	499,635
Cash paid for goods and services	(1,145,090)	(388,198)	(1,021,990)	(305,731)
Cash paid to and for employees	(32,167)	(17,980)	(28,759)	(15,729)
Payments of taxes and levies	(204,541)	(133,955)	(190,325)	(121,123)
Other cash paid relating to operating activities	(45,662)	(7,019)	(43,264)	(25,772)
Sub-total of cash outflows	(1,427,460)	(547,152)	(1,284,338)	(468,355)
Net cash flow from operating activities	71,620	30,637	60,847	31,280
Cash flows from investing activities:				
Cash received from disposal of investments	49,244	57,751	717	5,242
Cash received from returns on investments	3,609	23,497	3,395	10,444
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	7,480	469	216	409
Other cash received relating to investing activities	42,408	21,526	20,595	11,555
Net cash received from disposal of subsidiaries and other business entities	—	—	1	1
Sub-total of cash inflows	102,741	103,243	24,924	27,651

Unit: RMB million

Items	Six-month periods ended 30 June			
	2018	2017	2018	2017
	Consolidated	Parent	Consolidated	Parent
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(35,084)	(17,135)	(28,742)	(17,267)
Cash paid for acquisition of investments	(6,840)	(2,864)	(3,253)	(5,519)
Other cash paid relating to investing activities	(38,371)	(5,010)	(32,914)	(13,010)
Net cash paid for the acquisition of subsidiaries and other business entities	(3,188)	—	(17)	—
Sub-total of cash outflows	(83,483)	(25,009)	(64,926)	(35,796)
Net cash flow from investing activities	19,258	78,234	(40,002)	(8,145)
Cash flows from financing activities:				
Cash received from capital contributions	502	—	331	—
Including: Cash received from minority shareholders' capital contributions to subsidiaries	502	—	331	—
Cash received from borrowings	317,798	56,132	269,008	76,625
Sub-total of cash inflows	318,300	56,132	269,339	76,625
Cash repayments of borrowings	(308,961)	(95,449)	(279,559)	(93,317)
Cash paid for dividends, profits distribution or interest	(58,634)	(51,028)	(5,818)	(2,690)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(7,250)	—	(2,608)	—
Other cash paid relating to financing activities	(13)	—	—	—
Sub-total of cash outflows	(367,608)	(146,477)	(285,377)	(96,007)
Net cash flow from financing activities	(49,308)	(90,345)	(16,038)	(19,382)
Effects of changes in foreign exchange rate	(34)	—	(148)	—
Net increase in cash and cash equivalents	41,536	18,526	4,659	3,753

Consolidated Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total shareholders' equity RMB million
Balance at 1 January 2017	121,071	119,525	(932)	765	196,640	275,163	712,232	120,293	832,525
Change for the period									
1. Net profit	—	—	—	—	—	27,092	27,092	9,025	36,117
2. Other comprehensive income	—	—	(642)	—	—	—	(642)	(468)	(1,110)
Total comprehensive income	—	—	(642)	—	—	27,092	26,450	8,557	35,007
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits: — Distributions to shareholders	—	—	—	—	—	(20,582)	(20,582)	—	(20,582)
4. Transaction with minority interests	—	—	—	—	—	—	—	341	341
5. Distributions to minority interests	—	—	—	—	—	—	—	(2,341)	(2,341)
Total transactions with owners, recorded directly in shareholders' equity	—	—	—	—	—	(20,582)	(20,582)	(2,000)	(22,582)
6. Net increase in specific reserve for the period	—	—	—	774	—	—	774	96	870

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7. Others	—	4	—	—	—	—	4	2	6
Balance at 30									
June 2017	121,071	119,529	(1,574)	1,539	196,640	281,673	718,878	126,948	845,826

28

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Unaudited Consolidated Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total shareholders' equity RMB million
Balance at 31 December 2017	121,071	119,557	(4,413)	888	199,682	290,459	727,244	126,826	854,070
Change in accounting policy	—	—	(12)	—	—	12	—	—	—
Balance at 1 January 2018	121,071	119,557	(4,425)	888	199,682	290,471	727,244	126,826	854,070
Change for the period									
1. Net profit	—	—	—	—	—	41,600	41,600	11,681	53,281
2. Other comprehensive income	—	—	3	—	—	—	3	255	258
Total comprehensive income	—	—	3	—	—	41,600	41,603	11,936	53,539
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
– Distributions to shareholders	—	—	—	—	—	(48,428)	(48,428)	—	(48,428)
4. Transaction with minority interests	—	—	—	—	—	—	—	448	448
5. Contributions to subsidiaries from non-controlling interests	—	32	—	—	—	—	32	(119)	(87)
6. Distributions to minority interests	—	—	—	—	—	—	—	(3,092)	(3,092)

