

CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
September 01, 2015

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, 2015

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

This Form 6-K consists of:

1. An announcement of 2015 interim results of China Petroleum & Chemical Corporation (the “Registrant”);
2. An announcement of connected transaction of the Registrant; and
3. An announcement of renewal of continuing connected transactions;

Each made by the Registrant on August 26, 2015.

Announcement 1

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CHINA PETROLEUM & CHEMICAL CORPORATION

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0386)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2015

1 Important Notice

1.1 This announcement is a summary of the 2015 Interim Report of China Petroleum & Chemical Corporation ("Sinopec Corp"). The entire report is also contained in the website of the Shanghai Stock Exchange (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). The investors should read the 2015 interim report for more details.

1.2 The interim financial statements for the six-month period ended 30 June 2015 (the "reporting period") of Sinopec Corp. and its subsidiaries ("the Company"), prepared in accordance with the Accounting Standards for Business Enterprises ("ASBE") of the PRC, and International Financial Reporting Standards ("IFRS"), have been audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Certified Public Accountants respectively, and both firms have issued standard unqualified opinions on the interim financial statements contained in this announcement.

1.3 Basic Information of Sinopec Corp.

Stock name	SINOPEC CORP	—	—	
Stock code	0386	SNP	SNP	600028
Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
	Authorised Representatives		Secretary to the Board	Representative on Securities Matters
Name	Mr. Li Chunguang	Mr. Huang Wensheng	Mr. Huang Wensheng	Mr. Zheng Baomin
Address	22 Chaoyanmen 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 China Accounting Standards for Business Enterprises (“ASBE”)

2.1.1 Principal financial data and indicators

Items	As at 30 June 2015 RMB million	As at 31 December 2014 RMB million	Changes from the end of last year %
Total assets	1,470,355	1,451,368	1.3
Total equity attributable to equity shareholders of the Company	681,474	594,483	14.6
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year %
	2015 RMB million	2014 RMB million	
Net cash flow from operating activities	67,442	58,214	15.9

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Operating income	1,040,362	1,356,172	(23.3)
Net profit attributable to equity shareholders of the Company	24,427	31,430	(22.3)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	23,431	31,354	(25.3)
Weighted average return on net assets (%)	3.81	5.37	(1.56)
			percentage points
Basic earnings per share (RMB)	0.202	0.269	(24.9)
Diluted earnings per share (RMB)	0.202	0.268	(24.6)

2.2 Principal Financial Data and Indicators Prepared in Accordance with International Financial Reporting Standards (“IFRS”)

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year %
	2015	2014	
	RMB million	RMB million	
Operating profit	40,543	52,268	(22.4)
Net profit attributable to owners of the Company	25,394	32,543	(22.0)
Basic earnings per share (RMB)	0.211	0.279	(24.4)
Diluted earnings per share (RMB)	0.211	0.277	(23.8)
Net cash generated from operating activities	67,442	58,214	15.9

Items	As at	As at	Changes from the end of last year %
	30 June 2015	31 December 2014	
	RMB million	RMB million	
Total assets	F1,470,355	1,451,368	1.3
Total equity attributable to owners of the Company	680,085	593,041	14.7

3 Number of Shareholders and Shareholdings of Principal Shareholders

As at 30 June 2015 there were a total of 915,654 shareholders of Sinopec Corp., of which 909,358 were holders of A shares and 6,296 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 Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

Name of Shareholders

China Petrochemical Corporation

HKSCC (Nominees) Limited²

人民人壽保險
 －分紅－個險分紅
 卡塔爾控 責任 －自
 工商銀行－上 50交易型開放弍
 王戎
 人民人壽保險  
 －傳統－普 保險產品
 融

Note:

1. As compared with the number of shares as at 31 December 2014.
2. 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. which is 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:

e Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned shareholders, ex
 0154;民人壽保險 －分紅－個險
 0154;民人壽保險 －傳統－普 保༑
 aged by 人民人壽保險 .

3.2 Information disclosed by H share shareholders in accordance with the Securities and Futures Ordinance as at 30 June 2015

Name of shareholders	Status of shareholders	Number of shares with interests held or regarded as being held	As a percentage of total interests (H share) of Sinopec Corp. (%)
JPMorgan Chase & Co.	Beneficial owner	717,517,817 (L)	2.81 (L)
		310,108,377 (S)	1.22 (S)
	Investment manager	370,144,100 (L)	1.45 (L)
	Trustee (other than a bare trustee)	16,600 (L)	0.00 (L)
	Custodian corporation/Approved lending agent	1,375,606,223 (L)	5.39 (L)
Blackrock, Inc.	Interests of corporation controlled by the substantial shareholder	1,825,428,399 (L)	7.15 (L)
		14,043,700 (S)	0.06 (S)
Schroders Plc	Investment manager	1,275,857,318 (L)	5.00 (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 in the reporting period.

4 Directors, Supervisors and Senior Management

Equity Interests of Directors, Supervisors and Other Senior Management

As at 30 June 2015, other than the 13,000 A shares of Sinopec Corp. held by 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 and other senior management of Sinopec Corp. and their associates did not hold shares, bonds or any interest or short position (including any interest or short position in shares that is regarded or treated as being held in accordance with the Securities and Futures Ordinance (the “Ordinance”)) in the shares of Sinopec Corp. or any associated corporation (Please refer to the Interpretation of Part XV of the Ordinance), which, according to Divisions 7 and 8 of Part XV of the Ordinance, shall be informed to Sinopec Corp. and Hong Kong Stock Exchange, or pursuant to Section 352 of the Ordinance, shall be registered on the designated register as required by the Ordinance, or the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in the Hong Kong Listing Rules, shall be informed to Sinopec Corp. or Hong Kong Stock Exchange.

