

CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
October 31, 2017

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 October 2017

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 P 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 P

(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:

An announcement regarding 2017 third quarterly report of China Petroleum & Chemical Corporation (the “Registrant”), made by the Registrant on October 30, 2017.

China Petroleum & Chemical Corporation
The Third Quarterly Report for 2017

30 October 2017
Beijing, China

The Third Quarterly Report for 2017

1 Important notice

1.1 The Board of Directors, the Supervisory Board of China Petroleum & Chemical Corporation (“Sinopec Corp.” or the “Company”) and its directors, supervisors and senior management warrant that there are no material omissions, misrepresentations or misleading statements contained in this report and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.

1.2 The third quarterly report for 2017 (the “Quarterly Report”) was approved at the 15th meeting of the Sixth Session of the Board of Directors of Sinopec Corp. All the directors attended this meeting.

1.3 Mr. Dai Houliang, Vice Chairman of the Board of Directors and President, Mr. Wang Dehua, Chief Financial Officer and Head of the Corporate Financial Department of Sinopec Corp. warrant the authenticity, accuracy and completeness of the financial statements contained in the Quarterly Report.

1.4 The financial statements in the Quarterly Report were not audited.

2

The Third Quarterly Report for 2017

2 Basic information of Sinopec Corp.

2.1 Principal Financial Data And Indicators

2.1.1 Principal Financial Data and Indicators Prepared in Accordance with PRC Accounting Standards for Business Enterprises (“ASBE”)

RMB million

| | As of 30 September 2017 | As of 31 December 2016 | Changes from the end of the preceding year to the end of the reporting period (%) |
|---|----------------------------|-------------------------------|---|
| Total assets | 1,476,655 | 1,498,609 | (1.5) |
| Total equity attributable to equity shareholders of the Company | 716,511 | 712,232 | 0.6 |
| | | Nine Months 2017 2016 | Changes over the same period of the preceding year (%) |
| Net cash flow from operating activities | | 111,193 131,700 | (15.6) |
| Operating income | | 1,744,955 1,363,945 | 27.9 |
| Net profit attributable to equity shareholders of the Company | | 38,373 29,166 | 31.6 |
| Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses | | 36,718 28,337 | 29.6 |
| Weighted average return on net assets (%) | | 5.37 4.26 | 1.11 percentage points |
| Basic earnings per share (RMB) | | 0.317 0.241 | 31.5 |
| Diluted earnings per share (RMB) | | 0.317 0.241 | 31.5 |

The Third Quarterly Report for 2017

| | Third Quarter 2017 RMB million | Nine Months 2017 RMB million |
|---|-----------------------------------|---------------------------------|
| Extraordinary (gain)/loss items | | |
| Loss on disposal of non-current assets | 132 | 230 |
| Donations | 83 | 96 |
| Gain on holding and disposal of various investments | (96) | (257) |
| Other extraordinary income and expenses, net | (980) | (2,429) |
| Subtotal | (861) | (2,360) |
| Tax effect | 203 | 590 |
| Total | (658) | (1,770) |
| Equity shareholders of the Company | (662) | (1,655) |
| Minority interests | 4 | (115) |

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

RMB million

| | As of 30 September 2017 | As of 31 December 2016 | Changes from the end of the preceding year to the end of the reporting period (%) | |
|--|----------------------------|------------------------------|--|---|
| Total assets | 1,476,655 | 1,498,609 | (1.5) | |
| Equity attributable to owners of the Company | 715,347 | 710,994 | 0.6 | |
| | | Nine Months 2017 | 2016 | Changes over the same period of the preceding year (%) |
| Operating profit | | 55,757 | 51,430 | 8.4 |
| Net profit attributable to equity shareholders of the Company | | 39,404 | 30,107 | 30.9 |
| Basic earnings per share (RMB) | | 0.325 | 0.249 | 30.5 |
| Diluted earnings per share (RMB) | | 0.325 | 0.249 | 30.5 |
| Return on net assets (%) | | 5.51 | 4.35 | 1.16 percentage points |
| Net cash generated from operating activities | | 111,193 | 131,700 | (15.6) |

The Third Quarterly Report for 2017

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

Total number of shareholders 544,206, including 538,105 holders of domestic A shares and 6,101 holders of overseas H shares.

Top ten shareholders (Top ten shareholders holding shares without selling restrictions)

| Name of shareholders | Total number of shares held | Percentage (%) | Number of shares subject to pledge or lock-ups | Nature of shareholder |
|---------------------------------------|-----------------------------|----------------|--|-----------------------|
| China Petrochemical Corporation | 85,792,671,101 | 70.86 | 0 | State-owned share |
| HKSCC (Nominees) Limited ¹ | 25,379,731,440 | 20.96 | Unknown | H share |
| | 2,655,998,410 | 2.19 | 0 | A share |
| | 371,234,443 | 0.31 | 0 | A share |
| | 322,037,900 | 0.27 | 0 | A share |
| | 106,191,381 | 0.09 | 0 | A share |
| | 81,370,870 | 0.07 | 0 | A share |
| | 81,215,392 | 0.07 | 0 | A share |
| | 80,057,295 | 0.07 | 0 | A share |
| | 77,661,447 | 0.06 | 0 | A share |

Note 1: Sinopec Century Bright Capital Investment Limited, overseas wholly-owned subsidiary of China Petrochemical Corporation, holds 553,150,000 H shares, which is included in the total number of the shares held by HKSCC Nominees Limited.

The Third Quarterly Report for 2017

2.3 Review of operating results

In the first three quarters of 2017, global economy recorded moderate recovery and Chinese economy maintained steady growth with gross domestic product (GDP) up by 6.9% year on year. With abundant supply, domestic refined oil products market witnessed strong competition. According to the statistics, domestic consumption of refined oil products increased by 6.6% compared with same period last year, among which gasoline and kerosene consumption maintained strong growth momentum. Domestic demand for natural gas accelerated, up by 15.9% compared with same period last year. Domestic consumption of major chemicals grew significantly with consumption of ethylene equivalent up by 11.3% year on year, and gross margin for chemical products remained strong.

By taking full advantage of integrated business, tapping potentials and enhancing efficiency, as well as reducing cost, the Company endeavoured to coordinate all aspects of work and realised outstanding results. In accordance with ASBE's operating income of the Company was RMB 1,744.955 billion, up by 27.9% over the same period last year; net profit attributable to equity shareholders of the Company was RMB 38.373 billion, up by 31.6% over the same period last year. In accordance with IFRS, net profit attributable to equity shareholders of the Company was RMB 39.404 billion, up by 30.9% over the same period last year.

