

# **China Petroleum & Chemical Corporation**

## **The First Quarterly Report for 2019**

29 April 2019

Beijing, China

## **1 Important notice**

- 1.1 The Board of Directors, the Supervisory Board of China Petroleum & Chemical Corporation ("Sinopec Corp." or the "Company") and its directors, supervisors and senior management warrant that there are no material omissions, misrepresentations or misleading statements contained in this report and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 The first quarterly report for 2019 was approved at the 6th meeting of the Seventh Session of the Board of Directors of Sinopec Corp. All directors attended this meeting.
- 1.3 Mr. Dai Houliang, Chairman, Mr. Ma Yongsheng, President, Mr. Wang Dehua, Chief Financial Officer and Head of the Corporate Finance Department of Sinopec Corp. warrant the authenticity, accuracy and completeness of the financial statements contained in this quarterly report.
- 1.4 The financial statements in this quarterly report were not audited.

## 2 Basic information of Sinopec Corp.

### 2.1 Principal financial data and indicators

#### 2.1.1 Principal financial data and indicators prepared in accordance with China Accounting Standards for Business Enterprises (CASs)

RMB million

| Items   | As of 31 March 2019 | As of 31 December 2018 | Changes from the end of the preceding year to the end of the reporting period (%) |
|---|---------------------|------------------------|---|
| Total assets  | 1,813,445           | 1,592,308              | 13.9  |
| Total equity attributable to equity shareholders of the Company | 739,653             | 718,355                | 3.0   |

RMB million

| Items  | Three-month period ended 31 March |         | Changes over the same period of the preceding year (%) |
|--|-----------------------------------|---------|--|
|  | 2019                              | 2018    |  |
| Net cash flow from operating activities  | (14,609)                          | 12,052  | -  |
| Operating income   | 717,579                           | 621,251 | 15.5   |
| Net profit attributable to equity shareholders of the Company  | 14,763                            | 18,770  | (21.3)   |
| Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses | 14,370                            | 17,982  | (20.1)   |
| Weighted average return on net assets (%)  | 2.03                              | 2.55    | (0.52) percentage points                               |
| Basic earnings per share (RMB)   | 0.122                             | 0.155   | (21.3)   |
| Diluted earnings per share (RMB)   | 0.122                             | 0.155   | (21.3)   |

RMB million

| Extraordinary items                                  | During the reporting period     |
|--|---------------------------------|
|  | (income)/expenses (RMB million) |
| Net loss on disposal of non-current assets           | 64                              |
| Donations  | 3                               |
| Government grants                                    | (870)                           |
| Gains on holding and disposal of various investments | 20                              |
| Other extraordinary income and expenses, net         | 285                             |
| <b>Subtotal</b>                                      | (498)                           |
| Tax effect   | 126                             |
| <b>Total</b>   | (372)                           |
| Attributable to:                                     |                                 |
| Equity shareholders of the Company                   | (393)                           |
| Minority interests                                   | 21                              |

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

RMB million

| Items  | RMB million         |                        | Changes from the end of the preceding year to the end of the reporting period (%) |
|--|---------------------|------------------------|---|
|  | As of 31 March 2019 | As of 31 December 2018 |   |
| Total assets                                       | 1,813,445           | 1,592,308              | 13.9  |
| Total equity attributable to owners of the Company | 738,578             | 717,284                | 3.0   |

RMB million

| Items  | Three-month period ended 31 March |        | Changes over the same period of the preceding year (%) |
|--|-----------------------------------|--------|--|
|  | 2019                              | 2018   |  |
| Net cash generated from operating activities     | (14,609)                          | 12,052 | -  |
| Operating profit                                 | 24,841                            | 29,218 | (15.0)   |
| Net profit attributable to owners of the Company | 15,468                            | 19,306 | (19.9)   |
| Basic earnings per share (RMB)                   | 0.128                             | 0.159  | (19.5)   |
| Diluted earnings per share (RMB)                 | 0.128                             | 0.159  | (19.5)   |
| Return on net assets (%)                         | 2.09                              | 2.59   | (0.50) percentage points                               |

## 2.2 Total number of shareholders and top ten shareholders at the end of the reporting period

| Total number of shareholders at the end of the reporting period | Total number of shareholders was 486,896, including 481,107 holders of domestic A shares and 5,789 holders of overseas H shares. |                |  |                       |
|---|--|----------------|--|-----------------------|
| Top ten shareholders  |  |                |  |                       |
| Name of shareholder   | Total number of shares held  | Percentage (%) | Number of shares subject to pledge or lock-ups | Nature of shareholder |
| China Petrochemical Corporation                                 | 82,709,227,393   | 68.31          | 0  | State-owned share     |
| HKSCC (Nominees) Limited <sup>1</sup>                           | 25,392,285,486   | 20.97          | Unknown  | H share               |
| 中国证券金融股份有限公司  | 2,609,312,057  | 2.16           | 0  | A share               |
| 国新投资有限公司  | 1,252,427,354  | 1.03           | 0  | A share               |
| 香港中央结算有限公司  | 999,101,462  | 0.83           | 0  | A share               |
| 北京诚通金控投资有限公司  | 947,604,254  | 0.78           | 0  | A share               |
| 中央汇金资产管理有限责任公司  | 322,037,900  | 0.27           | 0  | A share               |
| 中国人寿保险股份有限公司—传统—普通保险产品—005L—CT001 沪                             | 259,205,354  | 0.21           | 0  | A share               |
| 中国人寿保险股份有限公司—分红—个人分红—005L—FH002 沪                               | 240,956,971  | 0.20           | 0  | A share               |
| 国泰君安证券股份有限公司  | 143,442,801  | 0.12           | 0  | A share               |

Note1 Sinopec Century Bright Capital Investment Limited, overseas wholly-owned subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, which is included in the total number of the shares held by HKSCC (Nominees) Limited.

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

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

## 2.3 Review of operating results

In the first quarter of 2019, the global economy experienced weak growth momentum while China's economy maintained stable growth with gross domestic product (GDP) up by 6.4%. International oil prices recovered from low level at the end of last year, domestic refined oil products prices were adjusted in a timely manner. Domestic demand for natural gas grew rapidly with apparent consumption up by 11%. Refined oil products market, with ample supply, witnessed strong competition. Demand for chemicals increased steadily.

Adhering to the general principle of making progress while maintaining stability and the requirements for high-quality development, we will accelerate the strategic plan of our phased goals for year 2020 through year 2050. Guided by “reform, management, innovation and development”, we stick to the operating principles of “specialised development, market-based operation, international layout and overall coordination” and make great efforts in optimising operation, expanding market, reducing costs, controlling risks, deepening reform and reinforcing management.

In accordance with CASs, net profit attributable to equity shareholders of the Company was RMB 14.763 billion in the first quarter, down by 21.3% over the same period of last year. In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 15.468 billion, down by 19.9% compared with the same period of last year.

**Exploration and Production:** With the recovery of oil price, the Company fully implemented the action plan of redoubling efforts in oil and gas exploration and production. Measures were taken to accelerate the formation of an integrated value chain of natural gas business including production, supply, storage and marketing and continuously reduce cost and expenditure on all fronts. Tangible results were achieved in maintaining oil production and increasing gas output. In exploration, we reinforced preliminary exploration in new areas and strengthened integrated detailed evaluation in mature fields, which led to new discoveries in Jiyang Depression and Sichuan basins. In crude oil development, we made a full-fledged push to build profitable production capacity, deepen the structural adjustment of mature fields, reduce natural decline rate and ensure steady production. In natural gas development, we constantly pushed forward capacity building in Hangjinqi of Neimongol, west Sichuan Depression and Weirong gas fields. We accelerated construction of natural gas production, supply, storage and marketing system and promoted a coordinated growth along the value chain.

