

CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
August 29, 2013

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, 2013

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 regarding interim results for the six months ended June 30, 2013 of China Petroleum & Chemical Corporation (the “Registrant”), made by the Registrant on August 23, 2013; and
 2. the interim report for the six months ended June 30, 2013 of the Registrant.
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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 2013

1 Important Notice

1.1 This announcement is a summary of the 2013 Interim Report of 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 2013 interim report for more details.

1.2 The interim financial statements for the six-month period ended 30 June 2013 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	SINOPEC CORP	SINOPEC CORP	
Stock code	0386	SNP	SNP	600028
Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange 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 ASBE

2.1.1 Principal financial data and indicators

	As at 30 June 2013 RMB million	As at 31 December 2012 RMB million	Changes from the end of last year %
Total assets	1,274,233	1,238,522	2.9
Total equity attributable to equity shareholders of the Company	546,386	513,374	6.4

Six-month periods ended 30 June

	2013 RMB million	2012 RMB million	Changes over the same period of the preceding year %
Net cash flows from operating activities	32,903	20,554	60.1
Operating income	1,415,244	1,348,072	5.0
Net profit attributable to equity shareholders of the Company	29,417	23,697	24.1
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	29,196	23,259	25.5
Weighted average return on net assets (%)	5.49	4.89	0.60

			percentage points
Basic earnings per share (RMB)	0.254	0.210	21.0
Diluted earnings per share (RMB)	0.239	0.202	18.3

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Total share capital of Sinopec Corp. for the six-month period ended 30 June 2013 has increased as a result of H share issuances, bonus issues of shares and conversion of capital reserves to all shareholders and conversion of the A share Convertible Bonds. The data of 2012 have been retrospectively adjusted in accordance with ASBE.

2.1.2 Extraordinary items and corresponding amounts

	Six-month period ended 30 June 2013 (gain)/loss RMB million
Loss on disposal of non-current assets	95
Donations	103
Gain on holding and disposal of various investments	(24)
Other extraordinary income and expenses, net	(473)
Subtotal	(299)
Tax effect	75
Total	(224)
Attributable to:	
Equity shareholders of the Company	(221)
Minority interests	(3)

2.2 Principal Financial Data and Indicators Prepared in Accordance with IFRS

	Six-month periods ended 30 June		Changes over the same period of the preceding year %
	2013	2012	
	RMB million	RMB million	
Operating profit	46,741	40,083	16.6
Net profit attributable to owners of the Company	30,281	24,503	23.6
Basic earnings per share (RMB)	0.262	0.217	20.7
Diluted earnings per share (RMB)	0.246	0.209	17.7
Net cash generated from operating activities	32,903	20,322	61.9

Note: Total share capital of Sinopec Corp. for the six-month period ended 30 June 2013 has increased as a result of H share issuances, bonus issues of shares and conversion of capital reserves to all shareholders and conversion of the A share Convertible Bonds. The data of 2012 have been retrospectively adjusted in accordance with IFRS.

	As at 30 June	As at 31	Changes from the end of last year %
	2013	December	
	RMB million	RMB million	
Total assets	1,273,688	1,257,944	1.3
Equity attributable to owners of the Company	543,717	510,914	6.4

3 Number of Shareholders and Shareholdings of Principal Shareholders

As at 30 June 2013, there were a total of 706,422 shareholders of Sinopec Corp., of which 699,868 were holders of A shares and 6,554 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”).

3.1 Top Ten Shareholders

Unit: shares

Name of Shareholders	Nature of shareholders	As a percentage of total shares at the end of the reporting period %	Total shares held at the end of reporting period	Increase/Decrease at the end of the reporting period	Number of shares with selling restrictions	Number of shares pledged or lock-ups
China Petrochemical Corporation	A share	73.38	85,536,266,000	19,739,138,308	0	
HKSCC (Nominees) Limited	H share	21.77	25,371,490,385	8,694,245,913	0	Unknown
PICC Life-Dividend-Individual Insurance Dividend	A share	0.13	154,878,484	54,450,011	0	0
China Life-Dividend-Individual Dividend 005L-FH002 Shanghai	A share	0.07	77,262,088	21,649,342	0	0
China Social Security Fund Portfolio106	A share	0.06	74,614,548	44,718,659	0	0
Bank of Communication-E Fund 50 Index Securities Investment Fund	A share	0.06	71,277,521	16,848,659	0	0
China Construction Bank-Yinhua Core Value Selected Stock Type, Investment Fund	A share	0.06	69,029,472	69,029,472	0	0
China Construction Bank-Hua Xia Advantage Stock Type, Securities Inv. Fund	A share	0.06	67,759,150	49,759,241	0	0
Industrial & Commerce Bank of China, South Selected Securities Investment Fund	A share	0.06	65,069,068	26,288,460	0	0
Qatar Holding Company Ltd-Self Owned Fund	A share	0.05	63,096,185	63,096,185	0	0

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

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Statement on the Connected Relationship or Acting-in-Concert Among the Aforementioned Shareholders:

We are not aware of any connection or acting-in-concert among or between the top ten shareholders.