5 Business Review and Management’s Discussion and Analysis

5.1 Business Review

In the first half of 2015, the global economic recovery remained slow. China’s GDP grew by 7.0%. The domestic demand of crude oil maintained a steady growth, increasing 4.8% year on year, and natural gas demand growth slowed down, up 2.1% year on year. Refined oil products demand continue to diversify following last year’s trend with a slower growth rate. Gasoline and kerosene consumption increased substantially while diesel dropped slightly. The total consumption of refined oil products grew by 3% compared with the same period of last year. Quality upgrading of oil products was accelerated. Domestic oil products prices were adjusted timely in line with the international oil price changes. Domestic demand for chemicals maintained a steady growth with the ethylene equivalent consumption up by 2.5% compared with the same period of last year.

The international crude oil prices plunged in the second half of last year and fluctuated at low level in the first half of this year. The average spot price of Platts Brent for the first half of this year was USD 57.84 per barrel, 46.90% lower than the same period of last year.

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5.1.1

PRODUCTION AND OPERATIONS

(1) Exploration and Production

The Company took effective measures in low oil price environment in the first half of 2015, including optimising the exploration and production plans, setting up flexible investment decision making mechanism and cutting high-cost crude oil production. In exploration, we attained new discoveries and commercial flows in marine facies gas fields in the west of Sichuan. In development, the Fuling shale gas project progressed steadily.

Oil and gas production in the first half was 232.95 million barrels of oil equivalent, down by 1.7% compared with same period of last year. Domestic and overseas crude oil production amounted to 147.47 million barrels and 26.60 million barrels respectively while natural gas production reached 353.26 billion cubic feet.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Changes (%)
	2015	2014	
Oil and gas production (mmboe)	232.95	237.01	(1.71)
Crude oil production (mmbbls)	174.07	177.88	(2.14)
 China	147.47	154.15	(4.33)
 Overseas	26.60	23.73	12.09
Natural gas production (bcf)	353.26	354.80	(0.43)

(2)

Refining

The Company, while focusing on profitability, optimised the crude oil allocation and processing plans, adjusted the product slate and utilisation rate, and increased the yield of high value-added products, such as high-spec gasoline. We brought our scale advantages into full play to control the unit cost. We actively promoted the quality upgrading of refined oil products and provide high standard fuels to the market. We took advantages of specialised by improving our dedicated marketing network, we optimised the sales of other refining products such as lubricants, LPG, asphalt, etc. In the first half of 2015, we processed 119 million tonnes of crude oil, up by 2.7% compared with the first half of 2014. Refined oil products output rose by 4.4% with jet fuel and high-spec gasoline up by 18.9% and 18.2% respectively.

Refining: Summary of Operations

	Six-month period ended 30 June		Changes (%)
	2015	2014	
Refinery throughput (million tonnes)	118.89	115.81	2.66
Gasoline, diesel and kerosene production (million tonnes)	74.75	71.62	4.37
Gasoline (million tonnes)	27.02	24.94	8.34
Diesel (million tonnes)	35.82	36.67	(2.32)
Kerosene (million tonnes)	11.90	10.01	18.88
Light chemical feedstock production (million tonnes)	19.07	19.96	(4.46)
Light yield (%)	76.69	76.83	(0.14)
			percentage points
Refining yield (%)	94.98	94.63	0.35
			percentage points

Note: Includes 100% of production of joint ventures.

(3) Marketing and Distribution

In the first half of 2015, in light of the changes in supply and demand, the Company optimised marketing structure to increase retail volume and single station throughput. We accelerated the transformation from an oil products supplier to a comprehensive service provider by complementing the rapid development of non-fuel business with that of fuel business and achieving volume and profit growth.

In the first half of 2015, the total sales volume of refined oil products grew by 5.3% to 92.97 million tonnes, of which domestic sales were 83.92 million tonnes, up 3.6% from the same period of previous year. Revenue from our non-fuel business reached RMB 13.33 billion, an increase of 85.4% from the same period in 2014.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Change (%)
	2015	2014	
Total sales volume of refined oil products (million tonnes)	92.97	88.26	5.34
Total domestic sales volume of refined oil products (million tonnes)	83.92	81.04	3.55
Retail (million tonnes)	58.19	56.55	2.90
Direct sales and Wholesale (million tonnes)	25.73	24.49	5.06
Annualised average throughput per station (tonne/station)	3,816	3,712	2.80

	As of	As of	Change from the end of last year (%)
	30 June 2015	31 December 2014	
Total number of Sinopec-branded service stations	30,514	30,551	(0.12)
Company-operated	30,501	30,538	(0.12)

(4) Chemicals

In the first half of 2015, the Company further optimised feedstock and product mix to achieve better cost efficiency. We put our efforts in R&D, production and marketing of new products, and maintained production volume growth in high value-added products, the ratio of performance compound in synthetic resin and differentiation rate of synthetic fiber rose to 57.7% and 81.0% respectively, up by 1.4 and 2.4 percentage points compared with the same period of last year. The chemical segment achieved better performance by strengthening the coordination between production and marketing.

In the first half of 2015, ethylene production reached 5.457 million tonnes, up 7.3% from the same period of last year, and chemical sales volume was 30.3 million tonnes, up 3.8% compared with the same period of last year.

Major Chemical Products: Summary of Operations Unit of production: 1,000 tonnes

	Six-month period ended 30 June		Changes (%)
	2015	2014	
Ethylene	5,457	5,084	7.34
Synthetic resin	7,476	6,965	7.34
Synthetic fiber monomer and polymer	4,322	4,105	5.29
Synthetic fiber	638	646	(1.24)
Synthetic rubber	453	483	(6.21)

Note: Includes 100% of production of joint ventures.

5.1.2 Health, Safety and the Environment

In the first half of 2015, the Company fully implemented safety responsibilities at all levels, conducted specific safety inspections, and took identification and management on potential hazards. We made optimal adjustments to emergency response system and promoted HSE conformance. Hence we maintained work safety in general.

We pay close attention to environment protection, energy saving, emission reduction as well as green and low-carbon development. We promoted Contract Energy Management and construction of energy management system, and implemented “Clear Water and Blue Sky” program. Comparing to the same period last year, the Company’s energy intensity was down by 2.77%, COD in discharged wastewater was down by 4.09%, SO₂ emission was down by 4.84%, NO_x emission was down by 4.23%, Ammoniacal Nitrogen emission was down by 3.91%.