In the first quarter, the oil and gas production of the Company was 113.46 million barrels of oil equivalent, up by 1.9% over the same period of last year, among which domestic crude oil increased by 0.2% while natural gas increased by 6.7%, compared with the same period of last year. Exploration and Production Segment realised an operating profit of RMB 2.143 billion from previous loss.

| Exploration and Production          | Unit                    | Three-month period ended 31 March |        | Changes (%) |
|-------------------------------------|-------------------------|-----------------------------------|--------|-------------|
|                                     |                         | 2019                              | 2018   |             |
| Oil and gas production <sup>2</sup> | million boe             | 113.46                            | 111.33 | 1.9         |
| Crude oil production                | million barrels         | 70.81                             | 71.35  | (0.8)       |
| China                               | million barrels         | 61.55                             | 61.43  | 0.2         |
| Overseas                            | million barrels         | 9.26                              | 9.92   | (6.7)       |
| Natural gas production              | billion cubic feet      | 255.79                            | 239.83 | 6.7         |
| Realised crude oil price            | USD/barrel              | 57.66                             | 59.8   | (3.6)       |
| Realised natural gas price          | USD/thousand cubic feet | 7.07                              | 6.28   | 12.6        |

Note2 Conversion: for domestic production of crude oil, 1 tonne = 7.10 barrels; for overseas production of crude oil, 1 tonne=7.21 barrels; for production of natural gas, 1 cubic meter = 35.31 cubic feet.

**Refining:** The Company adjusted the product mix in response to market demand by increasing production of gasoline and jet fuel. Diesel-to-gasoline ratio further declined to 1.01. We comprehensively optimised our production plans, moderately increased the export of oil products and realized stable operation at high utilisation rate. At the meantime, we implemented bunker fuel quality upgrading plan. In the first quarter, refinery throughput grew by 2.7% and refined oil products production grew by 3.8%, among which gasoline up by 5.9% and kerosene up by 6.6% over the same period of last year. Refining Segment realised an operating profit of RMB 11.963 billion.

| Refining <sup>3</sup>                    | Unit           | Three-month period ended 31 March |       | Changes (%)              |
|--|----------------|-----------------------------------|-------|--------------------------|
|  |                | 2019                              | 2018  |                          |
| Refinery throughput                      | million tonnes | 61.78                             | 60.16 | 2.7                      |
| Gasoline, diesel and kerosene production | million tonnes | 39.44                             | 37.98 | 3.8                      |
| Gasoline                                 | million tonnes | 15.87                             | 14.98 | 5.9                      |
| Diesel                                   | million tonnes | 16.03                             | 15.93 | 0.6                      |
| Kerosene                                 | million tonnes | 7.54                              | 7.07  | 6.6                      |
| Light chemical feedstock                 | million tonnes | 10.07                             | 9.94  | 1.3                      |
| Light product yield                      | %              | 76.14                             | 76.22 | (0.08) Percentage points |
| Refining yield                           | %              | 94.76                             | 95.23 | (0.47) Percentage points |

Note3 Including 100% production of domestic joint ventures.

**Marketing and Distribution:** We brought our advantages of integrated business and distribution network into full play. Through increasing marketing efforts and a flexible and targeted marketing strategy to maintain sustained growth in total domestic sales volume and retail business scale. The Company upgraded distribution network to further strengthen our existing advantages. Vehicle natural gas market was further expanded. Self-owned brands development ensured steady development of non-fuel business. In the first quarter, total sales volume of refined oil products was 49.74 million tonnes with an increase of 5.4%, among which domestic sales volume up by 5.2% and retail business scale up by 2.5% over the same period of last year. The Marketing and Distribution Segment realised an operating profit of RMB 7.866 billion.

| Marketing and Distribution                   | Unit           | Three-month period ended 31 March |       | Changes (%) |
|--|----------------|-----------------------------------|-------|-------------|
|  |                | 2019                              | 2018  |             |
| Total sales volume of refined oil products   | million tonnes | 49.74                             | 47.21 | 5.4         |
| Total domestic sales of refined oil products | million tonnes | 45.61                             | 43.35 | 5.2         |
| Retail                                       | million tonnes | 30.20                             | 29.46 | 2.5         |
| Direct sales & Distribution                  | million tonnes | 15.41                             | 13.89 | 10.9        |
| Throughput per station <sup>4</sup>          | tonnes         | 3,939                             | 3,846 | 2.4         |

| Unit: stations                                   | As of 31 March 2019 | As of 31 December 2018 | Changes from the end of last year to the end of the reporting period (%) |
|--|---------------------|------------------------|--|
| Total number of Sinopec-branded service stations | 30,671              | 30,648                 | 0.1  |
| Number of company-operated stations              | 30,665              | 30,642                 | 0.1  |

Note4 Throughput per station was annualised.

**Chemicals:** The Company followed the development philosophy of “basic plus high-end” to enhance effective supply. We persistently fine-tuned chemical feedstock mix to lower cost. The Company strengthened the links among R&D, production, marketing and customer, and maximised production of high-end products output tailored to market demands. The ratio of new and specialty products in synthetic resin reached 63.6% and differential ratio of synthetic fibre reached 90.3%. We enhanced the dynamic optimisation of facilities and product chain, and improved the utilisation and production scheduling based on market demand. We reinforced the capacity structural adjustment by constructing several key projects actively. The Company promoted targeted marketing and servicing to further expand our business. In the first quarter, ethylene production reached 3.049 million tonnes, up by 1.8% and chemical sales volume was 23.373 million tonnes, up by 14.3% over the same period of last year. The Chemicals Segment realised an operating profit of RMB 6.953 billion.

| Chemicals <sup>5</sup>                    | Unit            | Three-month period ended 31 March |       | Changes (%) |
|---|-----------------|-----------------------------------|-------|-------------|
|   |                 | 2019                              | 2018  |             |
| Ethylene                                  | thousand tonnes | 3,049                             | 2,995 | 1.8         |
| Synthetic resin                           | thousand tonnes | 4,178                             | 4,117 | 1.5         |
| Synthetic rubber                          | thousand tonnes | 271                               | 199   | 36.2        |
| Monomers and polymers for synthetic fiber | thousand tonnes | 2,575                             | 2,246 | 14.6        |
| Synthetic fiber                           | thousand tonnes | 322                               | 296   | 8.8         |

Note5 Including 100% production of domestic joint ventures.

**Capital expenditure:** In the first quarter, the total capital expenditure was RMB 11.914 billion. Capital expenditures for Exploration and Production Segment were RMB 5.562 billion, mainly for Fuling and Weirong shale gas development projects, Hangjinqi natural gas development project, Shengli and Northwest crude oil development projects, phase I of Xinjiang gas pipeline, phase I of Erdos-Anping-Cangzhou gas pipeline, Wen 23 and Jintan gas storages, as well as overseas projects. Capital expenditure for the refining segment was RMB 1.995 billion, mainly for Zhongke Refining and Petrochemical project, Zhenhai, Tianjin, Maoming and Luoyang refineries and the construction of Rizhao-Puyang-Luoyang crude oil pipeline. Capital expenditure for the marketing and distribution segment was RMB 2.521 billion, mainly for construction of refined oil products depots, pipelines, service stations, non-fuel business and the renovation of underground oil tanks etc. Capital expenditure for the chemicals segment was RMB 1.799 billion, mainly for ethylene projects in Zhongke, Zhenhai and Phase II of Hainan high-efficiency and environment-friendly aromatics project. Capital expenditure for corporate and others was RMB 37 million, mainly for R&D facilities and information technology projects.