3.2 Information disclosed by H share shareholders in accordance with the Securities and Futures Ordinance as at 30 June 2013

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	275,718,832	(L)	1.08
		171,465,171	(S)	0.67
	Investment manager	806,312,363	(L)	3.16
	Custodian corporation/ Approved lending agent	1,624,081,097	(L)	6.37
Blackrock, Inc.	Interests of corporation controlled by the substantial shareholder	1,875,342,244	(L)	7.35
		12,129,000	(S)	0.05

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

4.1 Information on Appointment and Termination of Engagement of Directors, Supervisors and Other Senior Management

On 28 May 2013, in order to further improve the corporate governance and minimise the conflicts of interest, Mr. Wang Tianpu tendered his resignation as the president of Sinopec Corp. since he has served as the general manager of China Petrochemical Corporation. On 29 May 2013, the board of directors of the Sinopec Corp. nominated and appointed Mr. Li Chunguang as the President of the Sinopec Corp..

Mr. Ma Weihua, an independent non-executive director of Sinopec Corp. was no longer a director, Governor and Secretary of the Communist Party of China Leading Group of China Merchants Bank Co., Ltd, the Chairman of CIGNA & CMC Life Insurance Co., Ltd. and the China Merchants Fund Management Co., Ltd..

Mr. Andrew Y. Yan, an independent non-executive director of Sinopec Corp., was no longer the Chairman and independent non-executive director of NVC Lighting Holding Limited, the independent executive director of Mobi Development Co.,Ltd., the director of Eternal Asia Supply Chain Management Ltd.. Mr. Yan was re-designated as the non-executive directors from independent non-executive directors of Digital China Holdings Limited, China Huiyuan Juice Group Limited, Feng Deli Holdings Limited and Guodian Technology & Environment Group Corporation Limited.

Ms. Bao Guoming, an independent non-executive director of Sinopec Corp., has been appointed as the independent non-executive director of Hebei Chengde Lulu Co., Limited since June 2013.

4.2 Equity Interests of Directors, Supervisors and Other Senior Management

During the reporting period, 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. has 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 2013, world economy suffered sluggish recovery, while China's economy grew steadily with GDP up by 7.6% over the same period last year. Domestic demand for oil products and chemical products continued to grow. Prices of chemical products dropped due to an increase in imported products. Domestic consumption of oil products (including gasoline, diesel and kerosene) increased by 3.95% compared with the corresponding period in 2012, among which, gasoline and kerosene increased considerably, and diesel slightly went down over the same period of last year; domestic consumption of ethylene also rose by 4.7% compared with the corresponding period in 2012. The Chinese government further improved the pricing mechanism for oil products and announced an adjustment of natural gas price.

5.1.1 Production and Operations

(1) Exploration and Production

In the first half of 2013, international oil prices hit an early high and then eased, fluctuating in a high range for the period. Brent spot price for crude oil averaged USD107.50 per barrel, down by 5.15% compared with the corresponding period in 2012. Domestic oil prices moved in line with the international market.

The Company achieved excellent results in oil and gas exploration through domestic growth in five key areas. In exploration, the Company made major breakthroughs in new blocks such as the Tarim Basin, and discoveries in new locations, stratas and types. The Company also made progress in exploration evaluation in key areas. In oil and gas development, the Company maintained highly efficient level of production, achieving domestic production of 153.66 million barrels of crude oil, up by 1.1% compared with the corresponding period in 2012, and 324.1 billion cubic feet of natural gas, up by 11.8% compared with the corresponding period in 2012. The Company also made major progress in the Fuling shale gas project and launched development of coal-bed methane in South Yanchuan. In the first half of 2013, the overseas equity oil production of the Company reached 11.78 million barrels, increasing by 5.8% compared with the corresponding period in 2012.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Changes (%)
	2013	2012	
Oil and gas production (mmboe)	219.46	211.42	3.80
Crude oil production (mmbbls) ¹	165.44	163.09	1.44
China	153.66	151.96	1.12
Overseas	11.78	11.13	5.84
Natural gas production (bcf) ²	324.14	289.93	11.80

1: For domestic production of crude oil, 1 tonne = 7.1 barrels; for overseas production, 1 tonne = 7.27 barrels.

2: For production of natural gas, 1 cubic meter = 35.31 cubic feet.

(2) Refining

In the first half of 2013, we adjusted our product mix in response to changes in domestic market demand, producing more gasoline, jet fuel and other high-value-added products that sold well in the market and increasing the export volume of our products. We upgraded fuel quality and considerably increased our production of gasoline and diesel above GB IV standards. We optimised the marketing of LPG, asphalt and paraffin by taking advantage of our strengths in specialisation. In the first half of 2013, refinery throughput was 115 million tonnes, representing a growth of 5.17% over the same period last year. Oil product output rose by 5.76% compared with the corresponding period in 2012.

Refining: Summary of Operations

	Six-month period ended 30 June		Changes (%)
	2013	2012	
Refinery throughput (million tonnes)	115.44	109.76	5.17
Gasoline, diesel and kerosene production (million tonnes)	69.75	65.95	5.76
Gasoline (million tonnes)	22.75	19.61	16.01
Diesel (million tonnes)	38.64	39.10	(1.18)
Kerosene (million tonnes)	8.36	7.25	15.31
Light chemical feedstock production (million tonnes)	18.82	18.53	1.57
Light yield (%)	76.20	77.20	(1.0)
			percentage points
Refining yield (%)	94.61	95.41	(0.8)
			percentage points

- Note: 1. Refinery throughput is converted at 1 tonne = 7.35 barrels.
2. 100% production of joint ventures was included.