Exploration and Production: We focused on reserve increase and development returns through the operation and production with superior results achieved. In exploration, we continued to focus on discovery of high quality, large scale and low cost reserves. New oil discoveries were made in Tahe Basin of Xinjiang, Junggar Basin, Shengli Oilfield and North Jiangsu Basin, and new natural gas discoveries were made in Sichuan Basin and Ordos Basin. In production, we arranged crude oil production in a flexible manner and resumed production of some shut-down wells amid upward trend of crude oil price. Importance was attached to natural gas development, through expediting natural gas capacity construction in Hangjinqi area of Ordos and fully promoting Phase II of Fuling Shale Gas development project. In the first three quarters, oil and gas production of the Company was 332.63 million barrels of oil equivalent, down by 3.2% over the same period last year, of which crude oil production dropped by 4.0% while natural gas grew by 21.0%. The Exploration and Production Segment had an operating loss of RMB 26.523 billion with reduction of RMB 3.893 billion compared with same period last year.

Refining: Our refined oil products mix has been optimised to address market demand changes, more high value-added products were produced and diesel-to-gasoline ratio was 1.16. We actively promoted refined oil products quality upgrading, and the GB VI quality upgrading plan for "2+26" cities in North China completed ahead of schedule. We optimised crude oil sourcing and allocation, as well as adjusting procurement strategy according to changes of crude oil price, to lower our feedstock cost and transportation fee, and increased export of refined oil products to help maintain high utilisation rates of refining facilities. The advantages of centralised marketing took full play, and profitability of asphalt, lubricant and LPG was maintained. In the first three quarters, refinery throughput and refined oil products production increased by 1.3% and 1.1% respectively, among which gasoline up by 1.5%, jet fuel up by 6.3% and diesel down by 1.3% over the same period last year. The Refining Segment realised an operating profit of RMB 43.854 billion, up by 3.4% over the same period last year.

The Third Quarterly Report for 2017

Marketing and Distribution: We took full advantages of our integrated business and distribution network, as well as further enhancing the synergy between fuel and non-fuel businesses, to actively respond to more competitive market conditions, and achieved good operational results. We optimised internal and external resources, put all efforts to expand market, and realised sustained growth in total sales volume of refined oil products. We flexibly adjusted our marketing strategies, promoted branding gasoline and increased retail volume of premium gasoline. We innovated operational models and optimised layout of service stations, and expedited revamping of storage and transportation facilities of refined oil products to further improve our distribution network. By means of “Internet+” and other marketing measures, we put more efforts on cultivation of major products and self-owned brand products and promoted rapid growth of non-fuel business. We proactively promoted vehicle natural gas business, expediting the construction and operation of CNG/LNG stations. In the first three quarters, total sales volume of refined oil products was 150 million tonnes, up by 3.1% over the same period last year. Total domestic sales volume of refined oil products was 133 million tonnes, up by 2.8%. Vehicle natural gas sales volume increased by 32.9% over the same period last year. Transaction of non-fuel business reached RMB 41 billion, up by 52.3% compared with the same period last year. The Marketing and Distribution Segment realised an operating profit of RMB 23.482 billion, down by 3.3% over the same period last year.

Chemicals: We continued the “basic and high-end” chemical business development concept to promote effective supply. In the first three quarters, we optimised operations based on marginal contribution and gross margin of chemical facilities to promote profitability. We deepened adjustments of feedstock mix to reduce chemical feedstock cost, and pressed ahead optimisation of product slate, producing more market-oriented and high value-added products. We put advantages of marketing network into full play and conducted differentiated and tailor-made measures to expand sales scale. We strengthened the integration among production, sales, R&D and application, and intensified efforts on R&D, production and promotion of new products, with the ratio of performance compound reaching 62.5% and the differential ratio of synthetic fiber reaching 89.1%. In the first three quarters, ethylene production reached 8.534million tonnes, up by 5.2% and chemical sales volume was 57.58 million tonnes, up by 14.1% over the same period last year. The Chemicals Segment realised an operating profit of RMB 16.727 billion, up by 8.3% over the same period last year.

Summary of Principal Operating Results for the First Three Quarters

| Operating data | Unit | For nine-month period ended 30 September | | Changes (%) |
|-------------------------------------|-------------------------|---|--------|----------------|
| | | 2017 | 2016 | |
| Exploration and production | | | | |
| Oil and gas production ¹ | million boe | 332.63 | 322.29 | 3.21 |
| Crude oil production | million barrels | 220.21 | 229.36 | (3.99) |
| China | million barrels | 186.09 | 191.26 | (2.70) |
| Overseas | million barrels | 34.12 | 38.10 | (10.45) |
| Natural gas production | billion cubic feet | 674.15 | 557.15 | 21.00 |
| Realised crude oil price | USD/barrel | 47.05 | 35.44 | 32.76 |
| Realised natural gas price | USD/thousand cubic feet | 5.32 | 5.48 | (2.92) |

7

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The Third Quarterly Report for 2017

| Operating data | Unit | For nine-month period ended 30 September | | Changes (%) |
|---|-----------------|--|----------------|--------------------------|
| | | 2017 | 2016 | |
| Refining² | | | | |
| Refinery throughput | million tonnes | 177.46 | 175.25 | 1.26 |
| Gasoline, diesel and kerosene production | million tonnes | 112.20 | 111.02 | 1.06 |
| Gasoline | million tonnes | 42.73 | 42.09 | 1.52 |
| Diesel | million tonnes | 49.50 | 50.15 | (1.30) |
| Kerosene | million tonnes | 19.97 | 18.78 | 6.34 |
| Light chemical feedstock | million tonnes | 28.54 | 28.45 | 0.32 |
| Light products yield | % | 75.84 | 76.35 | (0.51) percentage points |
| Refining yield | % | 94.76 | 94.47 | 0.29 percentage points |
| Marketing and Distribution | | | | |
| Total sales of refined oil products | million tonnes | 　150.23 | 　145.72 | 3.09 |
| Total domestic sales volume of refined oil products | million tonnes | 　133.26 | 　129.58 | 2.84 |
| Retail | million tonnes | 　90.67 | 　89.79 | 0.98 |
| Direct sales & Wholesale | million tonnes | 　42.60 | 　39.79 | 7.06 |
| Total number of Sinopec-branded service stations ³ | stations | 　30,728 | 30,603 | 0.41 |
| Company-operated | stations | 　30,722 | 30,597 | 0.41 |
| Annualised average throughput per station ⁴ | tonnes/station | 　3,935 | 3,899　 | 0.92 |
| Chemical² | | | | |
| Ethylene | thousand tonnes | 8,534 | 8,115 | 5.16 |
| Synthetic resin | thousand tonnes | 11,791 | 11,138 | 5.86 |
| Synthetic rubber | thousand tonnes | 642 | 619 | 3.72 |
| Monomers and polymers for synthetic fibre | thousand tonnes | 7,061 | 6,830 | 3.38 |
| Synthetic fibre | thousand tonnes | 923 | 934 | (1.18) |

Note:

Conversion: in the first three quarters of 2017, for domestic production of crude oil, 1 tonne = 7.10 barrels; for 1. overseas production of crude oil, 1 tonne=7.21barrels; for production of natural gas, 1 cubic meter = 35.31 cubic feet.