### 3 Significant events

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

| Items of Consolidated Balance Sheet | As of 31 March 2019 | As of 31 December 2018 | Increase/(Decrease) |            | Main reasons for changes   |
|-------------------------------------|---------------------|------------------------|---------------------|------------|--|
|                                     | RMB million         | RMB million            | Amount              | Percentage |  |
|                                     |                     |                        | RMB million         | (%)        |  |
| Financial assets held for trading   | 16,872              | 25,732                 | (8,860)             | (34.4)     | Receipt of the structured deposits at maturity   |
| Derivative financial assets         | 4,977               | 7,887                  | (2,910)             | (36.9)     | Decrease in loss position and increase in profitable position of derivative hedging financial instruments                              |
| Derivative financial liabilities    | 3,078               | 13,571                 | (10,493)            | (77.3)     |  |
| Long-term deferred expenses         | 7,489               | 15,659                 | (8,170)             | (52.2)     | Decrease in long-term deferred expenses under <i>New Leases Standard</i>   |
| Right-of-use assets                 | 206,743             | -                      | 206,743             | -          | New item under <i>New Leases Standard</i>  |
| Lease liabilities                   | 182,765             | -                      | 182,765             | -          |  |
| Short-term loans                    | 72,757              | 44,692                 | 28,065              | 62.8       | Increase in short-term loans   |
| Taxes payable                       | 35,875              | 87,060                 | (51,185)            | (58.8)     | 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 |
| Other comprehensive income          | (930)               | (6,774)                | 5,844               | (86.3)     | Cash flow hedging and foreign currency translation differences   |

| Items of Consolidated Income Statement    | Three-month period ended 31 March |             | Increase/(Decrease) |            | Main reasons for changes   |
|---|-----------------------------------|-------------|---------------------|------------|--|
|   | 2019                              | 2018        | Amount              | Percentage |  |
|   | RMB Million                       | RMB Million | RMB Million         | (%)        |  |
| Financial Expense                         | 2,330                             | 455         | 1,875               | 412.1      | Increase in Financial Expense under <i>New Leases Standard</i>                           |
| Investment income                         | 1,285                             | 3,355       | (2,070)             | (61.7)     | Decrease in profit of associates and joint ventures                                      |
| Minority interests                        | 3,708                             | 5,752       | (2,044)             | (35.5)     | Decrease in profit of some subsidiaries  |
| (Losses)/gains from changes in fair value | (2,226)                           | 126         | (2,352)             | -          | Increase in fair value loss on derivative financial instruments not qualified as hedging |
| Asset disposal income/(loss)              | (64)                              | 227         | (291)               | -          | Income in 2018 is mainly due to gain from the disposal of land from subsidiary           |

| Items of consolidated cash flow statement   | Three-month period ended 31 March |             | Increase/(Decrease) |            | Main reasons for changes  |
|---|-----------------------------------|-------------|---------------------|------------|---|
|   | 2019                              | 2018        | Amount              | Percentage |   |
|   | RMB million                       | RMB million | RMB million         | (%)        |   |
| Other cash received relating to operational activities                                  | 31,379                            | 16,695      | 14,684              | 88.0       | Decrease in Margin deposit in financial derivatives business                          |
| Other cash paid relating to operational activities                                      | (39,806)                          | (25,234)    | 14,572              | 57.7       | Increase in Margin deposit in financial derivatives business                          |
| Other cash received relating to investing activities                                    | 13,165                            | 21,325      | (8,160)             | (38.3)     | Decrease in value of certificate of deposit, over three months, expired and recovered |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (23,514)                          | (17,901)    | 5,613               | 31.4       | Investment cash outflow during this reporting period                                  |
| Net cash paid for the acquisition of subsidiaries and other business entities           | -                                 | (3,188)     | (3,188)             | -          | Net cash paid for the acquisition of SECCO  |
| Other cash paid relating to investing activities  | (24,388)                          | (13,499)    | 10,889              | 80.7       | Increase in the value of certificate of deposit, over three months                    |

3.2 This quarterly results announcement is published in both Chinese and English languages. In the event of any inconsistency between the two versions, the Chinese version shall prevail.

By Order of the Board  
Chairman  
Dai Houliang  
29 April, 2019

## 4 Appendix

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

#### Consolidated Balance Sheet

as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items                                       | At 31 March 2019 | At 31 December 2018 |
|---|------------------|---------------------|
| <b>Current assets:</b>                      |                  |                     |
| Cash at bank and on hand                    | 168,386          | 167,015             |
| Financial assets held for trading           | 16,872           | 25,732              |
| Derivative financial assets                 | 4,977            | 7,887               |
| Bills receivable and accounts receivable    | 80,464           | 64,879              |
| Prepayments                                 | 8,231            | 5,937               |
| Other receivables                           | 19,682           | 25,312              |
| Inventories                                 | 219,830          | 184,584             |
| Other current assets                        | 20,671           | 22,774              |
| Total current assets                        | 539,113          | 504,120             |
| <b>Non-current assets:</b>                  |                  |                     |
| Long-term equity investments                | 147,471          | 145,721             |
| Other equity instrument investments         | 1,447            | 1,450               |
| Fixed assets                                | 605,388          | 617,812             |
| Construction in progress                    | 138,584          | 136,963             |
| Right-of-use assets                         | 206,743          | -                   |
| Intangible assets                           | 102,913          | 103,855             |
| Goodwill                                    | 8,657            | 8,676               |
| Long-term deferred expenses                 | 7,489            | 15,659              |
| Deferred tax assets                         | 19,451           | 21,694              |
| Other non-current assets                    | 36,189           | 36,358              |
| Total non-current assets                    | 1,274,332        | 1,088,188           |
| <b>Total assets</b>                         | <b>1,813,445</b> | <b>1,592,308</b>    |
| <b>Current liability:</b>                   |                  |                     |
| Short-term loans                            | 72,757           | 44,692              |
| Derivative financial liabilities            | 3,078            | 13,571              |
| Bills payable and accounts payable          | 218,170          | 192,757             |
| Contract liabilities                        | 129,199          | 124,793             |
| Employee benefits payable                   | 7,948            | 7,312               |
| Taxes payable                               | 35,875           | 87,060              |
| Other payables                              | 73,293           | 77,463              |
| Non-current liabilities due within one year | 35,284           | 17,450              |
| Total current liabilities                   | 575,604          | 565,098             |
| <b>Non-current liabilities:</b>             |                  |                     |

|  |           |           |
|--|-----------|-----------|
| Long-term loans  | 63,763    | 61,576    |
| Debentures payable                                       | 31,727    | 31,951    |
| Lease liabilities  | 182,765   | -         |
| Provisions   | 43,256    | 42,800    |
| Deferred tax liabilities                                 | 6,520     | 5,948     |
| Other non-current liabilities                            | 27,716    | 27,276    |
| Total non-current liabilities                            | 355,747   | 169,551   |
| Total liabilities  | 931,351   | 734,649   |
| <b>Shareholders' equity:</b>                             |           |           |
| Share capital  | 121,071   | 121,071   |
| Capital reserve  | 119,192   | 119,192   |
| Other comprehensive income                               | (930)     | (6,774)   |
| Specific reserve   | 2,397     | 1,706     |
| Surplus reserves   | 203,678   | 203,678   |
| Retained earnings  | 294,245   | 279,482   |
| Total equity attributable to shareholders of the Company | 739,653   | 718,355   |
| Minority interests                                       | 142,441   | 139,304   |
| Total shareholders' equity                               | 882,094   | 857,659   |
| Total liabilities and shareholders' equity               | 1,813,445 | 1,592,308 |