5.1.3

Capital Expenditures

The Company focused on quality and profitability of business expansions, and optimised its assets portfolio and investment. A number of key projects have been well underway. CAPEX for the first half was RMB 23.508 billion. CAPEX for E&P was RMB 13.418 billion, mainly for exploration and development in Shengli oil field, Tahe oil field and Sichuan Basin, the LNG projects in Guangxi and Tianjin, pipeline-boosting for Sichuan to East China Gas Transmission Project, construction of pipelines exporting gas from Fuling shale gas field, Jinan-to-Qingdao Gas Transmission Pipeline II Project, and overseas projects. CAPEX for Refining was RMB 3.187 billion, mainly for refinery revamping and gasoline and diesel quality upgrading projects in Qilu and Jiujiang refineries. CAPEX for Marketing and Distribution was RMB 3.781 billion, mainly for developing and renovating service stations, building oil products pipelines, oil depots and other storage facilities, and specific projects for safety hazards rectification and vapor recovery. We newly developed 207 service stations in the first half of 2015. CAPEX for Chemicals was RMB 2.519 billion, mainly for the East Ningxia coal chemical project and the Wuhan ethylene project. CAPEX for Corporate and Others was RMB 603 million, mainly for R&D facilities and IT application projects.

5.2

Management's Discussion and Analysis

Parts of the following concerned financial data, unless otherwise stated, were abstracted from the company's audited interim financial statements that have been prepared according to the International Financial Reporting Standards ("IFRS").

In the first half of 2015, the Company's turnover and other operating revenues were RMB 1,040.4 billion, decreased by 23.3% with the same period last year, and operating profit was RMB 40.5 billion, representing a decline of 22.4% from the same period last year.

The following table sets forth the main revenue and expenses from the Company's consolidated financial statements for the indicated periods:

	Six-month periods ended 30 June		Change (%)
	2015 RMB million	2014 RMB million	
Turnover and other operating revenues	1,040,362	1,356,172	(23.3)
Turnover	1,021,692	1,338,164	(23.6)
Other operating revenues	18,670	18,008	3.7
Operating expenses	(999,819)	(1,303,904)	(23.3)
Purchased crude oil, products, and operating supplies and expenses	(770,431)	(1,099,789)	(29.9)
Selling, general and administrative expenses	(32,161)	(33,735)	(4.7)
Depreciation, depletion and amortisation	(46,249)	(43,233)	7.0
Exploration expenses (including dry holes)	(6,031)	(5,552)	8.6
Personnel expenses	(26,593)	(26,754)	(0.6)
Taxes other than income tax	(119,886)	(93,767)	27.9
Other operating income/(expense) net	1,532	(1,074)	—
Operating profit	40,543	52,268	(22.4)
Net finance costs	(3,404)	(8,761)	(61.1)
Investment income and share of profit from associates and joint ventures	4,143	2,252	84.0
Profit before taxation	41,282	45,759	(9.8)
Tax expense	(9,674)	(11,908)	(18.8)
Profit for the period	31,608	33,851	(6.6)
Attributable to:			
Owners of the Company	25,394	32,543	(22.0)
Non-controlling interests	6,214	1,308	375.1

5.2.1

Turnover and other operating revenues

In the first half of 2015, the Company's turnover was RMB 1,021.7 billion, representing a decrease of 23.6 % over the first half of 2014.

The following table sets forth the external sales volume, average realised prices and respective percentage changes of the Company's major products in the first half of 2015 as compared with the first half of 2014.

	Sales Volume (thousand tonnes)			Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods ended		Change (%)	Six-month periods ended		Change (%)
	30 June 2015	2014		30 June 2015	2014	
Crude oil	4,874	4,450	9.5	2,152	4,195	(48.7)
Natural gas (million cubic meters)	8,777	8,288	5.9	1,571	1,515	3.7
Gasoline	34,626	31,583	9.6	6,881	8,583	(19.8)
Diesel	46,714	46,956	(0.5)	5,133	6,979	(26.5)
Kerosene	11,410	9,787	16.6	3,594	6,012	(40.2)
Basic chemical feedstock	13,983	13,083	6.9	4,508	6,418	(29.8)
Synthetic fibre monomer and polymer	2,887	3,249	(11.1)	6,259	7,355	(14.9)
Synthetic resin	5,851	5,501	6.4	8,187	9,854	(16.9)
Synthetic fibre	689	709	(2.8)	8,046	9,508	(15.4)
Synthetic rubber	579	615	(5.9)	8,730	10,485	(16.7)

Most of the crude oil and a small portion of natural gas produced by the Company were used internally for refining and chemical production with the remainder sold to external customers. In the first half of 2015, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 29.0 billion, decreased by 16.4% year on year, accounting for 2.8% of the Company's turnover and other operating revenues. The change was mainly due to the sharp decline of crude oil prices.

Petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold by the refining segment and the marketing and distribution segment achieved external sales revenues of RMB 619.0 billion, representing a decrease of 23.5% over the same period of 2014 and accounting for 59.5% of the Company's turnover and other operating revenues, this was mainly due to the sharp decline of oil product prices offsetting the effect of increase in sales volumes of gasoline, kerosene and other refined petroleum products. The sales revenue of gasoline, diesel and kerosene was RMB 519.1 billion, representing a decrease of 21.1% over the same period in 2014, accounting for 83.9% of the sales revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 99.9 billion, representing a decline of 34.2% compared with the first half of 2014, accounting for 16.1% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 140.8 billion, representing a decrease of 20.6% over the same period of 2014, accounting for 13.5% of its turnover and other operating revenues. The change was mainly due to the decline of chemical products prices which offset the effect of increase in sales volumes of basic chemical feedstock and synthetic resin.