(3) Marketing and Distribution

In the first half of 2013, in response to changes in supply and demand in the domestic market and the implementation of the newly-announced oil products pricing mechanism, the Company adjusted its marketing strategies by adopting differentiated marketing, thus maximising its profitability. While increasing sales volume, we focused on the retail market and expanded its size by offering distinctive services. We strengthened our quality management to ensure excellent oil products quality. We also vigorously promoted growth in new businesses and in our non-fuel businesses, with the aim of providing one-stop service to our customers. In the first half of 2013, total sales volume of oil products increased to 88.05 million tonnes, up by 6.51% over the same period last year. Total domestic sales volume reached 80.75 million tonnes, an increase of 4.83%, and sales of non-fuel businesses reached RMB 6.58 billion, an increase of 20.5% compared with the corresponding period in 2012.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Change (%)
	2013	2012	
Total sales volume of oil products (million tonnes)	88.05	82.67	6.51
Total domestic sales volume of oil products (million tonnes)	80.75	77.03	4.83
Retail (million tonnes)	55.52	53.15	4.46
Direct sales (million tonnes)	16.07	15.68	2.49
Wholesale (million tonnes)	9.16	8.20	11.71
Annualised average throughput per station (tonne/station)	3,620	3,487	3.81
		As of 31	Change from
	As of 30 June	December	the end of
	2013	2012	last year (%)
Total number of Sinopec-branded service stations	30,682	30,836	(0.50)
Company-operated	30,669	30,823	(0.50)

(4)

Chemicals

In the first half of the year, we further optimised our feedstock structure and cut feedstock costs by using more light feedstock. We sharpened our market analysis; strengthened the integration of R&D, production and marketing; optimised operations and utilisation of facilities; and introduced new products to improve our product mix. We improved our marketing tactics and customer service. We reinforced our supply-chain management and operated with low inventory level. Ethylene production was 4.84 million tonnes, an increase by 0.64% compared with the corresponding period in 2012. Chemicals sales volume reached 28.06 million tonnes, up by 7.30% compared with the corresponding period in 2012.

Major Chemical Products: Summary of Operations

Unit of production: 1,000 tonnes

	Six-month period ended 30 June		Changes (%)
	2013	2012	
Ethylene	4,841	4,810	0.64
Synthetic resin	6,730	6,701	0.43
Synthetic fiber monomer and polymer	4,539	4,580	(0.90)
Synthetic fiber	699	674	3.71
Synthetic rubber	457	475	(3.79)

Note: 100% of production of joint ventures was included.

5.1.2 Health, Safety and the Environment and Low-Carbon Growth

We strictly implemented an HSE accountability system, promoted OSHA management standards, enhanced operation hazard prevention and maintained safety in production. We increased our emphasis on environmental protection, energy conservation and emission reduction as well as on green and low-carbon growth. We established a dedicated department in the head office to coordinate planning and management of these activities, to promote energy performance contracting and the development of an energy management system. We also launched the Blue Skies, Clean Water initiative. In the first half of 2013, the Company's energy intensity dropped by 3.24% compared with the corresponding period in 2012. Chemical Oxygen Demand (COD) in discharged wastewater fell by 4.15% compared with the corresponding period in 2012, and SO₂ emissions fell by 4.54% as compared with the corresponding period in 2012.

5.1.3

Capital Expenditures

The Company has focused on improving the quality and efficiency of development and has made progress in a number of key projects. The Company's capital expenditures were RMB 51.975 billion in the first half of 2013. Capital expenditures for E&P were RMB 24.996 billion, mainly for tight oil in south Hubei, shallow heavy oil in west Shengli, new blocks in the Tahe Oilfield, Yuanba and the Daniudi gas fields, and the Shandong LNG project. Capital expenditures for the Refining Segment were RMB 7.710 billion, mainly for upgrading oil product quality and revamping project for processing lower-quality crude oil. In the Chemicals segment, RMB 5.283 billion were used for the construction of the Wuhan 800,000-tpa ethylene project, the Hubei syngas-to-MEG project and the Hainan aromatics project. Capital expenditures for Marketing and Distribution segment were RMB 11.612 billion, mainly for building and acquiring service stations along expressways and in major cities and for the construction of refined oil product pipelines and depots. We added 501 new service stations during the period, of which 100 were gas stations. RMB 2.374 billion was used for the Corporate and Others, mainly for R&D facilities and IT projects construction.

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 2013, under the backdrop of steady economic growth coupled with increased domestic demand for oil and chemical products, the Company actively expanded its sales volume. Turnover and other operating revenues were RMB 1,415.2 billion, representing a year-on-year increase of 5.0%, and the operating profit was RMB 46.7 billion, representing a year-on-year increase of 16.6%.