**Dai Houliang**  
*Chairman*

**Ma Yongsheng**  
*President*

**Wang Dehua**  
*Chief Financial Officer*

**Balance Sheet**  
as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items                                       | At 31 March 2019 | At 31 December 2018 |
|---|------------------|---------------------|
| <b>Current assets:</b>                      |                  |                     |
| Cash at bank and on hand                    | 72,019           | 82,879              |
| Financial assets held for trading           | 14,500           | 22,500              |
| Bills receivable and accounts receivable    | 37,788           | 30,145              |
| Prepayments                                 | 3,541            | 2,488               |
| Other receivables                           | 54,463           | 57,432              |
| Inventories                                 | 50,273           | 45,825              |
| Other current assets                        | 17,174           | 15,835              |
| Total current assets                        | 249,758          | 257,104             |
| <b>Non-current assets:</b>                  |                  |                     |
| Long-term equity investments                | 290,891          | 289,207             |
| Other equity instrument investments         | 395              | 395                 |
| Fixed assets                                | 294,743          | 302,082             |
| Construction in progress                    | 50,708           | 51,598              |
| Right-of-use assets                         | 118,892          | -                   |
| Intangible assets                           | 8,492            | 8,571               |
| Long-term deferred expenses                 | 2,492            | 2,480               |
| Deferred tax assets                         | 9,634            | 11,021              |
| Other non-current assets                    | 7,591            | 9,145               |
| Total non-current assets                    | 783,838          | 674,499             |
| Total assets                                | 1,033,596        | 931,603             |
| <b>Current liabilities:</b>                 |                  |                     |
| Short-term loans                            | 22,701           | 3,961               |
| Derivative financial liabilities            | -                | 967                 |
| Bills payable and accounts payable          | 85,760           | 84,418              |
| Contract liabilities                        | 4,239            | 4,230               |
| Employee benefits payable                   | 4,245            | 4,294               |
| Taxes payable                               | 23,681           | 54,764              |
| Other payables                              | 107,667          | 119,514             |
| Non-current liabilities due within one year | 25,941           | 16,729              |
| Total current liabilities                   | 274,234          | 288,877             |
| <b>Non-current liabilities:</b>             |                  |                     |
| Long-term loans                             | 47,161           | 48,104              |
| Debentures payable                          | 20,000           | 20,000              |
| Lease liabilities                           | 111,260          | -                   |
| Provisions                                  | 33,422           | 33,094              |
| Other non-current liabilities               | 4,311            | 4,332               |
| Total non-current liabilities               | 216,154          | 105,530             |

|  |           |         |
|--|-----------|---------|
| Total liabilities                          | 490,388   | 394,407 |
| <b>Shareholders' equity:</b>               |           |         |
| Share capital                              | 121,071   | 121,071 |
| Capital reserve                            | 68,801    | 68,795  |
| Other comprehensive income                 | 332       | (485)   |
| Specific reserve                           | 1,309     | 989     |
| Surplus reserves                           | 203,678   | 203,678 |
| Retained earnings                          | 148,017   | 143,148 |
| Total shareholders' equity                 | 543,208   | 537,196 |
| Total liabilities and shareholders' equity | 1,033,596 | 931,603 |

**Dai Houliang**  
*Chairman*

**Ma Yongsheng**  
*President*

**Wang Dehua**  
*Chief Financial Officer*

### Consolidated Income Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items                                     | Three-month periods<br>ended 31 March 2019 | Three-month periods<br>ended 31 March 2018 |
|---|--|--|
| I. Operating income                       | 717,579                                    | 621,251                                    |
| II. Total Operating costs                 | 693,152                                    | 594,063                                    |
| Including: Operating costs                | 596,412                                    | 501,278                                    |
| Taxes and surcharges                      | 60,459                                     | 57,719                                     |
| Selling and distribution expenses         | 14,748                                     | 13,688                                     |
| General and administrative expenses       | 15,485                                     | 16,708                                     |
| Research and development costs            | 1,292                                      | 1,998                                      |
| Financial expenses                        | 2,330                                      | 455  |
| Exploration expenses, including dry holes | 2,543                                      | 2,230                                      |
| Impairment losses                         | (136)                                      | (13)                                       |
| Credit impairment losses                  | 19   | -  |
| Add: Other income                         | 761  | 594  |
| Investment income                         | 1,285                                      | 3,355                                      |
| (Losses)/gains from changes in fair value | (2,226)                                    | 126  |
| Asset disposal (expense)/income           | (64)                                       | 227  |
| III. Operating profit                     | 24,183                                     | 31,490                                     |
| Add: Non-operating income                 | 243  | 378  |
| Less: Non-operating expenses              | 416  | 353  |
| IV. Profit before taxation                | 24,010                                     | 31,515                                     |
| Less: Income tax expense                  | 5,539                                      | 6,993                                      |
| V. Net profit                             | 18,471                                     | 24,522                                     |
| Classification by going concern:          |  |  |
| (i) Continuous operating net profit       | 18,471                                     | 24,522                                     |
| (ii) Termination of net profit            | -  | -  |
| Classification by ownership:              |  |  |
| (i) Equity shareholders of the            | 14,763                                     | 18,770                                     |

|  |         |         |
|--|---------|---------|
| Company  |         |         |
| (ii) Minority interests  | 3,708   | 5,752   |
| VI. Other comprehensive income   | 3,759   | (1,485) |
| <i>Items that may not be reclassified subsequently to profit or loss:</i>                    | 1       | -       |
| Changes in fair value of other equity instrument investments                                 | 1       | -       |
| <i>Items that may be reclassified subsequently to profit or loss:</i>                        | 3,758   | (1,485) |
| Other comprehensive income that can be converted into profit or loss under the equity method | 66      | 148     |
| Cash flow hedges reserve   | 4,853   | 785     |
| Foreign currency translation differences   | (1,161) | (2,418) |
| VII. Total comprehensive income  | 22,230  | 23,037  |
| Attributable to:   |         |         |
| Equity shareholders of the Company   | 19,029  | 17,990  |
| Minority interests   | 3,201   | 5,047   |
| VIII. Earnings per share:  |         |         |
| (i) Basic earnings per share (RMB/Share)   | 0.122   | 0.155   |
| (ii) Diluted earnings per share (RMB/Share)  | 0.122   | 0.155   |

**Dai Houliang**  
Chairman

**Ma Yongsheng**  
President

**Wang Dehua**  
Chief Financial Officer

## Income Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items  | Three-month periods<br>ended 31 March 2019 | Three-month periods<br>ended 31 March 2018 |
|--|--|--|
| I. Operating income  | 249,978                                    | 241,136                                    |
| Less: Operating costs  | 191,844                                    | 184,696                                    |
| Taxes and surcharges   | 40,952                                     | 40,067                                     |
| Selling and distribution expenses  | 754  | 693  |
| General and administrative expenses  | 7,612                                      | 8,585                                      |
| Research and development costs   | 1,197                                      | 1,782                                      |
| Financial expenses   | 1,635                                      | 1,008                                      |
| Exploration expenses, including dry holes  | 2,429                                      | 2,213                                      |
| Impairment losses  | -  | 4  |
| Credit impairment losses   | (5)  | -  |
| Add: Other income  | 631  | 300  |
| Investment income  | 1,777                                      | 2,931                                      |
| Gains/(losses) from changes in fair value  | 20   | (18)                                       |
| Asset disposal (expense)/income  | (1)  | 237  |
| II. Operating profit   | 5,987                                      | 5,538                                      |
| Add: Non-operating income  | 34   | 122  |
| Less: Non-operating expenses   | 147  | 155  |
| III. Profit before taxation  | 5,874                                      | 5,505                                      |
| Less: Income tax expense   | 1,003                                      | 791  |
| IV. Net profit   | 4,871                                      | 4,714                                      |
| (i) Continuous operating net profit  | 4,871                                      | 4,714                                      |
| (ii) Termination of net profit   | -  | -  |
| V. Other comprehensive income  | 817  | (53)                                       |
| <i>Items that may be reclassified subsequently to profit or loss</i>                       | 817  | (53)                                       |
| Other comprehensive loss that can be converted into profit or loss under the equity method | (33)                                       | (53)                                       |
| Cash flow hedges   | 850  | -  |
| VI. Total comprehensive income   | 5,688                                      | 4,661                                      |