5.2.2 Operating expenses

In the first half of 2015, the Company's operating expenses were RMB 999.8 billion, representing a decrease of 23.3% over the first half of 2014. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 770.4 billion in the first half of 2015, representing a decrease of 29.9% over the same period of 2014, accounting for 77.1% of the total operating expenses, of which:

• Crude oil purchasing expenses were RMB 251.6 billion, representing a decrease of 40.8% over the same period of 2014. Total processed volume of crude oil purchased externally in the first half of 2015 was 89.87 million tonnes (excluding the volume processed for third parties), increased by 3.6% over the first half of 2014. The average unit processing cost of crude oil purchased externally was RMB 2,800 per tonne, decreased by 42.8% over the first half of 2014.

• Other purchasing expenses were RMB 518.8 billion, down by 23.1% year on year, mainly due to decline of external raw material purchase prices.

Selling, general and administrative expenses of the Company totaled RMB 32.2 billion, representing a decrease of 4.7% over the first half of 2014.

Depreciation, depletion and amortisation expenses of the Company were RMB 46.2 billion, representing an increase of 7.0% compared with the first half of 2014. This was mainly due to the increase of continuous investments in property, plant and equipment.

Exploration expenses in the first half of 2015 were RMB 6.0 billion, representing an increase of 8.6% compared with the same period in 2014. This was mainly due to the increase of implantation progress of overall exploration workload compared with the same period in 2014.

Personnel expenses were RMB 26.6 billion, representing a decrease of 0.6% over the first half of 2014.

Taxes other than income tax were RMB 119.9 billion, representing an increase of 27.9% compared with the first half of 2014. This was mainly due to the increase of RMB 35.2 billion in consumption tax as a result of increased consumption tax rate, as well as the RMB 4.7 billion increase in city construction tax and educational surcharge; meanwhile the special oil income levy decreased by RMB 12.4 billion as a result of decreased oil price.

5.2.3 Operating profit

In the first half of 2015, the Company's operating profit was RMB 40.5 billion, representing a decrease of 22.4% over the same period in 2014, mainly due to international crude oil prices dropped, the profit of upstream segment decreased.

5.2.4 Net finance costs

In the first half of 2015, the Company's net finance costs were RMB 3.4 billion, representing a year-on-year decrease of 61.1%, of which: because the Company compressed the occupancy of working capital and improved asset-liability structure and reduced the finance costs, the net interest expense was decreased RMB 2.0 billion; losses from changes in fair value of the Sinopec CB issued by the Company was RMB 0.3 billion, compared with a loss of RMB 2.2 billion in the same period of 2014; gains from foreign currency exchange was RMB 0.2 billion due to slight Renminbi appreciation, compared with a loss of 1.3 billion in the same period of 2014.

5.2.5 Profit before taxation

In the first half of 2015, the Company's profit before taxation amounted to RMB 41.3 billion, representing a decrease of 9.8% compared with the first half of 2014.

5.2.6 Tax expense

In the first half of 2015, income tax expense of the Company totaled RMB 9.7 billion, down by 18.8% from the same period of 2014.

5.2.7 Profit attributable to non-controlling interests of the Company

In the first half of 2015, profit attributable to non-controlling shareholders was RMB 6.2 billion, an increase of 375.1% over the same period of 2014, The non-controlling interests of the Company has increased, this was mainly due to the completion of capital injection of Sinopec Marketing Company Limited.

5.2.8 Profit attributable to Owners of the Company

In the first half of 2015, profit attributable to equity shareholders of the Company was RMB 25.4 billion, representing a decrease of 22.0 % over the same period of 2014.

5.2.9 Assets, liabilities, equity and cash flows

(1) Assets, liabilities and equity

Units: RMB million

	At 30 June 2015	At 31 December 2014	Amount of changes
Total assets	1,470,355	1,451,368	18,987
Current assets	395,555	360,144	35,411
Non-current assets	1,074,800	1,091,224	(16,424)
Total liabilities	683,398	805,791	(122,393)
Current liabilities	506,913	604,257	(97,344)
Non-current liabilities	176,485	201,534	(25,049)
Total equity attributable to equity shareholders of the Company	680,085	593,041	87,044
Share capital	121,071	118,280	2,791
Reserves	559,014	474,761	84,253
Non-controlling Interests	106,872	52,536	54,336
Total equity	786,957	645,577	141,380

As at 30 June 2015, the Company's total assets were RMB 1,470.4 billion, representing an increase of RMB 19.0 billion compared with that at the end of 2014, of which:

• Current assets were RMB 395.6 billion, representing an increase of RMB 35.4 billion with that at the end of 2014. This was mainly increase in cash and cash equivalents of RMB 63.2 billion due to the capital injection made by non-controlling interests to Sinopec Marketing Company Limited, inventories decreased by RMB 13.4 billion; prepayments and other current assets decreased by RMB 15.6 billion.

• Non-current assets were RMB 1,074.8 billion, representing a decrease of RMB 16.4 billion with that at the end of 2014, which was mainly due to the decrease of construction in progress by RMB 12.5 billion.

As at 30 June 2015, the Company's total liabilities were RMB 683.4 billion, representing a decrease of RMB 122.4 billion compared with that at the end of 2014, of which:

• Current liabilities were RMB 506.9 billion, representing a decrease of RMB 97.3 billion with that at the end of 2014, which was mainly due to the decrease of trade accounts payable by RMB 34.4 billion, accrued expenses and other payables by RMB 40.3 billion and short-term debts by RMB 13.8 billion.

• Non-current liabilities were RMB 176.5 billion, representing a decrease of RMB 25.0 billion with that at the end of 2014, which was mainly due to the decrease of long-term debts by RMB 28.6 billion.

As at 30 June 2015, total equity attributable to equity shareholders of the Company was RMB 680.1 billion, representing an increase of RMB 87.0 billion compared with that at the end of 2014, which was mainly due to the capital premium from capital injection to Sinopec Marketing Company Limited by non-controlling interests, conversion of Sinopec CB and increased retained earnings from the net profit for this period.

(2) Cash Flow

The following table sets forth the major items on the consolidated cash flow statements for the first half of 2015 and 2014.

