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中国石油化工股份有限公司

CHINA PETROLEUM & CHEMICAL CORPORATION

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

(Stock Code : 386)

Announcement of the 2011 Interim Results

§ 1 Important Notice

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

This announcement is a summary of the interim report. 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 2011 interim report for more details.

- 1.2 No director, supervisors and senior management has any doubt as to, or the inability to warrant, the truthfulness, accuracy and completeness of the interim report.
- 1.3 The financial statements for the six-month period ended 30 June 2011 of Sinopec Corp. and its subsidiaries (“the Company”) prepared in accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”), and International Financial Reporting Standards (“IFRS”) have been audited by KPMG Huazhen and KPMG, respectively, and both firms have issued standard unqualified opinions on the financial statements.
- 1.4 There is no occupancy of non-operating funds by the substantial shareholders of Sinopec Corp.
- 1.5 There is no breach of regulations, decisions or procedures in relation to provisions of external guarantees by Sinopec Corp.

1.6 Mr. Fu Chengyu, Chairman of the Board, Mr. Wang Tianpu, President and vice-Chairman of the Board, Mr. Wang Xinhua, Chief Financial Officer and Head of the Corporate Finance Department warrant the authenticity and completeness of the financial statements contained in this announcement.

§ 2 Basic Information of Sinopec Corp.

2.1 Basic Information of Sinopec Corp.

Stock name	SINOPEC CORP	SINOPEC CORP	SINOPEC CORP	中國石化
Stock code	386	SNP	SNP	600028
Place of listing	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
	Authorized Representatives		Secretary to the Board of Directors	Representative on Securities Matters
Name	Mr. Wang Tianpu	Mr. Chen Ge	Mr. Chen Ge	Mr. Huang Wensheng
Address	22 Chaoyanmen North Street, Chaoyang District, Beijing, the 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/media@sinopec.com			

2.2 Principal financial data and indicators

2.2.1 Financial data and indicators prepared in accordance with the China Accounting Standards for Business Enterprises (“ASBE”)

2.2.1.1 Principal Financial Data and Indicators

Items	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions	Changes from the end of last year (%)
Total assets	1,071,912	985,389	8.8
Total equity attributable to shareholders of the Company	454,883	421,127	8.0
Net assets per share attributable to shareholders of the Company (RMB)	5.247	4.857	8.0

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year
	2011 RMB millions	2010 RMB millions	(%)
Operating profit	56,237	53,463	5.2
Profit before taxation	56,755	53,812	5.5
Net profit attributable to shareholders of the Company	40,239	36,776	9.4
Net profit attributable to shareholders of the Company before extraordinary gain and loss	39,824	34,948	14.0
Basic earnings per share (RMB)	0.464	0.424	9.4
Basic earnings per share (before extraordinary gain and loss) (RMB)	0.459	0.403	14.0
Diluted earnings per share (RMB)	0.452	0.418	8.1
Net cash flow from operating activities	30,863	55,845	(44.7)
Net cash flow from operating activities per share (RMB)	0.356	0.644	(44.7)
Weighted average return on net assets (%)	9.10	9.26	(0.16)
			percentage point

2.2.1.2 Extraordinary items and corresponding amounts:

☒ applicable ☐ inapplicable

Items	Six-month period ended 30 June 2011 (Income)/expense RMB millions
Gain on disposal of non-current assets	(541)
Donations	20
Gain on holding and disposal of various investments	(62)
Other non-operating income and expenses, net	6
Subtotal	(577)
Tax effect	144
Total	(433)
Attributable to:	
Equity shareholders of the Company	(415)
Non-controlling interests	(18)