**Dai Houliang**  
Chairman

**Ma Yongsheng**  
President

**Wang Dehua**  
Chief Financial Officer

## Consolidated Cash Flow Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items   | Three-month<br>periods ended 31<br>March 2019 | Three-month<br>periods ended 31<br>March 2018 |
|---|---|---|
| <b>I. Cash flows from operating activities:</b>   |   |   |
| Cash received from sale of goods and rendering of services                                    | 760,693                                       | 707,017                                       |
| Refund of taxes and levies  | 760   | 593   |
| Other cash received relating to operating activities  | 31,379  | 16,695  |
| Sub-total of cash inflows   | 792,832                                       | 724,305                                       |
| Cash paid for goods and services  | (625,310)                                     | (561,416)                                     |
| Cash paid to and for employees  | (17,224)                                      | (16,056)                                      |
| Payments of taxes and levies  | (125,101)                                     | (109,547)                                     |
| Other cash paid relating to operating activities  | (39,806)                                      | (25,234)                                      |
| Sub-total of cash outflows  | (807,441)                                     | (712,253)                                     |
| Net cash flow from operating activities   | (14,609)                                      | 12,052  |
| <b>II. Cash flows from investing activities:</b>  |   |   |
| Cash received from disposal of investments  | 9,636   | 13,342  |
| Cash received from returns on investments   | 1,288   | 674   |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 24  | -   |
| Other cash received relating to investing activities  | 13,165  | 21,325  |
| Sub-total of cash inflows   | 24,113  | 35,341  |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets       | (23,514)                                      | (17,901)                                      |
| Cash paid for acquisition of investments  | (1,793)                                       | (2,241)                                       |
| Net cash paid for the acquisition of subsidiaries and other business entities                 | -   | (3,188)                                       |
| Other cash paid relating to investing activities  | (24,388)                                      | (13,499)                                      |
| Sub-total of cash outflows  | (49,695)                                      | (36,829)                                      |
| Net cash flow from investing activities   | (25,582)                                      | (1,488)                                       |
| <b>III. Cash flows from financing activities:</b>   |   |   |
| Cash received from capital contributions  | 94  | 70  |

|  |           |           |
|--|-----------|-----------|
| Including: Cash received from minority shareholders' capital contributions to subsidiaries               | 94        | 70        |
| Cash received from borrowings  | 149,622   | 126,432   |
| Other cash received relating to financing activities   | 190       | -         |
| Sub-total of cash inflows  | 149,906   | 126,502   |
| Cash repayments of borrowings  | (118,511) | (118,865) |
| Cash paid for dividends, profits distribution or interest  | (1,396)   | (1,173)   |
| Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders | (235)     | (390)     |
| Other cash paid relating to financing activities   | (630)     | (3)       |
| Sub-total of cash outflows   | (120,537) | (120,041) |
| Net cash flow from financing activities  | 29,369    | 6,461     |
| <b>IV. Effects of changes in foreign exchange rate</b>   | (340)     | (455)     |
| <b>V. Net (decrease)/increase in cash and cash equivalents</b>   | (11,162)  | 16,570    |
| Add: Initial balance of cash and cash equivalents  | 111,922   | 113,218   |
| <b>VI. Ending balance of cash and cash equivalents</b>   | 100,760   | 129,788   |

**Dai Houliang**  
*Chairman*

**Ma Yongsheng**  
*President*

**Wang Dehua**  
*Chief Financial Officer*

## Cash Flow Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items   | Three-month<br>periods ended 31<br>March 2019 | Three-month<br>periods ended 31<br>March 2018 |
|---|---|---|
| <b>I. Cash flows from operating activities:</b>   |   |   |
| Cash received from sale of goods and rendering of services                                    | 280,152                                       | 285,228                                       |
| Refund of taxes and levies  | 519   | 445   |
| Other cash received relating to operating activities  | 757   | 6,926   |
| Sub-total of cash inflows   | 281,428                                       | 292,599                                       |
| Cash paid for goods and services  | (208,261)                                     | (192,802)                                     |
| Cash paid to and for employees  | (9,274)                                       | (8,515)                                       |
| Payments of taxes and levies  | (76,898)                                      | (75,254)                                      |
| Other cash paid relating to operating activities  | (2,939)                                       | (31,161)                                      |
| Sub-total of cash outflows  | (297,372)                                     | (307,732)                                     |
| Net cash flow from operating activities   | (15,944)                                      | (15,133)                                      |
| <b>II. Cash flows from investing activities:</b>  |   |   |
| Cash received from disposal of investments  | 9,285   | 15,319  |
| Cash received from returns on investments   | 1,270   | 2,116   |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 3   | 289   |
| Other cash received relating to investing activities  | 9,933   | 12,428  |
| Sub-total of cash inflows   | 20,491  | 30,152  |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets       | (7,459)                                       | (8,098)                                       |
| Cash paid for acquisition of investments  | (1,376)                                       | (2,316)                                       |
| Other cash paid relating to investing activities  | (10,800)                                      | -   |
| Sub-total of cash outflows  | (19,635)                                      | (10,414)                                      |
| Net cash flow from investing activities   | 856   | 19,738  |
| <b>III. Cash flows from financing activities:</b>   |   |   |
| Cash received from borrowings   | 39,186  | 25,723  |
| Sub-total of cash inflows   | 39,186  | 25,723  |
| Cash repayments of borrowings   | (35,016)                                      | (18,654)                                      |
| Cash paid for dividends or interest   | (1,476)                                       | (1,161)                                       |
| Other cash paid relating to financing activities  | (266)   | -   |
| Sub-total of cash outflows  | (36,758)                                      | (19,815)                                      |
| Net cash flow from financing activities   | 2,428   | 5,908   |
| <b>IV. Effects of changes in foreign exchange rate</b>  | -   | -   |
| <b>V. Net (decrease)/increase in cash and cash equivalents</b>                                | (12,660)                                      | 10,513  |

|  |               |               |
|--|---------------|---------------|
| Add: Initial balance of cash and cash equivalents      | 59,120        | 72,309        |
| <b>VI. Ending balance of cash and cash equivalents</b> | <b>46,460</b> | <b>82,822</b> |

**Dai Houliang**  
*Chairman*

**Ma Yongsheng**  
*President*

**Wang Dehua**  
*Chief Financial Officer*

## Segment Reporting

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items  | Three-month<br>periods ended 31 March 2019 | Three-month<br>periods ended 31 March 2018 |
|--|--|--|
| <b>Income from principal operations</b>                  |  |  |
| Exploration and production                               |  |  |
| External sales   | 29,367                                     | 20,933                                     |
| Inter-segment sales                                      | 22,089                                     | 20,269                                     |
| Subtotal   | 51,456                                     | 41,202                                     |
| Refining   |  |  |
| External sales   | 34,002                                     | 33,933                                     |
| Inter-segment sales                                      | 255,752                                    | 252,897                                    |
| Subtotal   | 289,754                                    | 286,830                                    |
| Marketing and distribution                               |  |  |
| External sales   | 321,636                                    | 310,117                                    |
| Inter-segment sales                                      | 965  | 1,176                                      |
| Subtotal   | 322,601                                    | 311,293                                    |
| Chemicals  |  |  |
| External sales   | 110,990                                    | 104,780                                    |
| Inter-segment sales                                      | 17,121                                     | 15,980                                     |
| Subtotal   | 128,111                                    | 120,760                                    |
| Corporate and others                                     |  |  |
| External sales   | 205,504                                    | 135,500                                    |
| Inter-segment sales                                      | 154,677                                    | 131,516                                    |
| Subtotal   | 360,181                                    | 267,016                                    |
| Elimination of<br>inter-segment sales                    | (450,604)                                  | (421,838)                                  |
| <b>Consolidated income from principal<br/>operations</b> | <b>701,499</b>                             | <b>605,263</b>                             |
| <b>Income from other operations</b>                      |  |  |
| Exploration and<br>production                            | 1,821                                      | 1,742                                      |
| Refining   | 1,251                                      | 1,125                                      |
| Marketing and distribution                               | 8,850                                      | 8,892                                      |
| Chemicals  | 3,733                                      | 3,738                                      |

|  |         |         |
|--|---------|---------|
| Corporate and others                             | 425     | 491     |
| <b>Consolidated income from other operations</b> | 16,080  | 15,988  |
| <b>Consolidated operating income</b>             | 717,579 | 621,251 |
| <b>Operating profit/(loss)</b>                   |         |         |
| By segment                                       |         |         |
| Exploration and production                       | 1,581   | (573)   |
| Refining   | 11,481  | 18,549  |
| Marketing and distribution                       | 7,990   | 8,646   |
| Chemicals  | 6,827   | 8,090   |
| Corporate and others                             | (582)   | (1,069) |
| Elimination                                      | (540)   | (6,000) |
| <b>Total segment operating profit</b>            | 26,757  | 27,643  |
| <b>Investment income</b>                         |         |         |
| Exploration and production                       | 777     | 337     |
| Refining   | (394)   | 226     |
| Marketing and distribution                       | 215     | 646     |
| Chemicals  | 1,047   | 1,490   |
| Corporate and others                             | (360)   | 656     |
| <b>Total segment investment income</b>           | 1,285   | 3,355   |
| Financial expenses                               | (2,330) | (455)   |
| (Loss)/gain from changes in fair value           | (2,226) | 126     |
| Loss from asset disposal                         | (64)    | 227     |
| Other income                                     | 761     | 594     |
| <b>Operating profit</b>                          | 24,183  | 31,490  |
| Add: Non-operating income                        | 243     | 378     |
| Less: Non-operating expenses                     | 416     | 353     |
| <b>Profit before taxation</b>                    | 24,010  | 31,515  |