The following table sets forth major revenue and expense items in the consolidated income statement of the Company for the indicated periods:

	Six-month periods ended 30 June		Change (%)
	2013 RMB million	2012 RMB million	
Turnover and other operating revenues	1,415,244	1,348,072	5.0
Of which: Turnover	1,395,934	1,327,466	5.2
Other operating revenues	19,310	20,606	(6.3)
Operating expenses	(1,368,503)	(1,307,989)	4.6
Of which: Purchased crude oil, products, and operating supplies and expenses	(1,170,856)	(1,119,324)	4.6
Selling, general and administrative expenses	(31,991)	(28,641)	11.7
Depreciation, depletion and amortisation	(38,969)	(34,534)	12.8
Exploration expenses (including dry holes)	(7,644)	(6,882)	11.1
Personnel expenses	(24,843)	(24,020)	3.4
Taxes other than income tax	(94,451)	(95,267)	(0.9)
Other operating income (net)	251	679	(63.0)
Operating profit	46,741	40,083	16.6
Net finance costs	(2,531)	(5,027)	(49.7)
Investment income and share of profit less losses from associates and jointly controlled entities	924	386	139.4
Profit before taxation	45,134	35,442	27.3
Tax expense	(12,727)	(9,643)	32.0
Profit for the period	32,407	25,799	25.6
Attributable to:			
Equity shareholders of the Company	30,281	24,503	23.6
Non-controlling interests	2,126	1,296	64.0

5.2.1

Turnover and other operating revenues

In the first half of 2013, the Company actively expanded the markets, increased the sales volume of products, and the revenue from the Company's trading business. Turnover and other operating revenues were RMB 1,395.9 billion, representing an increase of 5.2% over the first half of 2012.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products over the first half of 2013 compared with the first half of 2012.

	Sales Volume (1,000 tonnes)			Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods ended 30			Six-month periods ended 30		
	2013	June 2012	Change (%)	2013	June 2012	Change (%)
Crude oil	3,384	2,873	17.8	4,333	4,867	(11.0)
Natural gas (million cubic meters)	7,645	6,881	11.1	1,289	1,282	0.5
Gasoline	29,188	25,540	14.3	8,450	8,740	(3.3)
Diesel	48,698	47,689	2.1	7,031	7,334	(4.1)
Kerosene	9,707	8,914	8.9	6,195	6,550	(5.4)
Basic chemical feedstock	12,261	11,134	10.1	6,981	6,792	2.8
Synthetic fibre monomer and polymer	3,368	3,298	2.1	8,359	8,377	(0.2)
Synthetic resin	5,106	5,237	(2.5)	9,319	9,058	2.9
Synthetic fibre	730	710	2.8	10,592	11,102	(4.6)
Synthetic rubber	642	631	1.7	13,626	19,034	(28.4)
Chemical fertilizer	514	506	1.6	1,826	2,204	(17.2)

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 2013, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 28.0 billion, increased by 7.8% year on year, accounting for 2.0% of the Company's turnover and other operating revenues. The change was mainly due to the growth in the sales volume of crude oil exceeding the decrease in the price of crude oil, plus the increase in the sales volume and price of natural gas over the same period in 2012.

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 an external sales revenue of RMB 820.1 billion, representing an increase of 2.8% over the same period of 2012 and accounting for 58.8% of the Company's turnover and other operating revenues. This was mainly due to the increased sales volume of refined oil products. The sales revenue of gasoline, diesel and kerosene was RMB 649.2 billion, representing an increase of 2.8% over the same period in 2012, accounting for 79.2% of the sales revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 170.9 billion, representing an increase of 2.8% compared with the first half of 2012, accounting for 20.8% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 180.3 billion, representing an increase of 3.9% over the same period of 2012, accounting for 12.9% of its turnover and other operating revenues. This was mainly due to the increased sales volume of chemical products, especially of basic chemical feedstocks year on year.

5.2.2 Operating expenses

In the first half of 2013, the Company's operating expenses were RMB 1,368.5 billion, representing an increase of 4.6% over the first half of 2012. The operating expenses mainly consisted of the following:

Crude oil procurement, products and operating supplies and expenses were RMB 1,170.9 billion in the first half of 2013, representing an increase of 4.6% over the same period of 2012, accounting for 85.6% of the total operating expenses, of which:

Procurement cost of crude oil was RMB 755.2 billion, representing an increase of 2.1% over the same period of 2012. Total processed volume of crude oil purchased externally in the first half of 2013 was 88.0 million tonnes (excluding the volume processed for third parties), increased by 3.8% over the first half of 2012. The average unit processing cost of crude oil purchased externally was RMB 4,962 per tonne, decreased by 8.3% over the first half of 2012.

Other procurement cost was RMB 415.7 billion, up by 9.4% year on year, mainly due to the expansion of the Company's crude oil and oil products trading business.

Selling, general and administrative expenses of the Company totaled RMB 32.0 billion, representing an increase of 11.7% over the first half of 2012. This was mainly due to the expenses such as lease of land and community service, which increased by RMB 3.4 billion over the first half of 2012.

Depreciation, depletion and amortisation expenses of the Company were RMB 39.0 billion, representing an increase of 12.8% compared with the first half of 2012. This was mainly due to the increase of continuous investment in fixed assets.

Exploration expenses in the first half of 2013 were RMB 7.6 billion, representing an increase of 11.1% compared with the same period in 2012. This was mainly because the Company made intensified efforts in the exploration in areas including the Ordos Basin and the Sichuan Basin.

Personnel expenses were RMB 24.8 billion, representing an increase by 3.4% compared with the corresponding period in 2012. This was mainly an outcome of the change of calculation base for social insurance and etc.

Taxes other than income tax totaled RMB 94.5 billion, representing a decrease of 0.9% compared with the first half of 2012. It was mainly due to a decreases in the oil prices, which led to a decrease in special income levy by RMB 3.5 billion, partly off-set by an increase in consumption tax of RMB 2 billion due to increased sales volume of the oil products.