Major items of cash flows	Units: RMB million		
	Six-month periods ended 30		Changes in amount
	June 2015	2014	
Net cash generated from operating activities	67,442	58,214	9,228
Net cash generated from investing activities	(54,982)	(62,653)	7,671
Net cash generated from financing activities	51,039	2,531	48,508
Net increase/(decrease) in cash and cash equivalents	63,499	(1,908)	65,407

In the first half of 2015, net cash generated from operating activities was RMB 67.4 billion, representing an increase of RMB 9.2 billion in cash inflow over the first half of 2014. This was mainly due to the decrease of occupancy of working capital over the first half of 2014.

In the first half of 2015, net cash generated from investing activities was RMB 55.0 billion, representing a decrease of RMB 7.7 billion in cash outflow compared with the same period last year, which was mainly caused by the reduction of investment scale.

In the first half of 2015, net cash generated from financing activities was RMB 51.0 billion, representing an increase of RMB 48.5 billion in cash inflow from the same period of last year, this was mainly due to cash inflow caused by capital injection to Sinopec Marketing Company Limited from non-controlling interests which amounted to RMB 105.0 billion, and partly offset by the cash outflow caused by repayment of high interest bearing debts.

As of 30 June 2015, the Company's cash and cash equivalents (exchange rates effects excluded) were RMB 72.5 billion, an increase of RMB 63.5 billion as of 31 December 2014.

5.3 Results of the principal operations by segments

Segment	Operating income (RMB million)	Operating cost (RMB million)	Gross profit margin* (%)	Increase/ (decrease) of operating income on a year-on-year basis (%)	Increase/ (decrease) of operating cost on a year-on-year basis (%)	Increase/ (decrease) of gross profit margin on a year-on-year basis (%)
Exploration and Production	70,401	54,748	17.6	(38.2)	2.5	(20.0)
Refining	485,735	346,809	5.0	(25.5)	(37.9)	2.1
Marketing and Distribution	565,638	524,976	7.0	(22.2)	(23.0)	0.9
Chemicals	166,306	146,249	11.6	(22.1)	(29.6)	9.2
Corporate and Others	415,790	411,441	1.0	(35.6)	(35.9)	0.4
Elimination of inter-segment sales	(663,508)	(664,489)	N/A	N/A	N/A	N/A
Total	1,040,362	819,734	9.7	(23.3)	(28.6)	1.3

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

5.4 Business Prospects

Looking into the second half, the world's economy is expected to recover slowly. China's economy will maintain its steady growth. With a general over supply situation of international crude oil market, the oil price is expected to fluctuate at a low level. Domestic demand for oil and gas is anticipated to grow. The overall demand for oil products and chemicals will grow steadily with the consumption mix to be further adjusted. Given the current state, the Company will undertake initiatives in the following key areas.

In exploration and development, we will step up new technology development and application to promote progressive exploration and reservoir evaluation in oil-rich sag in East China, Tahe oil field and the west rim of Junggar Basin. In natural gas development, we will promote the development and assessment in the gas fields of Erdos, Sichuan basin and Songliao Basin, and push ahead with Fuling shale gas field development so as to deliver the 1st phase capacity building target of 5 billion cubic meters. In the second half of the year, we expect to produce 177 million barrels of crude oil and 537 billion cubic feet of natural gas.

In refining, we will continue to adopt a market-oriented and profitability-driven strategy, optimise production plan and ensure safe and stable operations. We will fine-tune crude oil resources allocation to lower crude cost, and accelerate oil products quality upgrading. The Company will actively expand marketing of lubricants, LPG and asphalt. Meanwhile, we will actively control costs to improve cost competitiveness. We plan to process 122.7 million tonnes of crude oil in the second half.

In marketing and distribution, we will intensify market analysis and forecast to ensure both sales volume growth and profitability, optimise resource structure to consolidate and expand market share, and put customers first by adopting more proactive retail strategies to stabilise direct sales and distribution volume. We will continuously push forward a market-oriented and specialised development in non-fuel business, strengthen key products marketing and procurement management, and promote transformation from an oil products supplier to a comprehensive service provider. In the second half, we plan to sell 87 million tonnes of refined oil products in the domestic market.

In chemicals, we will proactively adjust the product mix, promote new products R&D in line with expanded production and sales. We will fine-tune the operations of facilities at reasonable utilisation rate and continuously to reduce optimise feedstock mix cost. Meanwhile, we will deepen the inter links amongst production, marketing, research and product application, enhance our marketing strategy and improve customer services. In the second half, we plan to produce 5.6 million tonnes of ethylene.

In the second half, we'll fully leverage our advantages across the integrated value chain, arrange production and operation for maximum profitability, spare no efforts in expanding market, and intensely keep the cost and expenses under control. We will ensure HSE performance, strengthen our capability in sustainable development and strive for better operating results. In the meantime, we will adapt to and capture the opportunities of the new normals of Chinese economic growth, and set forth the 13th five-year plan of the company.

6	Dividend
6.1	Dividend distribution for the year ended 31 December 2014

Upon its approval at the annual general meeting of the Sinopec Corp. for the year 2014, Sinopec Corp. distributed the final dividend of RMB 0.11 per share (tax inclusive). The final dividend for 2014 has been distributed to shareholders on and before 30 June 2015 who were registered as existing shareholders as at 18 June 2015. Combined with of the interim dividend of RMB 0.09 per share (tax inclusive), the total cash dividend for the year 2014 amounted to RMB 0.20 per share (tax inclusive).

6.2 Interim dividend distribution plan for the six-month ended 30 June 2015

As approved by the 2nd meeting of the Sixth Session of the Board, the interim dividend for the six-month ended 30 June 2015 will be RMB 0.09 per share (tax inclusive) based on the total number of shares as of 22 September 2015 (the Record Date).

The Sinopec Corp's 2015 interim profit distribution proposal 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 30 September 2015 (Wednesday) to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of 22 September 2015 (Tuesday). To be entitled to the interim dividend, holders of H shares shall lodge their share certificate(s) 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 Tuesday, 15 September 2015. The register of members of the H shares of Sinopec Corp. will be closed from Wednesday, 16 September 2015, to Tuesday, 22 September 2015 (both dates inclusive).