2. Including 100% production of domestic joint ventures.
3. The number of service stations in 2016 was as of 31 December 2016.
4. Throughput per service station was annualised.

Capital expenditure: Focusing on quality and returns of investment, the Company continuously optimised its investment projects. In the first three quarters, total capital expenditures were RMB 29.101 billion. Capital expenditures for the exploration and production segment were RMB 10.896 billion, mainly for Fuling Shale Gas and Hangjinqi Natural Gas capacity construction, Shengli oilfield and Xibei oilfield crude oil capacity construction, Guangxi LNG Terminal Project, Tianjin LNG Terminal Project, Wen 23 Gas Storage Project, boosting project of Sichuan-to-East

The Third Quarterly Report for 2017

China Pipeline as well as overseas projects. Capital expenditures for the refining segment were RMB 8.522 billion, mainly for Zhongke integrated refining and chemical project, product mix adjustments of Zhenhai and Maoming refineries, and GB VI gasoline and diesel quality upgrading projects. Capital expenditures for the marketing and distribution segment were RMB 5.254 billion, mainly for constructing refined oil products depots, pipelines and service stations. Capital expenditures for the chemicals segment were RMB 3.735 billion, mainly for Zhongke integrated refining and chemical project, Hainan aromatics project, capital injection of Gulei integrated refining and chemical project, Zhongan and other coal chemical projects, as well as feedstock optimisation projects and product mix adjustment projects of Jinling and Maoming. Capital expenditures for corporate and others were RMB 694 million, mainly for R&D facilities and information technology application projects.

Focusing on transformation of growth pattern and structural adjustments, as well as improvement of quality and efficiency and upgrading of operation, the Company optimises capital expenditure arrangement for 2017 which is adjusted from RMB 110.2 billion to RMB 98.5 billion, of which, capital expenditure for the exploration and production segment is RMB 42.7 billion, for the refining segment is RMB 21.3 billion, for the chemicals segment is 12.5 billion, for corporate and others is RMB 4.0 billion and for the marketing and distribution segment maintains at RMB 18.0 billion.

The Third Quarterly Report for 2017

3 Significant events

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

| Items of Consolidated Balance Sheet | 30 | 31 | Increase/(decrease) | | Major reasons for changes |
|---|----------------|---------------|---------------------|------------|--|
| | September 2017 | December 2016 | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Prepayments | 5,696 | 3,749 | 1,947 | 51.9 | Increase in the prepayment for refined oil products and crude oil |
| Short-term loans | 45,698 | 30,374 | 15,324 | 50.5 | Increase of short-term loans for the need of business |
| Non-current liabilities due within one year | 22,711 | 38,972 | (16,261) | (41.7) | Due to repayment of long-term debts and long-term borrowings |
| Other comprehensive income | (3,247) | (932) | (2,315) | (248.4) | Due to the translation difference in foreign currency and hedge of cash flow |
| Specific reserve | 1,722 | 765 | 957 | 125.1 | Increase in unused safety production fund |

| Items of consolidated income statement | For nine-month period ended 30 September 2017 | For nine-month period ended 30 September 2016 | Increase/(decrease) | | Main reasons for changes |
|--|---|---|---------------------|------------|---|
| | RMB million | RMB million | Amount | Percentage | |
| | RMB million | RMB million | RMB million | (%) | |
| Operating costs | 1,405,556 | 1,042,208 | 363,348 | 34.9 | Increase in price of crude oil, raw material and auxiliary material |
| Financial expenses | 1,790 | 5,447 | (3,657) | (67.1) | Decrease of interest-bearing debts and increase in return of funds |
| Impairment losses | 7,090 | 1,528 | 5,562 | 364.0 | Due to recognition of impairment for some fixed assets |
| Investment income | 12,020 | 7,253 | 4,767 | 65.7 | Increase in profits of joint ventures and associates |
| Net profit attributable to equity shareholders | 38,373 | 29,166 | 9,207 | 31.6 | Increase in net profit of the Company |

of the Company

10

The Third Quarterly Report for 2017

| Items of consolidated cash flow statement | For nine-month period ended 30 September 2017 | For nine-month period ended 30 September 2016 | Increase/(decrease) | | Main reasons for changes |
|---|---|---|-----------------------|-------------------|--|
| | RMB million | RMB million | Amount RMB million | Percentage (%) | |
| Cash paid for goods and services | (1,534,680) | (1,171,618) | (363,062) | 31.0 | Increase in price of crude oil and other raw materials, as well as business scale of the Company |
| Cash received from returns on investments | 4,922 | 2,806 | 2,116 | 75.4 | Increase in dividends of joint ventures and associates in line with increase of profit |
| Other cash received relating to investing activities | 31,589 | 1,850 | 29,739 | 1,607.5 | Increase in cash received from deposits with maturity more than three months |
| Cash paid for acquisition of investments | (4,914) | (15,197) | 10,283 | (67.7) | Due to larger scale of financial assets measured at fair value last year |
| Other cash paid relating to investing activities | (59,091) | (5,101) | (53,990) | 1,058.4 | Increase in deposits with maturity more than three months this year |
| Cash paid for dividends, profits distribution or interest | (41,494) | (26,352) | (15,142) | 57.5 | Increase of dividends |
| Net cash flow from financing activities | (50,216) | (78,568) | 28,352 | (36.1) | Repayment of maturing debts and decrease of interest-bearing debts |