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

### Consolidated Income Statement

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items  | Three-month periods<br>ended 31 March 2019 | Three-month periods<br>ended 31 March 2018 |
|--|--|--|
| Turnover and other operating revenues                                |  |  |
| Turnover   | 701,499                                    | 605,263                                    |
| Other operating revenues   | 16,080                                     | 15,988                                     |
| Subtotal   | 717,579                                    | 621,251                                    |
| Operating expenses   |  |  |
| Purchased crude oil, products and operating<br>supplies and expenses | (572,138)                                  | (474,389)                                  |
| Selling, general and administrative expenses                         | (11,575)                                   | (16,708)                                   |
| Depreciation, depletion and amortization                             | (25,998)                                   | (25,111)                                   |
| Exploration expenses, including dry holes                            | (2,543)                                    | (2,230)                                    |
| Personnel expenses   | (17,361)                                   | (16,861)                                   |
| Taxes other than income tax  | (60,459)                                   | (57,719)                                   |
| Other operating (expense)/income, net                                | (2,664)                                    | 985  |
| Total operating expenses   | (692,738)                                  | (592,033)                                  |
| Operating profit   | 24,841                                     | 29,218                                     |
| Finance costs  |  |  |
| Interest expense   | (4,301)                                    | (1,989)                                    |
| Interest income  | 1,924                                      | 1,288                                      |
| Foreign currency exchange income, net                                | 47   | 246  |
| Net finance costs  | (2,330)                                    | (455)                                      |
| Investment income  | 55   | 217  |
| Share of profits less losses from associates and<br>joint ventures   | 2,232                                      | 3,140                                      |
| Profit before taxation   | 24,798                                     | 32,120                                     |
| Income tax expense   | (5,539)                                    | (6,993)                                    |
| Profit for the period  | 19,259                                     | 25,127                                     |
| Attributable to:   |  |  |
| Owners of the Company  | 15,468                                     | 19,306                                     |
| Non-controlling interests  | 3,791                                      | 5,821                                      |
| Profit for the period  | 19,259                                     | 25,127                                     |
| Earnings per share   |  |  |
| Basic earnings per share (RMB)                                       | 0.128                                      | 0.159                                      |
| Diluted earnings per share (RMB)                                     | 0.128                                      | 0.159                                      |

## Consolidated Statement of Comprehensive Income

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items   | Three-month periods<br>ended 31 March 2019 | Three-month periods<br>ended 31 March 2018 |
|---|--|--|
| <b>Profit for the period</b>  | 19,259                                     | 25,127                                     |
| Other comprehensive income:   |  |  |
| <i>Items that may be reclassified subsequently to profit or loss (net of tax and after reclassification adjustments):</i> |  |  |
| Financial assets at fair value through other comprehensive income   | 1  | -  |
| <b>Total items that maynot be reclassified subsequently to profit or loss</b>   | 1  | -  |
| <i>Items that may be reclassified subsequently to profit or loss:</i>   |  |  |
| Share of other comprehensive income of associates and joint ventures  | 66   | 148  |
| Cash flow hedges  | 4,853                                      | 785  |
| Foreign currency translation differences  | (1,161)                                    | (2,418)                                    |
| <b>Total items that may be reclassified subsequently to profit or loss</b>  | 3,758                                      | (1,485)                                    |
| <b>Total other comprehensive income</b>   | 3,759                                      | (1,485)                                    |
| <b>Total comprehensive income</b>   | 23,018                                     | 23,642                                     |
| Attributable to:  |  |  |
| Shareholders of the Company   | 19,734                                     | 18,526                                     |
| Non-controlling interests   | 3,284                                      | 5,116                                      |
| <b>Total comprehensive income</b>   | 23,018                                     | 23,642                                     |

## Consolidated Balance Sheet

as at 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items   | At 31 March 2019 | At 31 December 2018 |
|---|------------------|---------------------|
| <b>Non-current assets:</b>  |                  |                     |
| Property, plant and equipment, net                                | 605,380          | 617,762             |
| Construction in progress  | 138,584          | 136,963             |
| Right-of-use assets   | 206,743          | -                   |
| Goodwill  | 8,657            | 8,676               |
| Interest in associates  | 90,332           | 89,537              |
| Interest in joint ventures  | 57,139           | 56,184              |
| Financial assets at fair value through other comprehensive income | 1,447            | 1,450               |
| Deferred tax assets   | 19,451           | 21,694              |
| Lease prepayments   | 64,220           | 64,514              |
| Long-term prepayments and other non-current assets                | 82,379           | 91,408              |
| Total non-current assets  | 1,274,332        | 1,088,188           |
| <b>Current assets:</b>  |                  |                     |
| Cash and cash equivalents   | 100,760          | 111,922             |
| Time deposits with financial institutions                         | 67,626           | 55,093              |
| Financial assets at fair value through profit and loss            | 16,872           | 25,732              |
| Derivatives financial assets                                      | 4,977            | 7,887               |
| Trade accounts receivable and bills receivable                    | 80,464           | 64,879              |
| Inventories   | 219,830          | 184,584             |
| Prepaid expenses and other current assets                         | 48,584           | 54,023              |
| Total current assets  | 539,113          | 504,120             |
| <b>Current liabilities:</b>                                       |                  |                     |
| Short-term debts  | 50,694           | 29,462              |
| Loans from Sinopec Group Company and fellow subsidiaries          | 38,661           | 31,665              |
| Derivatives financial liabilities                                 | 3,078            | 13,571              |
| Trade accounts payable and bills payable                          | 218,170          | 192,757             |
| Contract liabilities  | 129,199          | 124,793             |
| Other payables  | 131,929          | 166,151             |
| Income tax payable  | 3,873            | 6,699               |
| Total current liabilities   | 575,604          | 565,098             |
| Net current liabilities   | 36,491           | 60,978              |
| Total assets less current liabilities                             | 1,237,841        | 1,027,210           |
| <b>Non-current liabilities:</b>                                   |                  |                     |

|  |         |         |
|--|---------|---------|
| Long-term debts  | 52,631  | 51,011  |
| Loans from Sinopec Group Company and fellow subsidiaries | 42,859  | 42,516  |
| Deferred tax liabilities                                 | 6,520   | 5,948   |
| Provisions   | 43,256  | 42,800  |
| Lease liabilities  | 182,765 | -       |
| Other non-current liabilities                            | 28,827  | 28,400  |
| Total non-current liabilities                            | 356,858 | 170,675 |
| Total net assets   | 880,983 | 856,535 |
| <b>Equity:</b>   |         |         |
| Share capital  | 121,071 | 121,071 |
| Reserves   | 617,507 | 596,213 |
| Total equity attributable to owners of the Company       | 738,578 | 717,284 |
| Non-controlling interests                                | 142,405 | 139,251 |
| Total equity   | 880,983 | 856,535 |