Total transactions with owners, recorded directly in shareholders' equity	—	32	—	—	—	(48,428)	(48,396)	(2,763)	(51,159)
7. Net increase in specific reserve for the period	—	—	—	864	—	—	864	118	982
8. Others	—	(12)	—	—	—	(110)	(122)	1	(121)
Balance at 30 June 2018	121,071	119,577	(4,422)	1,752	199,682	283,533	721,193	136,118	857,311

Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity RMB million
Balance at 1 January 2017	121,071	68,769	263	393	196,640	182,440	569,576
Change for the period							
1. Net profit	—	—	—	—	—	6,173	6,173
2. Other comprehensive income	—	—	11	—	—	—	11
Total comprehensive income	—	—	11	—	—	6,173	6,184
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits: – Distributions to shareholders	—	—	—	—	—	(20,582)	(20,582)
Total transactions with owners, recorded directly in shareholders' equity	—	—	—	—	—	(20,582)	(20,582)
4. Net increase in specific reserve for the period	—	—	—	439	—	—	439
Balance at 30 June 2017	121,071	68,769	274	832	196,640	168,031	555,617

Unaudited Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity RMB million
Balance at 31 December 2017	121,071	68,789	196	482	199,682	177,049	567,269
Change in accounting policy	—	—	—	—	—	—	—
Balance at 1 January 2018	121,071	68,789	196	482	199,682	177,049	567,269
Change for the period							
1. Net profit	—	—	—	—	—	20,615	20,615
2. Other comprehensive income	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	20,615	20,615
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits: – Distributions to shareholders	—	—	—	—	—	(48,428)	(48,428)
Total transactions with owners, recorded directly in shareholders' equity	—	—	—	—	—	(48,428)	(48,428)
4. Net increase in specific reserve for the period	—	—	—	451	—	—	451
5. Others	—	—	—	—	—	(86)	(86)
Balance at 30 June 2018	121,071	68,789	196	933	199,682	149,150	539,821

8.2.2 Interim financial statements prepared under IFRS

Unaudited Interim Condensed Consolidated Income Statement

Unit: RMB million

	Six-month periods ended 30 June	
	2018	2017
Turnover and other operating revenues		
Turnover	1,268,803	1,137,828
Other operating revenues	31,449	28,009
	1,300,252	1,165,837
Operating expenses		
Purchased crude oil, products and operating supplies and expenses	(994,797)	(887,028)
Selling, general and administrative expenses	(31,332)	(30,131)
Depreciation, depletion and amortisation	(51,902)	(55,217)
Exploration expenses, including dry holes	(4,362)	(4,542)
Personnel expenses	(37,340)	(31,328)
Taxes other than income tax	(118,721)	(116,297)
Other operating expense, net	(222)	(1,985)
Total operating expenses	(1,238,676)	(1,126,528)
Operating profit	61,576	39,309

Unaudited Interim Condensed Consolidated Income Statement (Continued)

Unit: RMB million

Six-month periods
ended 30 June
2018 2017

Finance costs		
Interest expense	(3,972)	(3,979)
Interest income	3,507	2,457
Foreign currency exchange gains, net	202	233
Net finance costs	(263)	(1,289)
Investment income	840	286
Share of profits less losses from associates and joint ventures	6,618	7,651
Profit before taxation	68,771	45,957
Income tax expense	(14,586)	(8,915)
Profit for the period	54,185	37,042
Attributable to:		
Shareholders of the Company	42,386	27,915
Non-controlling interests	11,799	9,127
Profit for the period	54,185	37,042
Earnings per share:		
Basic	0.350	0.231
Diluted	0.350	0.231

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

Unit: RMB million

	Six-month periods ended 30 June	
	2018	2017
Profit for the period	54,185	37,042
Other comprehensive income:		
Items that maynot be reclassified subsequently to profit or loss:		
Equity investments at fair value through other comprehensive income	(17)	—
Total items that maynot be reclassified subsequently to profit or loss	(17)	—
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges	(508)	162
Available-for-sale securities	—	(7)
Share of other comprehensive income of associates and joint ventures	(113)	277
Foreign currency translation differences	896	(1,542)
Total items that may be reclassified subsequently  to profit or loss	275	(1,110)
Total other comprehensive income	258	(1,110)
Total comprehensive income for the period	54,443	35,932
Attributable to:		
Shareholders of the Company	42,389	27,273
Non-controlling interests	12,054	8,659
Total comprehensive income for the period	54,443	35,932