2.2.2 Financial information extracted from the financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”)

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year
	2011 RMB millions	2010 RMB millions	(%)
Operating profit	58,439	55,304	5.7
Profit attributable to equity shareholders of the Company	41,174	36,798	11.9
Return on capital employed (%) ^{Note}	6.58	6.51	0.07
			percentage points
Basic earnings per share (RMB)	0.475	0.424	11.9
Diluted earnings per share (RMB)	0.462	0.419	10.3
Net cash generated from operating activities	30,570	55,563	(45.0)
Net cash generated from operating activities per share (RMB)	0.353	0.641	(45.0)

Note: Return on capital employed = operating profit x (1 - income tax rate)/capital employed

Items	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions	Changes from the end of last year (%)
Total assets	1,082,367	995,822	8.7
Total equity attributable to equity shareholders of the Company	452,962	419,604	7.9
Net assets per share (RMB)	5.224	4.840	7.9

§ 3 Changes in share capital and shareholdings of the principal shareholders

3.1 Statement of changes in share capital

☐ applicable ☒ inapplicable

3.2 Top ten shareholders and shareholders of shares without selling restrictions

As at 30 June 2011, there were a total of 823,404 shareholders of Sinopec Corp., of which 816,457 were holders of A Shares and 6,947 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 (“Hong Kong Listing Rules”).

Top ten shareholders

Unit: 1,000 shares

Name of Shareholders	Nature of shareholders	As a percentage	Number of	Number of shares with selling restrictions	Number of shares pledged or lock-ups
		of total shares at the end of reporting period (%)	shares held at the end of reporting period		
China Petrochemical Corporation	A share	75.84	65,758,044	0	0
HKSCC (Nominees) Limited	H share	19.20	16,649,787	0	Unknown
Guotai Junan Securities Co., Ltd	A share	0.30	257,479	0	0
China Life-Dividend-Individual Dividend-005L-FH002 Shanghai	A share	0.20	176,120	0	0
PICC Life-Dividend-Individual Insurance Dividend	A share	0.14	118,054	0	0
Yinhua-Dow Jones 88 Selected Securities Inv. Fund	A share	0.06	55,325	0	0
Harvest Theme New Power Securities Inv. Fund	A share	0.05	46,801	0	0
SSE 50 ETF Open Index Securities Inv. Fund	A share	0.04	38,181	0	0
Huaan Hongli Securities Inv. Fund	A share	0.04	37,000	0	0
EFund 50 Index Securities Inv. Fund	A share	0.04	34,344	0	0

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

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

3.3 Changes in the controlling shareholders and the effective controllers in the reporting period

☐ applicable ☒ inapplicable

§ 4. Information about the directors, supervisors and senior management

4.1 The engagement or dismissal of Directors, Supervisors and Other Members of the Senior Management

☒ applicable ☐ inapplicable

Sinopec Corp. held its annual general meeting for 2010 on 13 May 2011, where Mr. Fu Chengyu was elected as the director of the fourth session of the Board of Directors, and was elected as the chairman of the Board of Directors of Sinopec Corp. at the Fourteenth meeting of the fourth session of the Board of Directors held on the same day.

4.2 Information about the changes in the shares held by the directors, supervisors and senior management

☐ applicable ☒ inapplicable

As at 30 June 2011, none of the directors, supervisors or senior management of Sinopec Corp. had any interest in any shares of Sinopec Corp.

During the reporting period, none of Sinopec Corp.'s directors, supervisors or senior management or any of their respective associates had any interests or short positions in any shares, debentures or related shares of Sinopec Corp. or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which were required to be notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the Securities and Futures Ordinance or which were required pursuant to section 352 of the Securities and Futures Ordinance to be entered in the register referred to therein, or which were required to be notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions Entered by Directors of Listed Companies as specified in the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules") (including those interests and short positions that are deemed to be such, or are regarded to be owned in accordance with the relative provisions under the Securities and Futures Ordinance).