5.2.3 Operating profit

In the first half of 2013, the Company's operating profit was RMB 46.7 billion, representing an increase of 16.6% over the same period in 2012.

5.2.4 Net finance costs

In the first half of 2013, the Company's net finance costs were RMB 2.5 billion, representing a year-on-year decrease of 49.7%, among which, interest expenses were RMB 5.2 billion, decreased by RMB 0.7 billion as a result of increase in borrowings in US dollars at a low finance cost; exchange gains were RMB 1.3 billion, an increase by RMB 1.5 billion; gains from fair market value of convertible bonds issued by the Company increased by RMB 0.3 billion.

5.2.5 Profit before taxation

In the first half of 2013, the Company's profit before taxation amounted to RMB 45.1 billion, representing an increase of 27.3% compared with the same period of 2012.

5.2.6 Tax expense

In the first half of 2013, the income tax expense of the Company totaled RMB 12.7 billion, increasing by 32.0% over the same period of 2012, mainly due to the Company's higher profit for the period and the increased income tax from the overseas upstream business.

5.2.7 Profit attributable to non-controlling interests of the Company

In the first half of 2013, profit attributable to non-controlling shareholders was RMB 2.1 billion, representing an increase of 64.0% over the same period of 2012, mainly due to the increased profit from some controlling subsidiaries.

5.2.8 Profit attributable to equity shareholders of the Company

In the first half of 2013, profit attributable to equity shareholders of the Company was RMB 30.3 billion, representing an increase of 23.6% over the same period of 2012.

5.2.9

Assets, liabilities, equity and cash flows

(1) Assets, liabilities and equity
Units: RMB million

	At 30 June 2013	At 31 December 2012	Amount of changes
Total assets	1,273,688	1,257,944	15,744
Current assets	365,130	365,015	115
Non-current assets	908,558	892,929	15,629
Total liabilities	689,079	709,908	(20,829)
Current liabilities	510,354	513,373	(3,019)
Non-current liabilities	178,725	196,535	(17,810)
Total equity attributable to equity shareholders of the company	543,717	510,914	32,803
Share capital	116,565	86,820	29,745
Reserves	427,152	424,094	3,058
Interests attributable to non-controlling shareholders	40,892	37,122	3,770
Total equity	584,609	548,036	36,573

As at 30 June 2013, the Company's total assets were RMB 1,273.7 billion, representing an increase of RMB 15.7 billion compared with that at the end of 2012, of which:

◆ Current assets increased by RMB 0.1 billion from that at the end of 2012 to RMB 365.1 billion.

◆ Non-current assets were RMB 908.6 billion, an increase of RMB 15.6 billion over the end of 2012, mainly due to a net increase of RMB 6.8 billion from projects under construction, property, plant and equipment etc. as a result of carrying out various investment as planned, and interests of the associates and joint ventures increased by RMB 4.2 billion; prepaid lease for land of service stations as well as operation rights increased by RMB 4.5 billion.

On 30 June 2013 total liabilities of the Company were RMB 689.1 billion, a decrease by RMB 20.8 billion from that at the end of 2012, of which:

◆ Current liabilities decreased by RMB 3.0 billion from that at the end of 2012 to RMB 510.4 billion, mainly attributable to a decrease of RMB 53.6 billion resulted from decrease of liabilities such as in accounts payable, and an increase of RMB 51.6 billion in short-term debts and loans from China Petrochemical Corporation and its subsidiaries, among which RMB 43.4 billion was converted to short term debts to be matured within one year.

Non-current liabilities decreased by RMB 17.8 billion from that at the end of 2012 to RMB 178.7 billion, mainly attributable to the RMB 43.4 billion of corporate bonds converted to short term liabilities due within one year. Non-current liabilities increased by RMB 21.4 billion compared with that at the end of 2012 after the issuance of USD 3.5 billion senior notes.

As at 30 June 2013, total equity attributable to equity shareholders of the Company was RMB 543.7 billion, representing an increase of RMB 32.8 billion compared with that at the end of 2012, mainly attributable to the profit realised over the reporting period, the issuance of H shares, and distribution of the final dividend for the year 2012.

(2) Cash Flow

The following table sets forth the major items on the consolidated cash flow statements for the first half of 2013 and 2012.

Major items of cash flows	Six-month periods ended 30 June		Changes in amount
	2013	2012	
Net cash generated from operating activities	32,903	20,322	12,581
Net cash used in investing activities	(67,022)	(79,659)	12,637
Net cash generated from financing activities	34,654	47,242	(12,588)
Net increase/(decrease) in cash and cash equivalents	535	(12,095)	12,630

In the first half of 2013, net cash generated from operating activities was RMB 32.9 billion, representing an increase of RMB 12.6 billion in cash inflow year on year. This was mainly attributable to the increase in the net profit and the reduction in inventory-related funds of the reporting period.

In the first half of 2013, net cash used in investing activities was RMB 67.0 billion, representing a decrease of RMB 12.6 billion in cash outflow on a year-on-year basis, mainly due to the Company's strict control over payment for investment.

In the first half of 2013, net cash generated from financing activities was RMB 34.7 billion, representing a decrease of RMB 12.6 billion on a year-on-year basis.

As of 30 June 2013, the Company's cash and cash equivalents were RMB 11.2 billion, increased by RMB 0.7 billion as of 31 December 2012.