Unaudited Interim Condensed Consolidated Balance Sheet

Unit: RMB million

	30 June 2018	31 December 2017
Non-current assets		
Property, plant and equipment, net	619,991	650,774
Construction in progress	118,957	118,645
Goodwill	8,642	8,634
Interest in associates	81,527	79,726
Interest in joint ventures	53,394	51,361
Available-for-sale financial assets	—	1,676
Financial assets at fair value through other comprehensive income	1,480	—
Deferred tax assets	19,000	15,131
Lease prepayments	59,825	58,526
Long-term prepayments and other assets	85,550	81,982
Total non-current assets	1,048,366	1,066,455
Current assets		
Cash and cash equivalents	154,754	113,218
Time deposits with financial institutions	50,399	51,786
Financial assets at fair value through profit or loss	7,269	51,196
Trade accounts receivable	70,912	68,494
Bills receivable	8,916	16,207
Inventories	225,573	186,693
Prepaid expenses and other current assets	51,115	41,455
Total current assets	568,938	529,049

Unaudited Interim Condensed Consolidated Balance Sheet (Continued)

Unit: RMB million

	30 June 2018	31 December 2017
Current liabilities		
Short-term debts	45,825	55,338
Loans from Sinopec Group Company and fellow subsidiaries	32,024	25,311
Trade accounts payable	227,373	200,073
Contract liabilities	123,567	—
Bills payable	7,013	6,462
Other payables	130,844	279,247
Income tax payable	10,419	13,015
Total current liabilities	577,065	579,446
Net current liabilities	8,127	50,397
Total assets less current liabilities	1,040,239	1,016,058
Non-current liabilities		
Long-term debts	67,470	55,804
Loans from Sinopec Group Company and fellow subsidiaries	43,322	43,320
Deferred tax liabilities	5,814	6,466
Provisions	41,423	39,958
Other long-term liabilities	26,032	17,620
Total non-current liabilities	184,061	163,168
	856,178	852,890
Equity		
Share capital	121,071	121,071
Reserves	599,042	605,049
Total equity attributable to shareholders of the Company	720,113	726,120
Non-controlling interests	136,065	126,770
Total equity	856,178	852,890

8.2.3 Differences between consolidated financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS (UNAUDITED)

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

	Six-month periods ended 30 June	
	2018	2017
	RMB	RMB
	million	million
Net profit under ASBE	53,281	36,117
Adjustments:		
Government grants	47	55
Safety production fund	982	870
Others	(125)	—
Profit for the period under IFRS*	54,185	37,042

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

	30 June 2018	31 December 2017
	RMB million	RMB million
Shareholders' equity under ASBE	857,311	854,070
Adjustments:		
Government grants	(1,133)	(1,180)
Total equity under IFRS*	856,178	852,890

The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS. The interim consolidated financial statements for the six-month period ended 30 June *2018 has not been audited by PricewaterhouseCoopers, while the consolidated financial statements for the year ended 31 December 2017 and for the six-month period ended 30 June 2017 have been audited by PricewaterhouseCoopers.

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

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

Applicable Not applicable

8.5 Notes on the financial statements prepared under IFRS

8.5.1 Turnover

Turnover primarily represents revenue from the sales of crude oil, natural gas, petroleum and chemical products.

8.5.2 Income tax expense

Income tax expense in the consolidated income statement represents:

	Six-month periods ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
	RMB	RMB
	million	million
Current tax		
Provision for the period	19,028	12,258
Adjustment of prior years	43	645
Deferred taxation	(4,485)	(3,988)
	14,586	8,915

8.5.3 Basic and Diluted Earnings per Share

The calculation of basic earnings per share for the six-month period ended 30 June 2018 is based on the profit attributable to ordinary shareholders of the Company of RMB 42,386 million (2017: RMB 27,915 million) and the weighted average number of shares of 121,071,209,646 (2017: 121,071,209,646) during the period.