**Consolidated Statement of Cash Flows**  
for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items   | Three-month<br>periods ended 31<br>March 2019 | Three-month<br>periods ended 31<br>March 2018 |
|---|---|---|
| <b>Net cash generated from operating activities(a)</b>                                  | (14,609)                                      | 12,052  |
| Investing activities  |   |   |
| Capital expenditure   | (21,855)                                      | (17,294)                                      |
| Exploratory wells expenditure   | (1,659)                                       | (607)   |
| Purchase of investments, investments in associates and<br>investments in joint ventures | (1,793)                                       | (2,241)                                       |
| Payment for acquisition of subsidiary, net of cash acquired                             | -   | (3,188)                                       |
| Proceeds from disposal of investments and investments in<br>associates, net             | 9,636   | 13,342  |
| Proceeds from disposal of property, plant, equipment and<br>other non-current assets    | 24  | -   |
| Increase in time deposits with maturities over three months                             | (24,388)                                      | (13,445)                                      |
| Decrease in time deposits with maturities over three months                             | 11,855  | 21,379  |
| Interest received   | 1,310   | (108)   |
| Investment and dividend income received   | 1,288   | 674   |
| <b>Net cash used in investing activities</b>  | (25,582)                                      | (1,488)                                       |
| Financing activities  |   |   |
| Proceeds from bank and other loans  | 149,622                                       | 126,432                                       |
| Repayments of bank and other loans  | (118,511)                                     | (118,865)                                     |
| Contributions to subsidiaries from non-controlling interests                            | 94  | 70  |
| Distributions by subsidiaries to non-controlling interests                              | (319)   | (390)   |
| Interest paid   | (1,077)                                       | (783)   |
| Cash payments for the principal portion of the lease liability                          | (440)   | -   |
| Finance lease payment   | -   | (3)   |
| <b>Net cash used in financing activities</b>  | 29,369  | 6,461   |
| Net (decrease)/increase in cash and cash equivalents                                    | (10,822)                                      | 17,025  |
| Cash and cash equivalents at 1 January  | 111,922                                       | 113,218                                       |
| Effect of foreign currency exchange rate changes  | (340)   | (455)   |
| Cash and cash equivalents at 31 March   | 100,760                                       | 129,788                                       |

**Note to consolidated statement of Cash Flows**  
for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

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

| Items  | Three-month<br>periods ended 31<br>March 2019 | Three-month<br>periods ended 31<br>March 2018 |
|--|---|---|
| Operating activities   |   |   |
| Profit before taxation   | 24,798  | 32,120  |
| Adjustments for:   |   |   |
| Depreciation, depletion and amortization   | 25,998  | 26,336  |
| Dry hole costs written off   | 1,836   | 1,974   |
| Share of profits from associates and joint ventures  | (2,232)                                       | (3,140)                                       |
| Investment income  | (55)  | (217)   |
| Interest income  | (1,924)                                       | (1,288)                                       |
| Interest expense   | 4,301   | 1,989   |
| Loss/(gain) on foreign currency exchange rate changes and derivative financial instruments | 1,295   | (604)   |
| Loss on disposal of property, plant, equipment and other non-current assets, net           | 85  | -   |
| Impairment reversal on assets  | (136)   | (13)  |
| Credit impairment losses   | 19  | -   |
| Operating profit before change of operating capital  | 53,985  | 57,157  |
| Net change   |   |   |
| Accounts receivable and other current assets   | (7,199)                                       | 7,815   |
| Increase of inventories  | (30,127)                                      | (4,630)                                       |
| Accounts payable and other current liabilities   | (24,314)                                      | (39,182)                                      |
| Subtotal   | (7,655)                                       | 21,160  |
| Income tax paid  | (6,954)                                       | (9,108)                                       |
| Net cash generated from operating activities   | (14,609)                                      | 12,052  |

## Segment Reporting

for the three-month periods ended 31 March 2019

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| Items  | Three-month periods<br>ended 31 March 2019 | Three-month periods<br>ended 31 March 2018 |
|--|--|--|
| <b>Turnover</b>                              |  |  |
| Exploration and production                   |  |  |
| External sales                               | 29,367                                     | 20,933                                     |
| Inter-segment sales                          | 22,089                                     | 20,269                                     |
| Subtotal                                     | 51,456                                     | 41,202                                     |
| Refining                                     |  |  |
| External sales                               | 34,002                                     | 33,933                                     |
| Inter-segment sales                          | 255,752                                    | 252,897                                    |
| Subtotal                                     | 289,754                                    | 286,830                                    |
| Marketing and distribution                   |  |  |
| External sales                               | 321,636                                    | 310,117                                    |
| Inter-segment sales                          | 965  | 1,176                                      |
| Subtotal                                     | 322,601                                    | 311,293                                    |
| Chemicals                                    |  |  |
| External sales                               | 110,990                                    | 104,780                                    |
| Inter-segment sales                          | 17,121                                     | 15,980                                     |
| Subtotal                                     | 128,111                                    | 120,760                                    |
| Corporate and others                         |  |  |
| External sales                               | 205,504                                    | 135,500                                    |
| Inter-segment sales                          | 154,677                                    | 131,516                                    |
| Subtotal                                     | 360,181                                    | 267,016                                    |
| Elimination of inter-segment sales           | (450,604)                                  | (421,838)                                  |
| <b>Turnover</b>                              | 701,499                                    | 605,263                                    |
| <b>Other operating revenues</b>              |  |  |
| Exploration and production                   | 1,821                                      | 1,742                                      |
| Refining                                     | 1,251                                      | 1,125                                      |
| Marketing and distribution                   | 8,850                                      | 8,892                                      |
| Chemicals                                    | 3,733                                      | 3,738                                      |
| Corporate and others                         | 425  | 491  |
| <b>Other operating revenues</b>              | 16,080                                     | 15,988                                     |
| <b>Turnover and other operating revenues</b> | 717,579                                    | 621,251                                    |
| <b>Result</b>                                |  |  |
| <b>Operating (loss)/profit</b>               |  |  |
| By segment                                   |  |  |
| Exploration and production                   | 2,143                                      | (318)                                      |
| Refining                                     | 11,963                                     | 19,007                                     |
| Marketing and distribution                   | 7,866                                      | 8,925                                      |

|  |                |               |
|--|----------------|---------------|
| Chemicals  | 6,953          | 8,452         |
| Corporate and others   | (3,544)        | (848)         |
| Elimination  | (540)          | (6,000)       |
| <b>Total segment operating profit</b>                                | <b>24,841</b>  | <b>29,218</b> |
| Share of profits from associates and joint ventures                  |                |               |
| Exploration and production   | 777            | 276           |
| Refining   | (404)          | 223           |
| Marketing and distribution   | 247            | 641           |
| Chemicals  | 1,061          | 1,495         |
| Corporate and others   | 551            | 505           |
| <b>Aggregate share of profits from associates and joint ventures</b> | <b>2,232</b>   | <b>3,140</b>  |
| <b>Investment income/(losses)</b>                                    |                |               |
| Exploration and production   | (1)            | 61            |
| Refining   | 10             | 3             |
| Marketing and distribution   | 45             | 8             |
| Chemicals  | 1              | (6)           |
| Corporate and others   | -              | 151           |
| <b>Aggregate investment income</b>                                   | <b>55</b>      | <b>217</b>    |
| <b>Net finance costs</b>   | <b>(2,330)</b> | <b>(455)</b>  |
| <b>Profit before taxation</b>  | <b>24,798</b>  | <b>32,120</b> |

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

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

(i) Government Grants

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

(ii) Safety Production Fund

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

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

Prepared by: China Petroleum & Chemical Corporation

RMB million, unaudited

| <b>Items</b>                     | <b>Three-month periods ended<br/>31 March 2019</b> | <b>Three-month periods<br/>ended 31 March 2018</b> |
|----------------------------------|--|--|
| Net profit under CASs            | 18,471   | 24,522   |
| Adjustments:                     |  |  |
| Government grants (i)            | 13   | 14   |
| Safety production fund (ii)      | 775  | 591  |
|                                  |  |  |
| Profit for the period under IFRS | 19,259   | 25,127   |