5.3

The Results of the Principal Operations by Segments

Financial Data were abstracted from the Interim Financial Statement Prepared according to ASBE.

Segment	Income from principal operations (RMB million)	Cost of principal operations (RMB million)	Gross profit margin (%) Note	Increase of Income from principal operations on a year-on-year basis (%)	Increase of cost of principal operations on a year-on-year basis (%)	Increase/(decrease) of gross profit margin on a year-on-year basis (%)
Exploration and Production	117,242	51,783	40.5	(7.0)	3.9	(2.4)
Refining	644,246	560,030	1.4	0.9	(2.0)	2.1
Marketing and Distribution	732,752	691,647	5.5	3.2	3.6	(0.4)
Chemicals	211,521	203,456	3.6	5.4	5.0	0.3
Others	681,911	679,212	0.4	4.2	4.3	(0.1)
Elimination of inter-segment sales	(972,428)	(972,578)	N/A	N/A	N/A	N/A
Total	1,415,244	1,213,550	7.6	5.0	5.3	0.2

Note: Gross profit margin = (Income from principal operations – Cost of principal operations, tax and surcharges)/Income from principal operations

5.4 Use of Proceeds

RMB million

Total proceeds	22,962.38	Note1		Total proceed used in this reporting period	359.02		
				Total cumulative use of proceed	22,962.38		
Projects promised	Proposed investment amount	Change in projects	Actual proceed used	Returns accrued	On schedule	Compliance with expected return	
Wuhan 800,000 tpa ethylene project	11,289.38	No	11,289.38	No	Yes	—	
Anqing sour crude oil processing and oil quality upgrade project	3,000	No	3,000	No	Yes	—	
Shijiazhuang refinery revamping project	3,200	No	3,273	Note2	No	Yes	—
Yulin-Jinan gas pipeline project	3,300	No	3,300	Note3	Yes	Note3	
Rizhao-Yizheng crude oil pipeline and supporting projects	2,100	No	2,100	Note4	Yes	Note4	
Total	22,889.38	—	22,962.38	—	—	—	
Explanation on the failure to realize planned schedule and expected return		No					
Reasons for and procedures of changes		No					

Note 1: The total proceeds raised will be the total issue amount of RMB 23 billion reduced by the issuing cost of RMB 110.62 million (including underwriters commissions and other intermediary fees) plus RMB 73 million for interest accrued by the dedicated accounts of proceeds.

Note 2: In the Shijiazhuang Refinery Petrochemical Branch project for upgrading oil product quality and revamping inferior crude oil, the investment amount committed before the raising of funds was RMB 3.2 billion. After the Company allotted the raised capital in 2013, the dedicated accounts of proceeds accrued interest of RMB 73 million, all of which was invested in the project. The investment amount from the proceeds for this project has been adjusted to RMB 3.273 billion.

Note 3: The Company's committed financial benefits are expected after-tax financial internal rate of return. The useful life of Yulin-Jinan gas pipeline project is 20 years. This committed project has been put into operation since the first half of 2012, and the operating period is too short to determine whether this committed project achieved the estimated after-tax financial internal rate of return as committed for the entire operating period of the project.

The net cash flow realised during reporting period satisfied the estimated net cash flow in the project budget.

The Company's committed financial benefits are expected after-tax internal rate of return. The useful life of Rizhao-Yizheng crude oil pipeline and supporting project is 20 years. This committed project has been put into operation at the end of 2011, and the operating period is too short to determine whether this committed project achieved the estimated after-tax financial internal rate of return as committed for the entire operating period of the project. The net cash flow realised during reporting period did not satisfy the estimated net cash flow in the project budget.

5.5

Business Prospects

In the second half of the year, the global economic recovery will continue to be weak. The Chinese government will accelerate structural adjustments and upgrades to maintain stable economic growth. In the second half of the year, we expect balanced supply and demand fundamentals in global oil market and a steady growth in domestic demand for refined oil products and chemicals.

Given current circumstances, the Company will focus on improving the quality and efficiency of development, always oriented toward the market and centered on profitability, while ensuring safety and protection of the environment. The Company will redouble its efforts to expand its markets, optimise operations, unlock its potential, increase its efficiency, improve the capacity of sustainable development, reinforce safe production practices and achieve sound operating results.

In exploration and production, we will focus our exploration efforts on commercial discoveries in key areas. In development, we will strengthen development of mature oilfields, develop tight- oil resources effectively and accelerate development in other key areas. We will increase our activities in geological surveys and evaluation of potential areas for development to achieve capacity replacement. In natural gas, we will accelerate development in Yuanba, the medium and shallow formations of west Sichuan and the Daniudi gas field. In unconventional resources, we will conduct further evaluations of marine-facies shale gas resources in the Sichuan basin and the surrounding areas. We will also increase the pace of activity in the Fuling marine-facies shale gas zone and launch the pilot development program on stream, along with the coal-bed methane project in South Yanchuan. In the second half of the year, we expect to produce 23.29 million tonnes of crude oil and 9.2 billion cubic meters of natural gas.

In refining, with efficiency as our top priority, we will optimise crude procurement and allocation and reduce crude purchasing costs. We will promote oil products upgrading, and supply the market with clean fuels. We will also reinforce coordination between production and marketing, adjust our product mix and utilisation rate, increase domestic output of gasoline, jet fuel and other products with high added value, and expand exported volume. In the second half of the year, we plan to process 120 million tonnes of crude oil.