§ 5. Business Review and Prospects and Management's Discussion and Analysis

5.1 Business Review

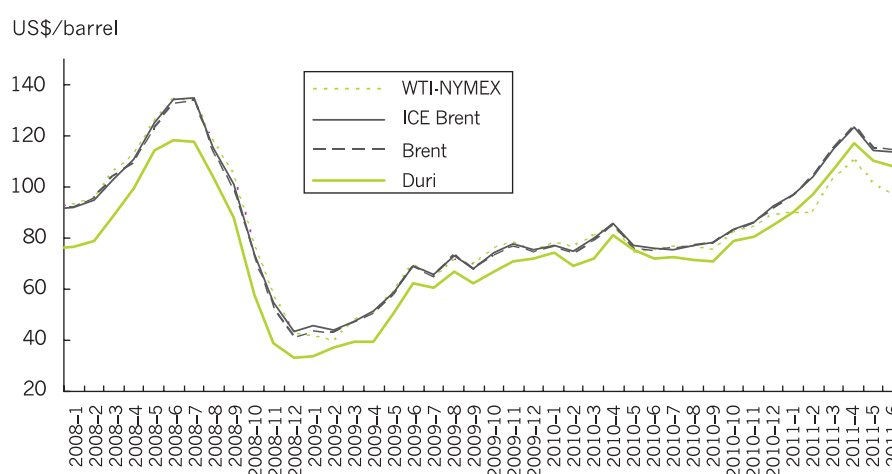
The Chinese government implemented a more active fiscal policy and a tighter monetary policy in the first half of 2011, with an aim to enhancing and improving its management of the macro economy. The Chinese economy has continued its steady and robust growth, with GDP increasing by 9.6% in the first half of the year. Domestic demand for refined oil and chemical products grew steadily, but at a slower rate. According to the Company's statistics, domestic apparent consumption of oil products (including gasoline, diesel and kerosene) increased by 7.2% in the first half of the year, and consumption of ethylene equivalents increased by 1.9%.

Sinopec Corp. achieved outstanding results in the first half of 2011. We took full advantage of the integration of our upstream, midstream and downstream businesses, made great efforts to ensure sufficient supply in the domestic oil products market, actively expanded our petrochemical markets, strengthened our leverage on the synergies among production, sales and research, optimised our product mix, satisfied the needs of our customers and expanded our scale of operations.

5.1.1 Production and Operations

(1) Exploration and Production Segment

The price of international crude oil rose sharply in the first half of 2011. The average Platts Global Brent spot price was US\$111.16 per barrel, a year-over-year increase of 43.9%. The trend in domestic crude oil prices was basically the same as in the international market.



Movement of International Crude Oil Price

Sinopec Corp. has achieved excellent results in applying new technologies for exploration and production, particularly in solving the challenges of seismic study in complex piedmont tectonic belt, in increasing the drilling speed and efficiency in key regions. We have also made significant progress in conducting staged fracturing tests for horizontal wells in tight sandstone reservoirs. We have successfully undertaken staged fracturing of horizontal wells in our Zhenjing oil field and the Daniudi gas field in Ordos Basin, with a significant increase in production.

In oil exploration, we have made discoveries in three new territories - new strata, new types and new areas - in our matured fields in eastern China, the Tuofutai area of the Tahe oil field in western China, and the northern margin of the Junggar Basin. In gas exploration, we made new discoveries in deep marine facies and middle and shallow strata of the Yuanba area in northeastern Sichuan and in the shallow strata of the western Sichuan Basin. In oil-field development and production, we have made advances in improving the reserve development ratio, oil recovery rate and unit well productivity.

Domestically, Sinopec Corp. produced 150 million barrels of crude oil in the first half of 2011, a year-over-year increase of 0.7%, and 253.85 billion cubic feet of natural gas, an increase of 26.6%. Overseas production of crude oil dropped sharply due to the overhaul of offshore production machinery in the Angola oil field.