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

By Order of the Board
Vice Chairman
Dai Houliang
30 October 2017

The Third Quarterly Report for 2017

4. Appendix

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

Consolidated Balance Sheet
as at 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | As at 30 September 2017 | As at 31 December 2016 |
|-------------------------------------|-------------------------|------------------------|
| Current assets: | | |
| Cash at bank and on hand | 161,903 | 142,497 |
| Bills receivable | 12,663 | 13,197 |
| Accounts receivable | 54,284 | 50,289 |
| Prepayments | 5,696 | 3,749 |
| Other receivables | 22,585 | 25,596 |
| Inventories | 160,871 | 156,511 |
| Other current assets | 19,125 | 20,422 |
| Total current assets | 437,127 | 412,261 |
| Non-current assets: | | |
| Available-for-sale financial assets | 11,227 | 11,408 |
| Long-term equity investments | 125,971 | 116,812 |
| Fixed assets | 639,889 | 690,594 |
| Construction in progress | 113,293 | 129,581 |
| Intangible assets | 91,132 | 85,023 |
| Goodwill | 6,326 | 6,353 |
| Long-term deferred expenses | 13,883 | 13,537 |
| Deferred tax assets | 11,107 | 7,214 |
| Other non-current assets | 26,700 | 25,826 |
| Total non-current assets | 1,039,528 | 1,086,348 |
| Total assets | 1,476,655 | 1,498,609 |
| Current liabilities: | | |
| Short-term loans | 45,698 | 30,374 |
| Bills payable | 5,879 | 5,828 |

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| | | |
|---|---------|---------|
| Accounts payable | 156,655 | 174,301 |
| Advances from customers | 106,321 | 95,928 |
| Employee benefits payable | 5,710 | 1,618 |
| Taxes payable | 39,722 | 52,886 |
| Dividends payable | 2,184 | 2,006 |
| Other payables | 66,696 | 77,630 |
| Short-term debentures payable | - | 6,000 |
| Non-current liabilities due within one year | 22,711 | 38,972 |
| Total current liabilities | 451,576 | 485,543 |

The Third Quarterly Report for 2017

Non-current liabilities:

| | | |
|--|-----------|-----------|
| Long-term loans | 68,934 | 62,461 |
| Debentures payable | 47,547 | 54,985 |
| Provisions | 40,533 | 39,298 |
| Deferred tax liabilities | 5,375 | 7,661 |
| Other non-current liabilities | 17,265 | 16,136 |
| Total non-current liabilities | 179,654 | 180,541 |
| Total liabilities | 631,230 | 666,084 |
| Shareholders' equity: | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 119,479 | 119,525 |
| Other comprehensive income | (3,247) | (932) |
| Specific reserve | 1,722 | 765 |
| Surplus reserves | 196,640 | 196,640 |
| Retained earnings | 280,846 | 275,163 |
| Total equity attributable to shareholders of the Company | 716,511 | 712,232 |
| Minority interests | 128,914 | 120,293 |
| Total shareholders' equity | 845,425 | 832,525 |
| Total liabilities and shareholders' equity | 1,476,655 | 1,498,609 |

Dai Houliang

Wang Dehua

Vice Chairman, President

Chief Financial Officer

The Third Quarterly Report for 2017

Balance Sheet

as at 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | As at 30 September 2017 | As at 31 December 2016 |
|-------------------------------------|-------------------------|------------------------|
| Current assets: | | |
| Cash at bank and on hand | 99,422 | 98,250 |
| Bills receivable | 609 | 471 |
| Accounts receivable | 28,976 | 38,332 |
| Prepayments | 3,730 | 3,454 |
| Other receivables | 48,874 | 45,643 |
| Inventories | 43,799 | 46,942 |
| Other current assets | 31,730 | 32,743 |
| Total current assets | 257,140 | 265,835 |
| Non-current assets: | | |
| Available-for-sale financial assets | 395 | 297 |
| Long-term equity investments | 273,979 | 268,451 |
| Fixed assets | 338,755 | 373,020 |
| Construction in progress | 44,984 | 49,277 |
| Intangible assets | 7,765 | 7,913 |
| Long-term deferred expenses | 1,879 | 1,980 |
| Deferred tax assets | 3,589 | - |
| Other non-current assets | 10,247 | 10,952 |
| Total non-current assets | 681,593 | 711,890 |
| Total assets | 938,733 | 977,725 |
| Current liabilities: | | |
| Short-term loans | 15,319 | 9,256 |
| Bills payable | 2,461 | 2,761 |
| Accounts payable | 67,284 | 75,787 |
| Advances from customers | 3,018 | 2,360 |
| Employee benefits payable | 1,861 | 312 |
| Taxes payable | 22,093 | 32,423 |

| | | |
|---|---------|---------|
| Other payables | 132,388 | 113,841 |
| Short-term debentures payable | - | 6,000 |
| Non-current liabilities due within one year | 15,871 | 38,082 |
| Total current liabilities | 260,295 | 280,822 |

14

The Third Quarterly Report for 2017

| | | |
|--|---------|---------|
| Non-current liabilities： | | |
| Long-term loans | 64,111 | 58,448 |
| Debentures payable | 36,000 | 36,000 |
| Provisions | 30,861 | 29,767 |
| Deferred tax liabilities | - | 505 |
| Other non-current liabilities | 2,684 | 2,607 |
| Total non-current liabilities | 133,656 | 127,327 |
| Total liabilities | 393,951 | 408,149 |
| Shareholders’ equity： | | |
| Share capital | 121,071 | 121,071 |
| Capital reserve | 68,727 | 68,769 |
| Other comprehensive income | 319 | 263 |
| Specific reserve | 915 | 393 |
| Surplus reserves | 196,640 | 196,640 |
| Retained earnings | 157,110 | 182,440 |
| Total shareholders’ equity | 544,782 | 569,576 |
| Total liabilities and shareholders’ equity | 938,733 | 977,725 |

Dai Houliang Wang Dehua
Vice Chairman, President Chief Financial Officer

The Third Quarterly Report for 2017

Consolidated Income Statement
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 30 September 2017 | Three-month periods ended 30 September 2016 | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|--|--|
| I. Total operating income | 579,118 | 484,725 | 1,744,955 | 1,363,945 |
| II. Total operating costs | 564,133 | 469,450 | 1,694,797 | 1,319,899 |
| Including: Operating costs | 462,954 | 377,015 | 1,405,556 | 1,042,208 |
| Taxes and surcharges | 60,032 | 58,242 | 176,329 | 171,073 |
| Selling and distribution expenses | 14,173 | 12,143 | 40,128 | 35,715 |
| General and administrative expenses | 21,086 | 18,295 | 56,989 | 56,711 |
| Financial expenses | 501 | 1,163 | 1,790 | 5,447 |
| Exploration expenses, including dry holes | 2,373 | 2,487 | 6,915 | 7,217 |
| Impairment losses | 3,014 | 105 | 7,090 | 1,528 |
| Add: Gain/(loss) from changes in fair value | 162 | (230) | 531 | (117) |
| Investment income | 3,868 | 1,859 | 12,020 | 7,253 |
| Other income | 1,292 | - | 2,613 | - |
| III. Operating profit | 20,307 | 16,904 | 65,322 | 51,182 |
| Add: Non-operating income | 373 | 919 | 1,206 | 2,276 |
| Less: Non-operating expenses | 887 | 648 | 1,703 | 1,523 |
| IV. Profit before taxation | 19,793 | 17,175 | 64,825 | 51,935 |
| Less: Income tax expense | 4,081 | 3,486 | 12,996 | 11,865 |
| V. Net profit | 15,712 | 13,689 | 51,829 | 40,070 |