The dividend will be denominated and declared in Renminbi (RMB), and distributed to domestic and Shanghai-Hong Kong Stock Connect shareholders in RMB and to foreign shareholders in Hong Kong Dollar. 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 preceding the date of declaration of dividends, being Wednesday, 26 August 2015.

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, on this basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change its shareholder status, please enquire about the relevant procedures with your agents or trustees. Sinopec Corp. will strictly comply with the law or the requirements of the relevant government authority and 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.

If the individual holders of the H shares who are Hong Kong or Macau residents or residents of the countries which had an agreed tax rate of 10% for the cash dividends to them with China under the relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. Should the individual holders of the H Shares are residents of the countries which had an agreed tax rate of less than 10% with China under the 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”) due to 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 of Sinopec Corp.. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of the H Shares are residents of the countries which had 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 the relevant tax agreement. In the case that the individual holders of the H Shares are residents of the countries which had an agreed tax rate of 20% with China, or which has not entered into any tax agreement with China, or otherwise, Sinopec Corp. shall withhold and pay the individual income tax at a rate of 20%.

n the Tax Policies Related to the Pilot Program of the Shanghai - H
080;#24066;#22580;#20132;#26131;#20114;#32879;#20114; #27231;#21046;#35430;#40670; #38364;#312

For domestic investors investing in the H Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect, the company shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. The company 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 of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect, 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 and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those 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 paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

Items	Unit: RMB million			
	At 30 June 2015		At 31 December 2014	
	Consolidated	Parent	Consolidated	Parent
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	147,376	24,570	166,688	57,749
Bills payable	3,912	1,834	4,577	2,933
Accounts payable	163,967	82,041	198,366	102,399
Advances from customers	82,573	3,027	89,918	3,926
Employee benefits payable	3,366	1,733	839	310
Taxes payable	30,585	19,588	28,677	19,883
Other payables	67,280	188,705	103,302	198,144
Non-current liabilities due within one year	7,854	1,028	11,890	11,084
Total current liabilities	506,913	322,526	604,257	396,428
Non-current liabilities				
Long-term loans	59,232	56,145	67,426	55,202
Debentures payable	62,205	45,500	83,506	62,221
Provisions	31,165	27,125	29,715	25,830
Deferred tax liabilities	10,071	2,504	7,820	600
Other non-current liabilities	12,351	1,829	11,549	1,892
Total non-current liabilities	175,024	133,103	200,016	145,745
Total liabilities	681,937	455,629	804,273	542,173
Shareholders' equity				
Share capital	121,071	121,071	118,280	118,280
Capital reserve	119,073	68,716	48,703	54,690
Other comprehensive income	(5,454)	284	(7,261)	(206)
Specific reserve	1,405	728	491	232
Surplus reserves	193,552	193,552	193,552	193,552
Retained earnings	251,827	166,996	240,718	172,101
Total equity attributable to shareholders of the Company	681,474	551,347	594,483	538,649
Minority interests	106,944	-	52,612	-
Total shareholders' equity	788,418	551,347	647,095	538,649
Total liabilities and shareholders' equity	1,470,355	1,006,976	1,451,368	1,080,822

Consolidated and Parent Income Statement

Items	Unit#65306;RMB million			
	2015		Six-month periods ended 30 June 2014	
	Consolidated	Parent	Consolidated	Parent
Operating income	1,040,362	438,319	1,356,172	669,993
Less: Operating costs	819,733	317,844	1,148,049	531,774
Sales taxes and surcharges	119,886	86,020	93,767	70,860
Selling and distribution expenses	22,379	1,241	22,060	9,442
General and administrative expenses	34,271	19,321	34,439	24,456
Financial expenses	3,145	3,500	6,539	5,170
Exploration expenses, including dry holes	6,031	6,010	5,552	5,532
Impairment losses	205	98	1,112	(5)
Add: Gain/(Loss) from changes in fair value	111	(272)	(2,074)	(2,216)
Investment income	4,461	4,979	2,252	4,821
Operating profit	39,284	8,992	44,832	25,369
Add: Non-operating income	1,865	1,101	1,371	2,930
Less: Non-operating expenses	933	471	1,601	617
Profit before taxation	40,216	9,622	44,602	27,682
Less: Income tax expense	9,674	1,409	11,908	5,839
Net profit	30,542	8,213	32,694	21,843
Attributable to:				
Equity shareholders of the Company	24,427	8,213	31,430	21,843
Minority interests	6,115	-	1,264	-
Basic earnings per share (RMB)	0.202	N/A	0.269	N/A
Diluted earnings per share (RMB)	0.202	N/A	0.268	N/A
Net profit	30,542	8,213	32,694	21,843
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss (after tax and reclassification adjustments):				
Cash flow hedges	1,480	491	136	-
Available-for-sale financial assets	36	-	627	599
Share of other comprehensive (loss)/income of associates and jointly controlled entities	(118)	(1)	36	35
Foreign currency translation differences	(43)	-	391	-
Total other comprehensive income	1,355	490	1,190	634
Total comprehensive income	31,897	8,703	33,884	22,477
Attributable to:				
Equity shareholders of the Company	26,234	8,703	32,452	22,477
Minority interest	5,663	-	1,432	-

Consolidated and Parent Cash Flow Statement

Items	Unit#65306;RMB million Six-month periods ended 30 June			
	2015		2014	
	Consolidated	Parent	Consolidated	Parent
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,152,775	502,027	1,474,655	778,379
Refund of taxes and levies	1,814	1,526	581	405
Other cash received relating to operating activities	54,228	51,022	15,829	32,036
Sub-total of cash inflows	1,208,817	554,575	1,491,065	810,820
Cash paid for goods and services	(873,396)	(358,624)	(1,227,836)	(585,784)
Cash paid to and for employees	(24,976)	(13,091)	(25,294)	(10,929)
Payments of taxes and levies	(165,686)	(107,334)	(145,928)	(116,436)
Other cash paid relating to operating activities	(77,317)	(28,122)	(33,793)	(40,163)
Sub-total of cash outflows	(1,141,375)	(507,171)	(1,432,851)	(753,312)
Net cash flow from operating activities	67,442	47,404	58,214	57,508
Cash flows from investing activities:				
Cash received from disposal of investments	493	79,475	435	6,211
Cash received from returns on investments	1,242	3,465	979	3,380
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	222	2,303	494	843
Other cash received relating to investing activities	2,156	361	872	30
Sub-total of cash inflows	4,113	85,604	2,780	10,464
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(52,911)	(29,925)	(59,266)	(40,537)
Cash paid for acquisition of investments	(3,556)	(15,869)	(5,030)	(16,072)
Other cash paid relating to investing activities	(2,628)	-	(1,137)	-
Sub-total of cash outflows	(59,095)	(45,794)	(65,433)	(56,609)
Net cash flow from investing activities	(54,982)	39,810	(62,653)	(46,145)