Exploration and Production: Summary of Operations

	Six-month periods ended 30 June		Changes
	2011	2010	(%)
Crude oil production (mmbbls) ^{Note 1}	156.32	165.32	(5.4)
China	150.22	149.19	0.7
Africa	6.10	16.13	(62.2)
Natural gas production (bcf) ^{Note 2}	253.88	200.55	26.6
Oil and gas production (mmboe)	198.63	198.74	(0.1)

(2) Refining Segment

Throughout the first half of 2011, Sinopec Corp. maintained its refining operations at high utilization rate. We made great efforts to increase the production of refined oil products and ensured a stable supply to the market, and we implemented plans to revamp and expand our refineries in an effort to upgrade the quality of oil products to the Guo III Specification. By optimising the procurement and transportation of crude oil, we reduced the costs and improved our profitability. We also strengthened the marketing of products such as asphalt, LPG, petroleum coke and solvent oil. Refinery throughput was 109 million tonnes in the first half of the year, representing a year-over-year increase of 5.0%. Light yield and refining yield increased significantly compared with the same period of 2010.

Refining: Summary of Operations

	Six-month periods ended 30 June		Changes
	2011	2010	(%)
	(million tonnes)		
Refinery throughput	108.53	103.40	5.0
Gasoline, diesel and kerosene production	63.40	60.52	4.8
Gasoline	18.18	17.77	2.3
Diesel	38.44	36.72	4.7
Kerosene incl. jet fuel	6.77	6.03	12.3
Light chemical feedstock production	18.57	17.15	8.3
Light yield (%)	76.26	75.60	0.66
			Percentage points
Refining yield (%)	95.30	94.65	0.65
			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 Segment

In the first half of 2011, Sinopec Corp. strengthened the procurement and logistics of oil products to ensure the supply to the market. We also improved our service quality, strengthened quality management for outsourced oil products, We optimized our marketing structure by increasing our retail ratio. We proactively promote our non- fuel business. Total domestic sales of refined oil were 75.10 million tonnes over the period, an increase of 10.2% from the first half of 2010. Meanwhile, we made greater efforts in expanding our presence in the overseas market, and achieved significant increase in overseas oil product sales volume as compared with the same period of 2010.

Marketing and Distribution: Summary of Operations

	Six-month periods ended 30 June		Changes
	2011	2010	(%)
	(million tonnes)		
Total sales volume of oil products	80.42	71.59	12.3
Total domestic sales volume of oil products	75.10	68.15	10.2
Retail	50.20	41.70	20.4
Direct sales	15.89	15.70	1.2
Wholesales	9.01	10.75	(16.2)
Annualized average throughput per station			
(tonne/station)	3,341	2,841	17.6

	As at 30 June 2011	As at 31 December 2010	Increase/ decrease at the end of the reporting period over that of the last year (%)
Total numbers of domestic service stations	30,399	30,116	0.9
Company-operated	30,050	29,601	1.5
Franchised	349	515	(32.2)

(4) Chemicals Segment

In the first half of 2011, we have maintained safe and stable operations in our plants, and actively adjusted our product mix by increasing the proportion of high-end products such as special synthetic resins and differential fibers. We have also improved our service, established a system for high-efficiency production, sales, research and innovation, adjusted plant loads according to supply and demand, fine-tuned our marketing strategies and ensured maximum sales of all products based on market conditions. Production of ethylene was 5.015 million tonnes in the first half of 2011, increased by 19.3% year on year, and the total sales of chemical products were 25.10 million tonnes, increased 6.0% year on year.

Summary of Production of Major Chemical Products

Unit: 1,000 tonnes

	Six-month periods ended 30 June		Changes
	2011	2010	
	(Thousand tonnes)		(%)
Ethylene	5,015	4,202	19.3
Synthetic resin	6,834	6,088	12.3
Synthetic fibre monomer and polymer	4,744	4,275	11.0
Synthetic fibre	705	676	4.3
Synthetic rubber	526	485	8.5
Urea	413	932	(55.7)

Note: 100% production of joint ventures was included.