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

RMB million, unaudited

| Items                           | At 31 March 2019 | At 31 December 2018 |
|---------------------------------|------------------|---------------------|
| Shareholders' equity under CASs | 882,094          | 857,659             |
| Adjustments:                    |                  |                     |
| Government grants(i)            | (1,111)          | (1,124)             |
| Total equity under IFRS         | 880,983          | 856,535             |

**4.4 Adjustments to financial statements related items due to initial implementation of the New Financial Instruments Standards, New Income Standards, New Lease Standards at the beginning of the year is as below:**

**Consolidated Balance Sheet**

RMB million

| Items                                    | At 31 December 2018 | At 1 January 2019 | Adjustment |
|--|---------------------|-------------------|------------|
| <b>Current assets:</b>                   |                     |                   |            |
| Cash at bank and on hand                 | 167,015             | 167,015           |            |
| Financial assets held for trading        | 25,732              | 25,732            |            |
| Derivative financial assets              | 7,887               | 7,887             |            |
| Bills receivable and accounts receivable | 64,879              | 64,879            |            |
| Prepayments                              | 5,937               | 5,171             | (766)      |
| Other receivables                        | 25,312              | 25,312            |            |
| Inventories                              | 184,584             | 184,584           |            |
| Other current assets                     | 22,774              | 22,774            |            |
| Total current assets                     | 504,120             | 503,354           | (766)      |
| <b>Non-current assets:</b>               |                     |                   |            |
| Long-term equity investments             | 145,721             | 145,721           |            |
| Other equity instrument investments      | 1,450               | 1,450             |            |
| Fixed assets                             | 617,812             | 617,812           |            |
| Construction in progress                 | 136,963             | 136,963           |            |
| Right-of-use assets                      | -                   | 207,455           | 207,455    |
| Intangible assets                        | 103,855             | 103,855           |            |
| Goodwill                                 | 8,676               | 8,676             |            |
| Long-term deferred expenses              | 15,659              | 7,534             | (8,125)    |
| Deferred tax assets                      | 21,694              | 21,694            |            |
| Other non-current assets                 | 36,358              | 36,358            |            |

|  |                  |                  |                |
|--|------------------|------------------|----------------|
| Total non-current assets                                 | 1,088,188        | 1,287,518        | 199,330        |
| <b>Total assets</b>                                      | <b>1,592,308</b> | <b>1,790,872</b> | <b>198,564</b> |
| <b>Current liability:</b>                                |                  |                  |                |
| Short-term loans   | 44,692           | 44,692           |                |
| Derivative financial liabilities                         | 13,571           | 13,571           |                |
| Bills payable and accounts payable                       | 192,757          | 192,757          |                |
| Contract liabilities                                     | 124,793          | 124,793          |                |
| Employee benefits payable                                | 7,312            | 7,312            |                |
| Taxes payable  | 87,060           | 87,060           |                |
| Other payables   | 77,463           | 77,463           |                |
| Non-current liabilities due within one year              | 17,450           | 31,344           | 13,894         |
| Total current liabilities                                | 565,098          | 578,992          | 13,894         |
| <b>Non-current liabilities:</b>                          |                  |                  |                |
| Long-term loans  | 61,576           | 61,576           |                |
| Debentures payable                                       | 31,951           | 31,951           |                |
| Lease liabilities  | -                | 184,670          | 184,670        |
| Provisions   | 42,800           | 42,800           |                |
| Deferred tax liabilities                                 | 5,948            | 5,948            |                |
| Other non-current liabilities                            | 27,276           | 27,276           |                |
| Total non-current liabilities                            | 169,551          | 354,221          | 184,670        |
| Total liabilities  | 734,649          | 933,213          | 198,564        |
| <b>Shareholders' equity:</b>                             |                  |                  |                |
| Share capital  | 121,071          | 121,071          |                |
| Capital reserve  | 119,192          | 119,192          |                |
| Other comprehensive income                               | (6,774)          | (6,774)          |                |
| Specific reserve   | 1,706            | 1,706            |                |
| Surplus reserves   | 203,678          | 203,678          |                |
| Retained earnings  | 279,482          | 279,482          |                |
| Total equity attributable to shareholders of the Company | 718,355          | 718,355          |                |
| Minority interests                                       | 139,304          | 139,304          |                |
| Total shareholders' equity                               | 857,659          | 857,659          |                |
| Total liabilities and shareholders' equity               | 1,592,308        | 1,790,872        | 198,564        |

## Balance Sheet

RMB million

| Items                                       | At 31 December<br>2018 | At 1 January<br>2019 | Adjustment |
|---|------------------------|----------------------|------------|
| <b>Current assets:</b>                      |                        |                      |            |
| Cash at bank and on hand                    | 82,879                 | 82,879               |            |
| Financial assets held for trading           | 22,500                 | 22,500               |            |
| Bills receivable and accounts receivable    | 30,145                 | 30,145               |            |
| Prepayments                                 | 2,488                  | 2,488                |            |
| Other receivables                           | 57,432                 | 57,432               |            |
| Inventories                                 | 45,825                 | 45,825               |            |
| Other current assets                        | 15,835                 | 15,835               |            |
| Total current assets                        | 257,104                | 257,104              |            |
| <b>Non-current assets:</b>                  |                        |                      |            |
| Long-term equity investments                | 289,207                | 289,207              |            |
| Other equity instrument investments         | 395                    | 395                  |            |
| Fixed assets                                | 302,082                | 302,082              |            |
| Construction in progress                    | 51,598                 | 51,598               |            |
| Right-of-use assets                         | -                      | 119,776              | 119,776    |
| Intangible assets                           | 8,571                  | 8,571                |            |
| Long-term deferred expenses                 | 2,480                  | 2,480                |            |
| Deferred tax assets                         | 11,021                 | 11,021               |            |
| Other non-current assets                    | 9,145                  | 9,145                |            |
| Total non-current assets                    | 674,499                | 794,275              | 119,776    |
| Total assets                                | 931,603                | 1,051,379            | 119,776    |
| <b>Current liabilities:</b>                 |                        |                      |            |
| Short-term loans                            | 3,961                  | 3,961                |            |
| Derivative financial liabilities            | 967                    | 967                  |            |
| Bills payable and accounts payable          | 84,418                 | 84,418               |            |
| Contract liabilities                        | 4,230                  | 4,230                |            |
| Employee benefits payable                   | 4,294                  | 4,294                |            |
| Taxes payable                               | 54,764                 | 54,764               |            |
| Other payables                              | 119,514                | 119,514              |            |
| Non-current liabilities due within one year | 16,729                 | 24,183               | 7,454      |
| Total current liabilities                   | 288,877                | 296,331              | 7,454      |
| <b>Non-current liabilities:</b>             |                        |                      |            |
| Long-term loans                             | 48,104                 | 48,104               |            |
| Debentures payable                          | 20,000                 | 20,000               |            |
| Lease liabilities                           | -                      | 112,322              | 112,322    |
| Provisions                                  | 33,094                 | 33,094               |            |

|  |         |           |         |
|--|---------|-----------|---------|
| Other non-current liabilities              | 4,332   | 4,332     |         |
| Total non-current liabilities              | 105,530 | 217,852   | 112,322 |
| Total liabilities                          | 394,407 | 514,183   | 119,776 |
| <b>Shareholders' equity:</b>               |         |           |         |
| Share capital                              | 121,071 | 121,071   |         |
| Capital reserve                            | 68,795  | 68,795    |         |
| Other comprehensive income                 | (485)   | (485)     |         |
| Specific reserve                           | 989     | 989       |         |
| Surplus reserves                           | 203,678 | 203,678   |         |
| Retained earnings                          | 143,148 | 143,148   |         |
| Total shareholders' equity                 | 537,196 | 537,196   |         |
| Total liabilities and shareholders' equity | 931,603 | 1,051,379 | 119,776 |