Attributable to:

| | | | | |
|---------------------------------------|--------|-------|--------|--------|
| Equity shareholders of the Company | 11,281 | 9,916 | 38,373 | 29,166 |
| Minority interests | 4,431 | 3,773 | 13,456 | 10,904 |

16

The Third Quarterly Report for 2017

VI. Earnings per share:

| | | | | |
|--|-------|-------|-------|-------|
| (i) Basic earnings per share (RMB Yuan) | 0.093 | 0.082 | 0.317 | 0.241 |
| (ii) Diluted earnings per share (RMB Yuan) | 0.093 | 0.082 | 0.317 | 0.241 |

| | | | | |
|---------------------------------------|---------|-------|---------|-------|
| VII. Total other comprehensive income | (2,083) | (627) | (3,193) | 2,193 |
|---------------------------------------|---------|-------|---------|-------|

Items that may be reclassified subsequently to profit or loss(after tax and reclassification adjustments):

| | | | | |
|---|---------|---------|---------|--------|
| Cash flow hedges | (766) | (1,011) | (604) | 756 |
| Available-for-sale financial assets | 0 | (8) | (7) | (41) |
| Share of other comprehensive (loss)/income of associates and joint ventures | (12) | 89 | 265 | 188 |
| Foreign currency translation differences | (1,305) | 303 | (2,847) | 1,290 |
| VIII. Total comprehensive income | 13,629 | 13,062 | 48,636 | 42,263 |

Attributable to:

| | | | | |
|------------------------------------|-------|-------|--------|--------|
| Equity shareholders of the Company | 9,608 | 9,117 | 36,058 | 33,350 |
| Minority interests | 4,021 | 3,945 | 12,578 | 8,913 |

Dai Houliang

Wang Dehua

Vice Chairman, President

Chief Financial Officer

The Third Quarterly Report for 2017

Income Statement
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 30 September 2017 | Three-month periods ended 30 September 2016 | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|--|---|---|--|--|
| I. Operating income | 205,403 | 176,851 | 616,813 | 523,000 |
| Less: Operating costs | 151,418 | 126,495 | 457,921 | 364,330 |
| Taxes and surcharges | 40,001 | 38,710 | 117,325 | 118,312 |
| Selling and distribution expenses | 669 | 443 | 1,949 | 1,747 |
| General and administrative expenses | 11,481 | 10,094 | 30,990 | 31,621 |
| Financial expenses | 642 | 754 | 2,037 | 2,819 |
| Exploration expenses, including dry holes | 2,348 | 2,487 | 6,491 | 7,217 |
| Impairment losses | 1,433 | (11) | 5,114 | 1,113 |
| Add: Gain/(Loss) from changes in fair value | - | - | - | - |
| Investment income | 2,869 | 1,939 | 11,742 | 10,689 |
| Other income | 718 | - | 1,076 | - |
| II. Operating profit | 998 | (182) | 7,804 | 6,530 |
| Add: Non-operating income | 135 | 308 | 461 | 1,075 |
| Less: Non-operating expenses | 349 | 221 | 830 | 690 |
| III. Profit before taxation | 784 | (95) | 7,435 | 6,915 |
| Less: Income tax expense | (402) | (171) | 76 | 681 |
| IV. Net profit | 1,186 | 76 | 7,359 | 6,234 |
| V. Total other comprehensive income | 45 | 405 | 56 | 697 |
| Items that may be reclassified subsequently to profit or loss (after tax and reclassification adjustments): | 　 | 　 | 　 | 　 |

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| | | | | |
|---|-------|-----|-------|-------|
| Cash flow hedges | 55 | 335 | 77 | 642 |
| Share of other comprehensive (loss)/ income in associates | (10) | 70 | (21) | 55 |
| VI. Total comprehensive income | 1,231 | 481 | 7,415 | 6,931 |

Dai Houliang Wang Dehua
Vice Chairman, President Chief Financial Officer

The Third Quarterly Report for 2017

Consolidated Cash Flow Statement
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 1,976,601 | 1,615,777 |
| Refund of taxes and levies | 1,475 | 1,653 |
| Other cash received relating to operating activities | 45,260 | 62,036 |
| Sub-total of cash inflows | 2,023,336 | 1,679,466 |
| Cash paid for goods and services | (1,534,680) | (1,171,618) |
| Cash paid to and for employees | (44,390) | (41,556) |
| Payments of taxes and levies | (267,888) | (251,394) |
| Other cash paid relating to operating activities | (65,185) | (83,198) |
| Sub-total of cash outflows | (1,912,143) | (1,547,766) |
| Net cash flow from operating activities | 111,193 | 131,700 |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 894 | 17,930 |
| Cash received from returns on investments | 4,922 | 2,806 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 530 | 375 |
| Net cash received from disposal of subsidiaries and other business entities | 1 | 2,027 |
| Other cash received relating to investing activities | 31,589 | 1,850 |
| Sub-total of cash inflows | 37,936 | 24,988 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (43,992) | (45,909) |
| Cash paid for acquisition of investments | (4,914) | (15,197) |
| Other cash paid relating to investing activities | (59,091) | (5,101) |
| Net cash paid for the acquisition of subsidiaries and other business entities | (44) | - |
| Sub-total of cash outflows | (108,041) | (66,207) |

| | | |
|---|----------|----------|
| Net cash flow from investing activities | (70,105) | (41,219) |
|---|----------|----------|