5.1.2 Safety, Energy Conservation and Emission Reduction

The Company had always regarded safety and environment protection as the top task while taking measures to ensure that HSE responsibility mechanism was fully practiced. In the first half of the year, safe and clean production was generally maintained. Over the years, the company has been actively promoting energy conservation and emission reduction, laying great emphasis on a green and low-carbon operation during energy exploration, production, processing and utilisation. Over the first half of this year, energy consumption per RMB10, 000 in output) dropped by 3.8%, and COD in discharged wasted water dropped by 9.2%, while SO₂ emission dropped by 10.0% year on year.

5.1.3 Capital Expenditures

The capital expenditure plan for the year of 2011 is RMB124.1 billion, and capital expenditures for the first half of the year were RMB33.567 billion in accordance with the progress of the projects. The exploration and production segment accounted for RMB17.406 billion, mainly for exploration and development of the Shengli Tanhai oil field, the Northeast Tahe oil field, natural gas exploration and development in northeastern Sichuan and the Shandong LNG project; the refining segment accounted for RMB3.656 billion, mainly for upgrading diesel quality, revamping refineries in the Beihai and Changling and building the Rizhao-Yizheng crude oil pipeline; the chemicals segment accounted for RMB2.12 billion, mainly for an 800,000 tonne ethylene plant in Wuhan and the revamping of production facilities in line with raw material shift in an MTO plant in Zhongyuan; and the marketing and distribution segment accounted for RMB9.523 billion, mainly for the construction of service stations, on highways, in key cities and new areas, oil depots and a refined oil product transfer network with 786 service stations built or acquired over the period. Capital expenditures by the corporate and others were RMB862 million. The whole year capital expenditure plan will not change.

5.2 Principal Operations categorised by business segments

The following table sets out the principal operations categorised by business segments and the details of the connected transactions, including income from principal operations and cost of sales for each business segment, extracted from the Company's financial statements prepared under ASBE:

Segment	Income from principal operations (RMB millions)	Cost of principal operations (RMB millions)	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	112,633	44,290	41.7	24.4	10.5	(1.4)
Refining	595,676	528,720	(0.5)	28.4	36.1	(3.3)
Marketing and Distribution	655,002	615,459	5.9	32.9	33.3	(0.3)
Chemicals	209,438	183,676	11.9	36.8	34.0	1.8
Corporate and others	572,997	570,861	0.4	36.6	36.8	0.0
Elimination of inter-segment sales	(912,474)	(913,131)	N/A	N/A	N/A	N/A
Total	1,233,272	1,029,875	8.9	31.5	35.0	(1.7)

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

5.3 Principal operations in different regions

☐ applicable ☒ inapplicable

5.4 Reasons of material changes in the principal operations and their structure

☐ applicable ☒ inapplicable

5.5 Reasons of changes in the profitability (gross profit) in the principal operations as compared to that in the preceding year

☐ applicable ☒ inapplicable

5.6 Reasons of changes in profit composition as compared to that in the preceding year

☒ applicable

☐ inapplicable

In the first half of 2011, influenced by many factors including geopolitical issues, international crude oil price increased significantly. Chinese economy realised relatively rapid growth. Demand for petroleum and petrochemical products increased steadily, and the price of crude oil, refined oil products and petrochemical products increased compared with the same period of last year. The Company took active measures to adjust the crude oil procurement strategies, optimized the production and operation, adhered to the structural adjustment, constantly improved marketing capabilities, laid great emphasis on the safety of production, energy conservation and took the full advantage of the business scale and synergies, all of which have contributed to good business results. In the first half of 2011, the Company's turnover and other operating revenues were RMB 1,233.3 billion, and the operating profit was RMB 58.4 billion, representing a year-on-year increase of 31.5% and 5.7%, respectively.

5.6.1 Turnover, other operating revenues and other income

In the first half of 2011, the Company's turnover was RMB 1,216.9 billion, representing an increase of 31.7% over the first half of 2010. This was mainly because the Company timely expanded sales volume by taking the advantage of the increase in the prices of crude oil, refined oil products and chemical products as compared with the same period of last year.