The calculation of diluted earnings per share for the six-month period ended 30 June 2018 is based on the profit attributable to ordinary shareholders of the Company (diluted) of RMB 42,386 million (2017: RMB 27,913 million) and the weighted average number of shares of 121,071,209,646 (2017: 121,071,209,646) calculated as follows:

(i) Profit attributable to ordinary shareholders of the Company (diluted)

	Six-month periods ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
	RMB million	RMB million
Profit attributable to ordinary shareholders of the Company	42,386	27,915
After tax effect of employee share option scheme of Shanghai Petrochemical	(0)	(2)
Profit attributable to ordinary shareholders of the Company (diluted)	42,386	27,913

(ii) Weighted average number of shares (diluted)

	Six-month periods ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
	Number of shares	Number of shares
Weighted average number of shares at 30 June	121,071,209,646	121,071,209,646
Weighted average number of shares (diluted) at 30 June	121,071,209,646	121,071,209,646

8.5.4 Dividends

Dividends payable to shareholders of the Company attributable to the period represent:

	Six-month periods ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
	RMB	RMB
	million	million
Interim dividends declared after the balance sheet date of RMB 0.16 per share (2017: RMB 0.10 per share)	19,371	12,107

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 24 August 2018, the directors authorised to declare the interim dividends for the year ending 31 December 2018 of RMB 0.16 (2017: RMB 0.10) per share totaling RMB 19,371 million (2018: RMB 12,107 million). Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the period represent:

	Six-month periods ended 30 June	
	2018	2017
	(Unaudited)	(Audited)
	RMB	RMB
	million	million
Final cash dividends in respect of the previous financial year, approved during the period of RMB 0.40 per share (2017: RMB 0.17 per share)	48,428	20,582

Pursuant to the shareholders' approval at the Annual General Meeting on 15 May 2018, a final dividend of RMB 0.40 per share totalling RMB 48,428 million for the year ending 31 December 2017 was approved. All dividends have been paid in June 2018.

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2017, a final dividend of RMB 0.17 per share totalling RMB 20,582 million for the year ending 31 December 2016 was approved. All dividends have been paid in July 2017.

8.5.5 Trade Accounts Receivable and Bills Receivable

	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
Trade accounts receivable	71,504	69,106
Less: Impairment losses for bad and doubtful debts	(592)	(612)
Trade accounts receivable, net	70,912	68,494
Bills receivable	8,916	16,207
	79,828	84,701

The ageing analysis of trade accounts receivable (net of impairment losses for bad and doubtful debts) is as follows:

	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
Within one year	70,291	67,777
Between one and two years	549	573
Between two and three years	41	43
Over three years	31	101
	70,912	68,494

Impairment losses for bad and doubtful debts are analysed as follows:

	Six-month periods ended 30 June 2018 (Unaudited) RMB million	2017 (Audited) RMB million
Balance at 1 January	612	683
Provision for the period	16	39
Written back for the period	(37)	(121)
Written off for the period	(1)	(1)
Others	2	(2)
Balance at 30 June	592	598

Sales are generally on a cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from Sinopec Group Company and fellow subsidiaries are repayable under the same terms.

Trade accounts receivable and bills receivable (net of impairment losses for bad and doubtful debts) primarily represent receivables that are not past due. These receivables relate to a wide range of customers for whom there is no recent history of default.

8.5.6 Trade Accounts and Bills Payables

	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
Trade accounts payables	227,373	200,073
Bills payable	7,013	6,462
Trade accounts and bills payables measured at amortised cost	234,386	206,535

The ageing analysis of trade accounts payables is as follows:

	30 June 2018 (Unaudited) RMB million	31 December 2017 (Audited) RMB million
Within 1 month or on demand	222,010	192,664
Between 1 month and 6 months	4,708	4,155
Over 6 months	655	3,254
	227,373	200,073

8.5.7 Segment Reporting

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

Information of the Group's reportable segments is as follows:

	Six-month periods ended 30 June	
	2018 (Unaudited)	2017 (Audited)
	RMB million	RMB million
Turnover		
Exploration and production		
External sales	41,145	33,053
Inter-segment sales	42,607	37,395
	83,752	70,448
Refining		
External sales	69,665	64,292
Inter-segment sales	521,193	421,539
	590,858	485,831
Marketing and distribution		
External sales	648,949	589,475
Inter-segment sales	2,623	1,818
	651,572	591,293
Chemicals		
External sales	218,806	178,665
Inter-segment sales	30,057	22,948
	248,863	201,613

	Six-month periods ended 30 June	
	2018 (Unaudited) RMB million	2017 (Audited) RMB million
Corporate and others		
External sales	290,238	272,343
Inter-segment sales	294,555	215,148
	584,793	487,491
Elimination of inter-segment sales	(891,035)	(698,848)
Turnover	1,268,803	1,137,828
Other operating revenues		
Exploration and production	4,172	3,661
Refining	2,469	2,341
Marketing and distribution	16,753	14,667
Chemicals	7,405	6,816
Corporate and others	650	524
Other operating revenues	31,449	28,009
Turnover and other operating revenues	1,300,252	1,165,837
Result		