Items	Unit#65306;RMB million			
	2015		Six-month periods ended 30 June 2014	
	Consolidated	Parent	Consolidated	Parent
Cash flows from financing activities:				
Cash received from capital contributions	105,144	-	2,441	-
Including: Cash received from minority shareholders' capital contributions to subsidiaries	105,144	-	2,441	-
Cash received from borrowings	613,159	119,633	551,031	114,492
Sub-total of cash inflows	718,303	119,633	553,472	114,492
Cash repayments of borrowings	(648,938)	(162,683)	(527,717)	(108,404)
Cash paid for dividends, profits distribution or interest	(18,326)	(17,656)	(23,206)	(22,461)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(327)	-	(582)	-
Other cash paid relating to financing activities	-	-	(18)	-
Sub-total of cash outflows	(667,264)	(180,339)	(550,941)	(130,865)
Net cash flow from financing activities	51,039	(60,706)	2,531	(16,373)
Effects of changes in foreign exchange rate	(329)	-	82	-
Net increase/(decrease) in cash and cash equivalents	63,170	26,508	(1,826)	(5,010)

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
Balance at 1 January 2014	+116,565	36,947	407	1,556	190,337	224,534	570,346
Change for the period							
1. Net profit	-	-	-	-	-	31,430	31,430
2. Other comprehensive income	-	-	1,022	-	-	-	1,022
Total comprehensive income	-	-	1,022	-	-	31,430	32,452
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits:							
- Distributions to shareholders	-	-	-	-	-	(17,519)	(17,519)
4. Conversion of the 2011 Convertible Bonds	230	1,021	-	-	-	-	1,251
5. Acquisition of minority interests in subsidiaries	-	(8)	-	-	-	-	(8)
6. Contributions to subsidiaries from minority interests	-	-	-	-	-	-	- 2,456
7. Distribution to minority interests	-	-	-	-	-	-	-

Total transactions with owners, recorded directly in shareholders' equity	230	1,013	-	-	-	(17,519)	(16,276)
8. Net increase in specific reserve for the period	-	-	-	1,064	-	-	1,064
9. Other movement	-	18	-	-	-	-	18
Balance at 30 June 2014	116,795	37,978	1,429	2,620	190,337	238,445	587,604

Consolidated Statement of Changes in Equity (continued)

	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 share- holders' equity RMB million
Balance at 1 January 2015	118,280	48,703	(7,261)	491	193,552	240,718	594,483	52,612	647,095
Change for the period									
1. Net profit	-	-	-	-	-	24,427	24,427	6,115	30,542
2. Other comprehensive income	-	-	1,361	-	-	-	1,361	(6)	1,355
Total comprehensive income	-	-	1,361	-	-	24,427	25,788	6,109	31,897
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
- Distributions to shareholders	-	-	-	-	-	(13,318)	(13,318)	-	(13,318)
4. Conversion of the 2011 Convertible Bonds	2,791	14,026	-	-	-	-	16,817	-	16,817
5. Contributions to subsidiaries from minority interests	-	56,224	446	-	-	-	56,670	48,474	105,144
6. Distributions to minority	-	-	-	-	-	-	-	(364)	(364)

interests

Total transactions with owners, recorded directly in shareholders' equity	2,791	70,250	446	-	-	(13,318)	60,169	48,110	108,279
7. Net increase in specific reserve for the period	-	-	-	914	-	-	914	95	1,009
8. Other movement	-	120	-	-	-	-	120	18	138
Balance at 30 June 2015	121,071	119,073	(5,454)	1,405	193,552	251,827	681,474	106,944	788,418

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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 share- holders' equity RMB million
Balance at 1 January 2014	116,565	46,121	2,123	1,226	190,337	171,202	527,574
Change for the period							
1. Net profit	-	-	-	-	-	21,843	21,843
2. Other comprehensive income	-	-	634	-	-	-	634
Total comprehensive income	-	-	634	-	-	21,843	22,477
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits:							
- Distributions to shareholders	-	-	-	-	-	(17,519)	(17,519)
4. Conversion of the 2011 Convertible Bonds	230	1,021	-	-	-	-	1,251
Total transactions with owners, recorded directly in shareholders' equity	230	1,021	-	-	-	(17,519)	(16,268)
5. Net increase in specific reserve for the period	-	-	-	74	-	-	74
6. Other movement	-	5	-	-	-	-	5
Balance at 30 June 2014	116,795	47,147	2,757	1,300	190,337	175,526	533,862

Statement of Changes in Equity (Continued)

	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 share- holders' equity RMB million
Balance at 1 January 2015	118,280	54,690	(206)	232	193,552	172,101	538,649
Change for the period							
1. Net profit	-	-	-	-	-	8,213	8,213
2. Other comprehensive income	-	-	490	-	-	-	490
Total comprehensive income	-	-	490	-	-	8,213	8,703
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits:							
- Distributions to shareholders	-	-	-	-	-	(13,318)	(13,318)
4. Conversion of the 2011 Convertible Bonds	2,791	14,026	-	-	-	-	16,817
Total transactions with owners, recorded directly in shareholders' equity	2,791	14,026	-	-	-	(13,318)	3,499
5. Net increase in specific reserve for the period	-	-	-	496	-	-	496
	121,071	68,716	284	728	193,552	166,996	551,347

Balance at 30
June 2015

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7.2.2 Interim financial statements prepared under International Financial Reporting Standards