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 2011 compared to the first half of 2010:

	Sales Volume			Average realised price*		
	(thousand tonnes)			(RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods			Six-month periods		
	ended 30 June		Change	ended 30 June		Change
	2011	2010	(%)	2011	2010	(%)
Crude oil	2,386	2,636	(9.5)	4,600	3,428	34.2
Natural gas						
(million cubic meters)	5,936	4,138	43.5	1,268	1,027	23.5
Gasoline	23,705	21,215	11.7	8,236	7,205	14.3
Diesel	48,612	43,725	11.2	6,994	5,847	19.6
Kerosene	8,053	6,439	25.1	5,928	4,663	27.1
Basic chemical feedstock	9,937	8,253	20.4	6,959	5,533	25.8
Monomer and polymer						
for synthetic fibre	3,141	2,751	14.2	10,370	8,142	27.4
Synthetic resin	5,176	4,712	9.8	10,134	9,226	9.8
Synthetic fibre	764	728	4.9	13,995	11,171	25.3
Synthetic rubber	631	606	4.1	22,028	15,687	40.4
Chemical fertilizer	468	916	(48.9)	2,049	1,649	24.3

* Excluding value added tax.

Most of the crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production with the remaining sold to other customers. In the first half of 2011, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 21.7 billion, increased by 44.2% year on year, accounting for 1.8% of the Company's turnover and other operating revenues. The change was mainly due to the increase in the prices of crude oil and natural gas.

Petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold by the refining segment, marketing and distribution segment achieved an external sales revenue of RMB 746.3 billion, representing an increase of 31.6% over the same period of 2010 and accounting for 60.5% of the Company's turnover and other operating revenues. The increase was mainly due to the increase in sales volume and price of refined petroleum products. The sales revenue of gasoline, diesel and kerosene was RMB 582.9 billion, representing an increase of 32.9% over the same period in 2010, accounting for 78.1% of the sales revenue of petroleum products. Turnover of other refined petroleum products was RMB 163.4 billion, representing an increase of 27.2% compared with the first half of 2010, accounting for 21.9% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 183.0 billion, representing an increase of 36.5% over the same period of 2010, accounting for 14.8% of its turnover and other operating revenues. The increase was mainly due to the increase in sales volume and price of chemical products.

5.6.2 Operating expenses

In the first half of 2011, the Company's operating expenses were RMB 1,174.8 billion, representing an increase of 33.1% over the first half of 2010. The operating expenses mainly consisted of the following:

Crude oil procurement, products and operating supplies and expenses were RMB 1,001.4 billion in the first half of 2011, representing an increase of 36.4% over the same period of 2010, accounting for 85.2% of the total operating expenses, of which:

- Procurement cost of crude oil was RMB 406.0 billion, representing an increase of 38.0% over the same period of 2010. The total processed volume of crude oil purchased externally in the first half of 2011 was 82.45 million tonnes (excluding the volume processed for third parties) increased by 10.4% over the first half of 2010. The average unit processing cost of crude oil purchased externally was RMB 4,924 per tonne, increased by 25.0% over the first half of 2010.
- The Company's other procurement expenses were RMB 595.4 billion, representing an increase of 35.3% over the first half of 2010. This was mainly due to the increase of procurement cost for refined oil products, chemical feedstock and other products.

Selling, general and administrative expenses of the Company totaled RMB 26.3 billion, representing an increase of 14.7% over the first half of 2010. This was mainly due to the increase in sales expenses such as transportation fees, which is related to the expanded sales volume, as well as an increase in operating lease.

Depreciation, depletion and amortization expenses of the Company were RMB 30.5 billion, representing an increase of 4.2% compared with the first half of 2010. This was mainly due to newly accrued depreciation as a result of continuous investment in fixed assets.