In marketing and distribution, we will continue to be market based, strengthen resource planning, expand retail and direct sales volume, and enhance operational quality and efficiency. We will promote one-stop service for our customers, develop new product features and accelerate development of our non-fuel businesses. In the second half of the year, we plan to sell 84.25 million tonnes of oil products in the domestic market.

In chemicals, we will continue to adjust facility utilisation and production plans based on demand, modify our product mix through better integration of production, marketing and R&D, optimise the structure of our feedstock to achieve lower costs, maintain operations with low inventory level, implement differentiated marketing, develop new and specialty products, and increase production of high-value-added products. In the second half of the year, we plan to produce 5.05 million tonnes of ethylene.

6 Dividend

6.1 Dividend Distribution for the Year ended 31 December 2012

Upon its approval at the annual general meeting of the Sinopec Corp. for the year 2012, Sinopec Corp. distributed the final dividend for 2012 which comprises of (i) a cash dividend of RMB 2.00 (tax inclusive), and (ii) bonus issue of two shares by way of the capitalisation of the retained earnings for every 10 shares. Sinopec Corp. also issued one share by way of the capitalisation of share premium for every 10 shares. The final dividend for 2012 has been distributed to shareholders on 25 June 2013 who were registered as existing shareholders as of 18 June 2013. The full year cash dividend for year 2012 was RMB 0.30 per share (tax inclusive).

6.2 Interim Dividend Distribution Plan for the Six-month Period ended 30 June 2013

As approved by the Ninth meeting of the Fifth Session of the Board, the interim dividend distribution plan for the six-month period ended 30 June 2013 – an interim cash dividend of RMB 0.09 per share (tax inclusive) would be distributed based on the total number of shares as of 11 September 2013 (the record date).

The Sinopec Corp's 2013 interim profit distribution proposal is in compliance with its articles of association and relevant procedures. The independent non-executive directors have provided independent opinions on it.

The interim dividend will be distributed on or before Tuesday, 17 September 2013 to the shareholders whose names appear on the shareholder register of Sinopec Corp. on Wednesday, 11 September 2013. 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 Friday, 6 September 2013. The register of members of the H shares of Sinopec Corp. will be closed from Saturday, 7 September 2013, to Wednesday, 11 September 2013 (both dates inclusive).

The dividend will be denominated and declared in Renminbi ("RMB"), and distributed to domestic shareholders in RMB and to foreign shareholders in Hong Kong Dollar. The exchange rate for dividends 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 Friday, 23 August 2013.

7 Financial statements

7.1 Auditors' Opinion

Financial statements	o	Unaudited	ü	Audited
Auditors' opinion	ü	Unqualified opinion	o	Not standard opinion

7.2 Financial Statements

7.2.1 Interim financial statements prepared under ASBE

Consolidated and Company Balance Sheets

Unit:RMB million

	At 30 June 2013		At 31 December 2012	
	The Group	The Company	The Group	The Company
Current assets				
Cash at bank and on hand	11,385	5,299	10,864	5,468
Bills receivable	19,008	2,030	20,045	1,333
Accounts receivable	87,386	28,752	81,395	21,041
Other receivables	11,479	55,181	8,807	42,055
Prepayments	4,667	5,851	4,370	5,003
Inventories	216,028	138,912	218,262	148,844
Other current assets	15,177	13,836	1,008	707
Total current assets	365,130	249,861	344,751	224,451
Non-current assets				
Long-term equity investments	56,138	144,027	52,061	111,467
Fixed assets	597,745	472,028	588,969	475,417
Construction in progress	166,956	137,959	168,977	152,199
Intangible assets	53,016	42,540	49,834	43,114
Goodwill	6,257	—	6,257	—
Long-term deferred expenses	10,322	8,157	10,246	8,617
Deferred tax assets	5,089	371	6,381	1,397
Other non-current assets	13,580	6,576	11,046	5,290
Total non-current assets	909,103	811,658	893,771	797,501
Total assets	1,274,233	1,061,519	1,238,522	1,021,952

	At 30 June 2013		At 31 December 2012	
	The Group	The Company	The Group	The Company
Current liabilities				
Short-term loans	101,507	13,512	70,228	1,692
Bills payable	5,700	2,580	6,656	4,000
Accounts payable	187,176	139,906	215,628	121,184
Advances from customers	62,367	58,701	69,299	58,570
Employee benefits payable	3,059	2,424	1,838	1,315
Taxes payable	29,829	24,073	21,985	17,854
Other payables	54,676	107,047	61,721	118,311
Short-term debentures payable	10,000	10,000	30,000	30,000
Non-current liabilities due within one year	56,040	55,188	15,754	15,754
Total current liabilities	510,354	413,431	493,109	368,570
Non-current liabilities				
Long-term loans	41,433	38,474	40,267	38,560
Debentures payable	100,234	78,789	121,849	121,849
Provisions	23,379	20,487	21,591	19,598
Deferred tax liabilities	7,069	—	7,294	—
Other non-current liabilities	4,387	2,516	3,811	1,688
Total non-current liabilities	176,502	140,266	194,812	181,695
Total liabilities	686,856	553,697	687,921	550,265
Shareholders' equity				
Share capital	116,565	116,565	86,820	86,820
Capital reserve	39,504	47,865	30,574	39,146
Specific reserve	4,623	3,771	3,550	3,017
Surplus reserves	187,096	187,096	184,603	184,603
Retained earnings	200,504	152,525	209,446	158,101
Foreign currency translation differences	(1,906)	—	(1,619)	—
Total equity attributable to shareholders of the Company	546,386	507,822	513,374	471,687
Minority interests	40,991	—	37,227	—
Total shareholders' equity	587,377	507,822	550,601	471,687
Total liabilities and shareholders' equity	1,274,233	1,061,519	1,238,522	1,021,952