19

The Third Quarterly Report for 2017

III. Cash flows from financing activities:

| | | |
|--|-----------|-----------|
| Cash received from capital contributions | 853 | 202 |
| Including: Cash received from minority shareholders; capital contributions to subsidiaries | 853 | 202 |
| Cash received from borrowings | 361,470 | 401,057 |
| Sub-total of cash inflows | 362,323 | 401,259 |
| Cash repayments of borrowings | (371,045) | (453,475) |
| Cash paid for dividends, profits distribution or interest | (41,494) | (26,352) |
| Including: Subsidiaries; cash payments for distribution of dividends or profits to minority shareholders | (4,476) | (4,726) |
| Sub-total of cash outflows | (412,539) | (479,827) |
| Net cash flow from financing activities | (50,216) | (78,568) |
| IV. Effects of changes in foreign exchange rate | (188) | 303 |
| V. Net increase in cash and cash equivalents | (9,316) | 12,216 |
| Add: Cash and cash equivalents at 1 January | 124,468 | 68,933 |
| VI. Cash and cash equivalents at 30 September | 115,152 | 81,149 |

Dai Houliang

Wang Dehua

Vice Chairman, President Chief Financial Officer

The Third Quarterly Report for 2017

Cash Flow Statement

for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|
| I. Cash flows from operating activities: | | |
| Cash received from sale of goods and rendering of services | 726,478 | 605,835 |
| Refund of taxes and levies | 917 | 999 |
| Other cash received relating to operating activities | 33,412 | 46,776 |
| Sub-total of cash inflows | 760,807 | 653,610 |
| Cash paid for goods and services | (478,741) | (350,443) |
| Cash paid to and for employees | (24,467) | (23,498) |
| Payments of taxes and levies | (168,152) | (155,934) |
| Other cash paid relating to operating activities | (25,730) | (47,308) |
| Sub-total of cash outflows | (697,090) | (577,183) |
| Net cash flow from operating activities | 63,717 | 76,427 |
| II. Cash flows from investing activities: | | |
| Cash received from disposal of investments | 9,022 | 24,733 |
| Cash received from returns on investments | 14,025 | 14,696 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 706 | 621 |
| Net cash received from disposal of subsidiaries and other business entities | 1 | 2,027 |
| Other cash received relating to investing activities | 20,370 | 949 |
| Sub-total of cash inflows | 44,124 | 43,026 |
| Cash paid for acquisition of fixed assets, intangible assets and other long-term assets | (23,811) | (26,515) |
| Cash paid for acquisition of investments | (10,128) | (32,755) |
| Other cash paid relating to investing activities | (25,040) | (130) |
| Sub-total of cash outflows | (58,979) | (59,400) |
| Net cash flow from investing activities | (14,855) | (16,374) |
| III. Cash flows from financing activities: | | |

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| | | |
|---|-----------|-----------|
| Cash received from borrowings | 85,212 | 152,920 |
| Sub-total of cash inflows | 85,212 | 152,920 |
| Cash repayments of borrowings | (103,768) | (185,420) |
| Cash paid for dividends, profits distribution or interest | (36,164) | (19,681) |
| Sub-total of cash outflows | (139,932) | (205,101) |
| Net cash flow from financing activities | (54,720) | (52,181) |
| IV. Net increase in cash and cash equivalents | (5,858) | 7,872 |
| Add: Cash and cash equivalents at 1 January | 88,120 | 46,453 |
| V. Cash and cash equivalents at 30 September | 82,262 | 54,325 |

Dai Houliang

Wang Dehua

Vice Chairman, President Chief Financial Officer

21

The Third Quarterly Report for 2017

Segment Reporting
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|
| Income from principal operations | | |
| Exploration and production | | |
| External sales | 48,701 | 34,544 |
| Inter-segment sales | 55,769 | 40,829 |
| Subtotal | 104,470 | 75,373 |
| Refining | | |
| External sales | 96,041 | 73,012 |
| Inter-segment sales | 636,726 | 537,839 |
| Subtotal | 732,767 | 610,851 |
| Marketing and distribution | | |
| External sales | 886,263 | 748,387 |
| Inter-segment sales | 2,567 | 2,185 |
| Subtotal | 888,830 | 750,572 |
| Chemicals | | |
| External sales | 272,418 | 197,109 |
| Inter-segment sales | 36,418 | 27,034 |
| Subtotal | 308,836 | 224,143 |
| Corporate and others | | |
| External sales | 398,780 | 275,824 |
| Inter-segment sales | 320,750 | 221,609 |
| Subtotal | 719,530 | 497,433 |
| Elimination of inter-segment sales | (1,052,230) | (829,496) |
| Consolidated income from principal operations | 1,702,203 | 1,328,876 |
| Income from other operations | | |
| Exploration and production | 5,707 | 5,111 |
| Refining | 3,454 | 4,023 |

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| | | |
|---|-----------|-----------|
| Marketing and distribution | 22,309 | 16,558 |
| Chemicals | 10,336 | 8,502 |
| Corporate and others | 946 | 875 |
| Consolidated income from other operations | 42,752 | 35,069 |
| Consolidated operating income | 1,744,955 | 1,363,945 |

22

The Third Quarterly Report for 2017

| | | |
|--------------------------------------|----------|----------|
| Operating profit/(loss) | | |
| By segment | | |
| Exploration and production | (26,258) | (30,900) |
| Refining | 43,098 | 41,607 |
| Marketing and distribution | 23,221 | 23,690 |
| Chemicals | 16,616 | 15,129 |
| Corporate and others | (904) | 1,395 |
| Elimination | (1,212) | (1,428) |
| Total segment operating profit | 54,561 | 49,493 |
| Investment income/(loss) | | |
| Exploration and production | 1,494 | (449) |
| Refining | 546 | 1,112 |
| Marketing and distribution | 2,208 | 2,091 |
| Chemicals | 6,634 | 3,683 |
| Corporate and others | 1,138 | 816 |
| Total segment investment income | 12,020 | 7,253 |
| Financial expenses | (1,790) | (5,447) |
| Gain/loss from changes in fair value | 531 | (117) |
| Operating profit | 65,322 | 51,182 |
| Add: Non-operating income | 1,206 | 2,276 |
| Less: Non-operating expenses | 1,703 | 1,523 |
| Profit before taxation | 64,825 | 51,935 |