Exploration expenses in the first half of 2011 were RMB 5.7 billion, representing a decrease of 1.7% compared with the same period last year.

Personnel expenses were RMB 18.1 billion, increased by RMB 3.1 billion year on year. Without taking account into the effect of more employment caused by business growth, and increasing of insurance payment base, it represents a 9.0% increase year on year.

Taxes other than income tax totaled RMB 93.3 billion, representing an increase of 23.7% compared with the first half of 2010. It was mainly due to an increase of RMB 8.8 billion in oil special income levy caused by the soaring crude oil price. Meanwhile, as a result of increased sales volume, the consumption tax, city construction tax and educational surcharge increased by RMB 8.4 billion on a year-on-year basis. Due to the reform of the resource tax in Xinjiang and 12 western provincial and municipal regions effective on 1 June and 1 December 2010 respectively, resource tax increased by RMB 0.7 billion year on year as a result of the increased crude oil price.

5.6.3 Operating profit

In the first half of 2011, the Company's operating profit was RMB58.4 billion, representing an increase of 5.7% over the same period of 2010.

5.6.4 Net finance costs

In the first half of 2011, the net finance costs is RMB 3.3 billion, representing a year-on-year decrease of 5.8%, mainly attributable to the exchange gains increased by 0.5 billion over the same period of 2010, as a result of increased overseas financing facilities denominated in US dollar at a low cost and the impact of RMB appreciation against US dollar.

5.6.5 Profit before tax

In the first half of 2011, the Company's profit before taxation amounted to RMB 58.0 billion, representing an increase of 7.8% compared with the same period of 2010.

5.6.6 Income tax expense

In the first half of 2011, the income tax expense of the Company totaled RMB 13.9 billion, with an increase of 1.4% over the same period of 2010.

5.6.7 Profit attributable to non-controlling interests

In the first half of 2011, profit attributable to non-controlling shareholders of the Company was RMB 3.0 billion, representing an increase of 1.0% over the same period of 2010.

5.6.8 Profit attributable to equity shareholders of the Company

In the first half of 2011, profit attributable to equity shareholders of the Company was RMB 41.2 billion, representing an increase of 11.9% over the same period of 2009.

5.7 Use of the proceeds from share issue

5.7.1 Use of the proceeds from share issue

☒ applicable ☐ inapplicable

						RMB million
Total proceeds	22,889.38*	Total proceed used in this reporting period				11,531
		Total cumulative use of proceed				11,531
Projects promised	Investment amount planned	Any change in projects	Actual proceed used	Returns accrued	Whether on schedule	Compliance with expected return
Wuhan 800,000 tpa ethylene project	11,289.38	No	4,792	—	Yes	—
Anqing refinery revamping project	3,000	No	1,039	—	Yes	—
Shijiazhuang refinery revamping project	3,200	No	729	—	Yes	—
Yulin-Jinan gas pipeline project	3,300	No	3,300	—	Yes	—
Rizhao-Yizheng crude oil pipeline and supporting projects	2,100	No	1,671	—	Yes	—
Total	22,889.38	—	11,531	—	—	—
Statements on the failure to realise planned schedule and expected return						No
Statements on the reasons and procedures of changes						No

* After deducting the issuance cost of RMB 110.62 million (including the commissions for book runners and other costs for the intermediary agencies).

5.7.2 Change of projects

☐ applicable ☒ inapplicable

5.8 Amendments to the operation plans of the second half year by the Board

☐ applicable ☒ inapplicable

5.9 Business prospects and operating plan for the second half year

In the second half of the year, uncertainty and instability of the global economic recovery will increase. In China, the government shall take multi-measures to curb inflation, and GDP growth should remain strong but may slow down slightly. We expect that international crude oil prices will fluctuate within a wider range and the domestic demand for refined oil and chemicals products will keep increasing.

In the second half of 2011, Sinopec Corp. will carefully plan its production in line with the market demand and strengthen safety production and thus endeavor to realise excellent operating results.