Consolidated and Company Income Statements

Unit: RMB million

	Six-month periods ended 30 June			
	2013		2012	
	The Group	The Company	The Group	The Company
Operating income	1,415,244	783,594	1,348,072	778,788
Less: Operating costs	1,213,550	630,595	1,152,431	620,503
Sales taxes and surcharges	94,451	73,967	95,267	76,954
Selling and distribution expenses	20,811	16,223	18,922	16,061
General and administrative expenses	33,375	27,434	29,223	24,652
Financial expenses	3,292	3,962	5,533	4,898
Exploration expenses, including dry holes	7,644	7,624	6,882	6,882
Impairment losses	73	(23)	7,048	5,967
Add: Gain from changes in fair value	737	778	510	568
Investment income	908	5,723	232	6,058
Operating profit	43,693	30,313	33,508	29,497
Add: Non-operating income	1,157	969	1,362	1,148
Less: Non-operating expenses	878	771	587	536
Profit before taxation	43,972	30,511	34,283	30,109
Less: Income tax expense	12,468	5,585	9,337	5,912
Net profit	31,504	24,926	24,946	24,197

	Six-month periods ended 30 June			
	2013	The Company	2012	The Company
	The Group		The Group	
Attributable to:				
Equity shareholders of the Company	29,417	24,926	23,697	24,197
Minority interests	2,087	—	1,249	—
Basic earnings per share	0.254	N/A	0.210	N/A
Diluted earnings per share	0.239	N/A	0.202	N/A
Net profit	31,504	24,926	24,946	24,197
Other comprehensive income				
Cash flow hedges	82	—	1	—
Available-for-sale financial assets	890	890	1	—
Share of other comprehensive income of associates	(241)	(241)	26	26
Foreign currency translation differences	(388)	—	89	—
Total other comprehensive income	343	649	117	26
Total comprehensive income	31,847	25,575	25,063	24,223
Attributable to:				
Equity shareholders of the Company	29,861	25,575	23,784	24,223
Minority interests	1,986	—	1,279	—

Consolidated and Company Cash Flow Statements

Unit: RMB million

	Six-month periods ended 30 June			
	2013	The Company	2012	The Company
	The Group		The Group	
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,558,641	896,968	1,542,904	902,674
Refund of taxes and levies	860	618	460	166
Other cash received relating to operating activities	9,153	11,472	6,662	27,443
Sub-total of cash inflows	1,568,654	909,058	1,550,026	930,283
Cash paid for goods and services	(1,333,780)	(688,908)	(1,335,797)	(723,765)
Cash paid to and for employees	(23,996)	(18,777)	(19,830)	(16,295)
Payments of taxes and levies	(153,343)	(120,599)	(159,122)	(127,924)
Other cash paid relating to operating activities	(24,632)	(27,731)	(14,723)	(12,748)
Sub-total of cash outflows	(1,535,751)	(856,015)	(1,529,472)	(880,732)
Net cash flow from operating activities	32,903	53,043	20,554	49,551
Cash flows from investing activities:				
Cash received from disposal of investments	156	1,503	1,315	307
Cash received from returns on investments	447	5,661	1,250	5,324
Net cash received from disposal of fixed assets, oil and gas properties, intangible assets and other long-term assets	902	1,265	166	152
Other cash received relating to investing activities	2,343	46	2,478	1,484
Sub-total of cash inflows	3,848	8,475	5,209	7,267
Cash paid to acquire fixed assets, oil and gas properties, intangible assets and other long-term assets	(62,870)	(46,141)	(77,126)	(63,165)
Cash paid for acquisition of investments	(6,450)	(9,082)	(4,825)	(6,955)
	(1,550)	—	(3,149)	—

Other cash paid relating to investing activities

Sub-total of cash outflows	(70,870)	(55,223)	(85,100)	(70,120)
Net cash flow from investing activities	(67,022)	(46,748)	(79,891)	(62,853)

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	Six-month periods ended 30 June			
	2013	The	2012	The
Cash flows from financing activities:	The Group	Company	The Group	Company
Cash received from borrowings	550,958	113,471	438,230	128,151
Cash received from capital contributions	22,259	19,406	936	—
Including: Cash received from minority shareholders' capital contributions to subsidiaries	2,853	—	936	—
Sub-total of cash inflows	573,217	132,877	439,166	128,151
Cash repayments of borrowings	(519,985)	(122,790)	(369,421)	(109,528)
Cash paid for dividends, profits distribution or interest	(18,556)	(16,551)	(22,432)	(21,177)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(785)	—	(578)	—
Other cash paid relating to financing activities	(22)	—	—	—
Sub-total of cash outflows	(538,563)	(139,341)	(391,924)	(130,705)
Net cash flow from financing activities	34,654	(6,464)	47,242	(2,554)
Effects of changes in foreign exchange rate	199	—	7	—