Consolidated Income Statement

	Unit: RMB million	
	Six-month periods ended 30 June	
	2015	2014
Turnover and other operating revenues		
Turnover	1,021,692	1,338,164
Other operating revenues	18,670	18,008
	1,040,362	1,356,172
Operating expenses		
Purchased crude oil, products and operating supplies and expenses	(770,431)	(1,099,789)
Selling, general and administrative expenses	(32,161)	(33,735)
Depreciation, depletion and amortisation	(46,249)	(43,233)
Exploration expenses, including dry holes	(6,031)	(5,552)
Personnel expenses	(26,593)	(26,754)
Taxes other than income tax	(119,886)	(93,767)
Other operating income/(expense), net	1,532	(1,074)
Total operating expenses	(999,819)	(1,303,904)
Operating profit	40,543	52,268
Finance costs		
Interest expense	(4,384)	(6,140)
Interest income	1,078	876
Loss on embedded derivative component of the convertible bonds	(259)	(2,222)
Foreign currency exchange gains/(losses), net	161	(1,275)
Net finance costs	(3,404)	(8,761)
Investment income	70	276
Share of profits less losses from associates and joint ventures	4,073	1,976
Profit before taxation	41,282	45,759
Tax expense	(9,674)	(11,908)
Profit for the period	31,608	33,851
Attributable to:		
Owners of the Company	25,394	32,543
Non-controlling interests	6,214	1,308
Profit for the period	31,608	33,851
Earnings per share:		
Basic (RMB)	0.211	0.279
Diluted (RMB)	0.211	0.277

Consolidated Statement of Comprehensive Income

	Unit#65306;RMB million	
	Six-month periods ended 30 June	
	2015	2014
Profit for the period	31,608	33,851
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss (after tax and reclassification adjustments):		
Cash flow hedges	1,480	136
Available-for-sale securities	36	627
Share of other comprehensive (losses)/income of associates and joint ventures	(118)	36
Foreign currency translation differences	(43)	391
Total items that may be reclassified subsequently to profit or loss	1,355	1,190
Total other comprehensive income	1,355	1,190
Total comprehensive income for the period	32,963	35,041
Attributable to:		
Owners of the Company	27,201	33,565
Non-controlling interests	5,762	1,476
Total comprehensive income for the period	32,963	35,041

Consolidated Balance Sheet

	Unit#65306;RMB million	
	2015	2014
	30 June	31 December
Non-current assets		
Property, plant and equipment, net	695,624	703,485
Construction in progress	165,173	177,667
Goodwill	6,281	6,281
Interest in associates	34,337	32,119
Interest in joint ventures	50,507	48,474
Available-for-sale financial assets	1,075	868
Deferred tax assets	6,376	6,979
Lease prepayments	48,993	49,136
Long-term prepayments and other assets	66,434	66,215
Total non-current assets	1,074,800	1,091,224
Current assets		
Cash and cash equivalents	72,525	9,355
Time deposits with financial institutions	1,678	745
Trade accounts receivable	93,611	90,831
Bills receivable	11,529	13,963
Inventories	174,829	188,223
Prepaid expenses and other current assets	41,383	57,027
Total current assets	395,555	360,144
Current liabilities		
Short-term debts	61,399	75,183
Loans from Sinopec Group Company and fellow subsidiaries	93,277	102,965
Trade accounts payable	163,967	198,366
Bills payable	3,912	4,577
Accrued expenses and other payables	181,735	222,075
Income tax payable	2,623	1,091
Total current liabilities	506,913	604,257
Net current liabilities	111,358	244,113
Total assets less current liabilities	963,442	847,111
Non-current liabilities		
Long-term debts	79,237	107,787
Loans from Sinopec Group Company and fellow subsidiaries	42,200	43,145
Deferred tax liabilities	10,071	7,820
Provisions	31,165	29,715
Other long-term liabilities	13,812	13,067

Total non-current liabilities	176,485	201,534
	786,957	645,577
Equity		
Share capital	121,071	118,280
Reserves	559,014	474,761
Total equity attributable to owners of the Company	680,085	593,041
Non-controlling interests	106,872	52,536
Total equity	786,957	645,577

7.2.3 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:

Items	Six-month periods ended 30 June	
	2015 RMB million	2014 RMB million
Net profit under ASBE	30,542	32,694
Adjustments:		
Government grants	57	56
Safety production fund	1,009	1,101
Profit for the period under IFRS*	31,608	33,851

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

Items	30 June	31 December
	2015 RMB million	2014 RMB million
Shareholders' equity under ASBE	788,418	647,095
Adjustments:		
Government grants	(1,461)	(1,518)
Safety production fund	-	-
Total equity under IFRS*	786,957	645,577

* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS which have been audited by PricewaterhouseCoopers.

7.3 Changes in accounting polices

& # 9 6 3 3 ; √ Not applicable
Applicable

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

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

& # 9 6 3 3 ; √ Not applicable
Applicable

7.6 Notes on the financial statements prepared under IFRS

7.6.1 Turnover

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

7.6.2 Tax expense

Tax expense in the consolidated income statement represents:

	Six-month periods ended 30 June	
	2015	2014
	RMB	RMB
	million	million
Current tax		
- Provision for the period	7,118	11,762
- Adjustment of prior years	320	581
Deferred taxation	2,236	(435)
	9,674	11,908

Reconciliation between actual income tax expense and the expected income tax expense at applicable statutory tax rates is as follows:

	Six-month periods ended 30 June	
	2015 RMB million	2014 RMB million
Profit before taxation	41,282	45,759
Expected PRC income tax expense at a statutory tax rate of 25%	10,321	11,440
Tax effect of non-deductible expenses	158	262
Tax effect of non-taxable income	(1,233)	(785)
Tax effect of preferential tax rate (i)	(542)	(970)
Effect of difference between income taxes at foreign operations tax rate and the PRC statutory tax rate (ii)	333	482
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(146)	(21)
Tax effect of tax losses not recognised	435	889
Write-down of deferred tax assets	28	30
Adjustment of prior years	320	