The Third Quarterly Report for 2017

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

Consolidated Income Statement
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 30 September 2017 | Three-month periods ended 30 September 2016 | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|--|--|
| Turnover and other operating revenues | | | | |
| Turnover | 564,375 | 472,080 | 1,702,203 | 1,328,876 |
| Other operating revenues | 14,743 | 12,645 | 42,752 | 35,069 |
| Subtotal | 579,118 | 484,725 | 1,744,955 | 1,363,945 |
| Operating expenses | | | | |
| Purchased crude oil, products and operating supplies and expenses | (434,997) | (352,524) | (1,322,025) | (967,943) |
| Selling, general and administrative expenses | (18,104) | (15,605) | (48,235) | (48,661) |
| Depreciation, depletion and amortization | (27,454) | (24,344) | (82,671) | (73,449) |
| Exploration expenses, including dry holes | (2,373) | (2,487) | (6,915) | (7,217) |
| Personnel expenses | (17,446) | (14,720) | (48,774) | (43,783) |
| Taxes other than income tax | (60,032) | (58,242) | (176,329) | (171,073) |
| Other operating expense, net | (2,264) | (481) | (4,249) | (389) |
| Total operating expenses | (562,670) | (468,403) | (1,689,198) | (1,312,515) |
| Operating profit | 16,448 | 16,322 | 55,757 | 51,430 |
| Finance costs | | | | |
| Interest expense | (1,870) | (2,614) | (5,849) | (7,778) |
| Interest income | 1,437 | 1,150 | 3,894 | 2,508 |
| Foreign currency exchange (losses)/gains, | (68) | 301 | 165 | (177) |

net

| | | | | |
|---|---------|---------|----------|----------|
| Net finance costs | (501) | (1,163) | (1,790) | (5,447) |
| Investment income | 130 | 108 | 416 | 206 |
| Share of profits from associates and joint ventures | 3,960 | 2,204 | 11,611 | 6,803 |
| Profit before taxation | 20,037 | 17,471 | 65,994 | 52,992 |
| Tax expense | (4,081) | (3,486) | (12,996) | (11,865) |

24

The Third Quarterly Report for 2017

| | | | | |
|---------------------------------------|--------|--------|--------|--------|
| Profit for the period | 15,956 | 13,985 | 52,998 | 41,127 |
| Attributable to: | | | | |
| Owners of the Company | 11,489 | 10,188 | 39,404 | 30,107 |
| Non-controlling interests | 4,467 | 3,797 | 13,594 | 11,020 |
| Profit for the period | 15,956 | 13,985 | 52,998 | 41,127 |
| Earnings per share | | | | |
| Basic earnings per share (RMB Yuan) | 0.094 | 0.084 | 0.325 | 0.249 |
| Diluted earnings per share (RMB Yuan) | 0.094 | 0.084 | 0.325 | 0.249 |

25

The Third Quarterly Report for 2017

Consolidated Statement of Comprehensive Income
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Three-month periods ended 30 September 2017 | Three-month periods ended 30 September 2016 | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|--|--|
| Profit for the period | 15,956 | 13,985 | 52,998 | 41,127 |
| Total other comprehensive income | (2,083) | (627) | (3,193) | 2,193 |
| Items that may be reclassified subsequently to profit or loss(after tax and reclassification adjustments): | | | | |
| Cash flow hedges | (766) | (1,011) | (604) | 756 |
| Available-for-sale securities | 0 | (8) | (7) | (41) |
| Share of other comprehensive (loss)/ income of associates and joint ventures | (12) | 89 | 265 | 188 |
| Foreign currency translation differences | (1,305) | 303 | (2,847) | 1,290 |
| Total comprehensive income | 13,873 | 13,358 | 49,805 | 43,320 |
| Attributable to: | | | | |
| Owners of the Company | 9,816 | 9,389 | 37,089 | 34,291 |
| Non-controlling interests | 4,057 | 3,969 | 12,716 | 9,029 |

The Third Quarterly Report for 2017

Consolidated Balance Sheet
as at 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | As at 30 September 2017 | As at 31 December 2016 |
|--|-------------------------|------------------------|
| Non-current assets: | | |
| Property, plant and equipment, net | 639,889 | 690,594 |
| Construction in progress | 113,293 | 129,581 |
| Goodwill | 6,326 | 6,353 |
| Interest in associates | 70,300 | 66,116 |
| Interest in joint ventures | 55,671 | 50,696 |
| Available-for-sale financial assets | 11,227 | 11,408 |
| Deferred tax assets | 11,107 | 7,214 |
| Lease prepayments | 54,834 | 54,241 |
| Long-term prepayments and other non-current assets | 76,881 | 70,145 |
| Total non-current assets | 1,039,528 | 1,086,348 |
| Current assets: | | |
| Cash and cash equivalents | 115,152 | 124,468 |
| Time deposits with financial institutions | 46,751 | 18,029 |
| Trade accounts receivable | 54,284 | 50,289 |
| Bills receivable | 12,663 | 13,197 |
| Inventories | 160,871 | 156,511 |
| Prepaid expenses and other current assets | 47,406 | 49,767 |
| Total current assets | 437,127 | 412,261 |
| Current liabilities: | | |
| Short-term debts | 43,196 | 56,239 |
| Loans from Sinopec Group Company and fellow subsidiaries | 24,441 | 18,580 |
| Trade accounts payable | 156,655 | 174,301 |
| Bills payable | 5,879 | 5,828 |
| Accrued expenses and other payables | 214,786 | 224,544 |
| Income tax payable | 6,619 | 6,051 |
| Total current liabilities | 451,576 | 485,543 |

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| | | |
|---------------------------------------|-----------|-----------|
| Net current liabilities | (14,449) | (73,282) |
| Total assets less current liabilities | 1,025,079 | 1,013,066 |

27

The Third Quarterly Report for 2017

Non-current liabilities:

| | | |
|--|---------|---------|
| Long-term debts | 71,649 | 72,674 |
| Loans from Sinopec Group Company and fellow subsidiaries | 44,832 | 44,772 |
| Deferred tax liabilities | 5,375 | 7,661 |
| Provisions | 40,533 | 39,298 |
| Other long-term liabilities | 18,472 | 17,426 |
| Total non-current liabilities | 180,861 | 181,831 |
| Total net assets | 844,218 | 831,235 |
| Equity: | | |
| Share capital | 121,071 | 121,071 |
| Reserves | 594,276 | 589,923 |
| Total equity attributable to owners of the Company | 715,347 | 710,994 |
| Non-controlling interests | 128,871 | 120,241 |
| Total equity | 844,218 | 831,235 |

The Third Quarterly Report for 2017

Consolidated Statement of Cash Flow
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|---|---|---|
| Net cash generated from operating activities(a) | 111,193 | 131,700 |
| Investing activities | | |
| Capital expenditure | (40,238) | (44,642) |
| Exploratory wells expenditure | (3,754) | (1,267) |
| Purchase of investments, investments in fellow subsidiaries, investments in associates and investments in joint ventures | (4,958) | (15,197) |
| Proceeds from disposal of investments and investments in associates | 895 | 19,957 |
| Proceeds from disposal of property, plant, equipment and other non-current assets | 530 | 375 |
| Increase in time deposits with maturities over three months | (58,841) | (4,501) |
| Decrease in time deposits with maturities over three months | 30,119 | - |
| Interest received | 1,220 | 1,250 |
| Investment and dividend income received | 4,922 | 2,806 |
| Net cash used in investing activities | (70,105) | (41,219) |
| Financing activities | | |
| Proceeds from bank and other loans | 361,470 | 401,057 |
| Repayments of bank and other loans | (371,045) | (453,475) |
| Contributions to subsidiaries from non-controlling interests | 853 | 202 |
| Dividends paid by the Company | (32,693) | (16,876) |
| Distributions by subsidiaries to non-controlling interests | (4,476) | (4,726) |
| Interest paid | (4,325) | (4,750) |
| Net cash used in financing activities | (50,216) | (78,568) |
| Net (decrease)/increase in cash and cash equivalents | (9,128) | 11,913 |
| Cash and cash equivalents at 1 January | 124,468 | 68,933 |
| Effect of foreign currency exchange rate changes | (188) | 303 |
| Cash and cash equivalents at 30 September | 115,152 | 81,149 |

The Third Quarterly Report for 2017

Note to consolidated statement of Cash Flow

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

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|--|---|---|
| Operating activities | | |
| Profit before taxation | 65,994 | 52,992 |
| Adjustments for: | | |
| Depreciation, depletion and amortisation | 82,671 | 73,449 |
| Dry hole costs written off | 5,953 | 5,615 |
| Share of profits from associates and joint ventures | (11,611) | (6,803) |
| Investment income | (416) | (206) |
| Interest income | (3,894) | (2,508) |
| Interest expense | 5,849 | 7,778 |
| (Gain)/loss from foreign currency exchange rate changes and derivative financial instruments | (1,131) | 1,820 |
| Loss on disposal of property, plant, equipment and other non-currents assets, net | 219 | 105 |
| Impairment losses on assets | 7,090 | 1,528 |
| Operating profit before change of operating capital | 150,724 | 133,770 |
| Accounts receivable and other current assets | (3,608) | 487 |
| Inventories | (4,561) | 3,553 |
| Accounts payable and other current liabilities | (13,609) | 10,255 |
| Subtotal | 128,946 | 148,065 |
| Income tax paid | (17,753) | (16,365) |
| Net cash generated from operating activities | 111,193 | 131,700 |

The Third Quarterly Report for 2017

Segment Reporting
for the nine-month periods ended 30 September 2017

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|------------------------------------|---|---|
| Turnover | | |
| Exploration and production | | |
| External sales | 48,701 | 34,544 |
| Inter-segment sales | 55,769 | 40,829 |
| Subtotal | 104,470 | 75,373 |
| Refining | | |
| External sales | 96,041 | 73,012 |
| Inter-segment sales | 636,726 | 537,839 |
| Subtotal | 732,767 | 610,851 |
| Marketing and distribution | | |
| External sales | 886,263 | 748,387 |
| Inter-segment sales | 2,567 | 2,185 |
| Subtotal | 888,830 | 750,572 |
| Chemicals | | |
| External sales | 272,418 | 197,109 |
| Inter-segment sales | 36,418 | 27,034 |
| Subtotal | 308,836 | 224,143 |
| Corporate and others | | |
| External sales | 398,780 | 275,824 |
| Inter-segment sales | 320,750 | 221,609 |
| Subtotal | 719,530 | 497,433 |
| Elimination of inter-segment sales | (1,052,230) | (829,496) |
| Turnover | 1,702,203 | 1,328,876 |
| Other operating revenues | | |
| Exploration and production | 5,707 | 5,111 |
| Refining | 3,454 | 4,023 |

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| | | |
|---------------------------------------|-----------|-----------|
| Marketing and distribution | 22,309 | 16,558 |
| Chemicals | 10,336 | 8,502 |
| Corporate and others | 946 | 875 |
| Other operating revenues | 42,752 | 35,069 |
| Turnover and other operating revenues | 1,744,955 | 1,363,945 |

31

The Third Quarterly Report for 2017

Result

Operating profit/(loss)

By segment

| | | |
|---|----------|----------|
| Exploration and production | (26,523) | (30,416) |
| Refining | 43,854 | 42,392 |
| Marketing and distribution | 23,482 | 24,273 |
| Chemicals | 16,727 | 15,452 |
| Corporate and others | (571) | 1,157 |
| Elimination | (1,212) | (1,428) |
| Total segment operating profit | 55,757 | 51,430 |
| Share of profits from associates and joint ventures | | |
| Exploration and production | 1,446 | (472) |
| Refining | 525 | 1,119 |
| Marketing and distribution | 2,068 | 1,496 |
| Chemicals | 6,430 | 3,656 |
| Corporate and others | 1,142 | 1,003 |
| Aggregate share of profits from associates and joint ventures | 11,611 | 6,802 |
| Investment income | | |
| Exploration and production | 48 | 23 |
| Refining | 21 | (7) |
| Marketing and distribution | 108 | 70 |
| Chemicals | 204 | 27 |
| Corporate and others | 35 | 94 |
| Aggregate investment income | 416 | 207 |
| Net finance costs | (1,790) | (5,447) |
| Profit before taxation | 65,994 | 52,992 |

The Third Quarterly Report for 2017

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

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

(i) Government Grants

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

(ii) Safety Production Fund

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

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

Prepared by: China Petroleum & Chemical Corporation

Units: million Currency: RMB Type: unaudited

| Items | Nine-month periods ended 30 September 2017 | Nine-month periods ended 30 September 2016 |
|----------------------------------|--|--|
| Net profit under ASBE | 51,829 | 40,070 |
| Adjustments: | | |
| Government grants (i) | 83 | 85 |
| Safety production fund (ii) | 1,086 | 972 |
| Profit for the period under IFRS | 52,998 | 41,127 |

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

| Items | At 30 September 2017 | At 31 December 2016 |
|---------------------------------|----------------------|---------------------|
| Shareholders' equity under ASBE | 845,425 | 832,525 |
| Adjustments: | | |

| | | |
|-------------------------|---------|---------|
| Government grants(i) | (1,207) | (1,290) |
| Total equity under IFRS | 844,218 | 831,235 |

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Petroleum & Chemical Corporation

By: /s/ Huang Wensheng

Name: Huang Wensheng

Title: Vice President and Secretary to the Board of Directors

Date: October 30, 2017