With respect to exploration and production, we will further expand our exploration of subtle oil and gas reservoirs and complex fault block oil reservoirs, and actively investigate new areas; accelerate the exploration of the Tazhong and Bachu areas in western China, develop the potential strategic blocks to replace the mature fields, accelerate the overall appraisal of the northern and western margin of the Junggar Basin and the southern areas of ordos we will integrate the exploration and development activities in natural gas blocks such as Yuanba, southeast Sichuan and Xinchang, and enhance appraisal efforts in block selection, and exploration of unconventional resources such as shale gas, coal-bed methane and shale oil. In development, Sinopec Corp. will accelerate building up production capacity in new areas and ensure stable production in matured fields. In natural gas development, we will advance the construction of key capacity-building projects in the Dawan block, the Daniudi gas field and southwest Sichuan, accelerate the development and application of process technology for horizontal well projects, and carry out the rolling development and evaluation of the Yuanba area and the construction of auxiliary surface projects. Production volumes in overseas oil fields will gradually recover. Sinopec Corp. plans to produce 165 million barrels of crude oil, including 153 mmbbls from China and 12.4 mmbbls from Africa, and 247.2 billion cubic feet of natural gas in the second half of the year.

With respect to refining, Sinopec Corp. will continue to maintain high utilisation, upgrade product quality and produce more clean fuel. We will further optimise our product mix by increasing the output of high-quality lubrication oil, asphalt and fuel oil; improve the procurement and transport of crude oil and take measures to reduce costs. Sinopec Corp. plans to process 114 million tonnes of crude oil in the second half of 2011.

With respect to marketing and distribution, Sinopec Corp. will further improve and expand its marketing network to increase its sales volume. We will develop more flexible marketing strategies, improve our marketing structure and service quality, strengthen quantity and quality control of refined oil products and intensify our brand marketing. Meanwhile, Sinopec Corp. will continue to develop its non-fuel businesses. We anticipate that the total domestic refined oil product sales volume will be 74.9 million tonnes in the second half of the year.

At the same time, with respect to chemicals, we will accelerate the optimisation of our product mix, increase the proportion of high-value-added products, manage supplies so that we can adjust our product mix and the mix of raw materials in a nimble manner, accelerate the construction of our logistics system, improve our marketing network, strengthen the relationship among production, marketing and research, improve marketing services and increase customer satisfaction. In the second half of the year, we are planning to produce 4.835 million tonnes of ethylene.

Mindful of the goal of building a first-class corporation in the world in the petroleum and petrochemical industry, Sinopec Corp. will spare no efforts in carrying out its strategies relating to resources, marketing, integration of business segments, internationalisation, differentiation and low-carbon development. In response to the developments of the domestic and international economic climate, we will continue to optimise our marketing strategies, reinforce production safety and strive to achieve our operational targets for 2011.

5.10 Caution and explanation as to the anticipated loss of accumulated net profits from the beginning of the year to the end of the next reporting period or significant changes over the same period of last year

☐ applicable ☒ inapplicable

5.11 Explanation of the management about the auditors' "non-standard opinion" for the reporting period

☐ applicable ☒ inapplicable

5.12 Explanation of the management about the subsequent changes and the follow up actions of the matters in connection with the auditors' "non-standard opinion" in the last financial year

☐ applicable ☒ inapplicable

§ 6 Significant events

6.1 Acquisition, sale of assets and assets reorganisation

6.1.1 Acquisition and purchase of assets

☐ applicable ☒ inapplicable

6.1.2 Disposition and sale of assets

☐ applicable ☒ inapplicable

6.1.3 Progress and impact on financial position and operating results of the relevant event after the issue of asset reorganisation report or announcement of acquisition and sale of assets

☐ applicable ☒ inapplicable

6.2 Material guarantee contracts and status of implementation

☒ applicable ☐ inapplicable

Unit: RMB millions

External guarantees provided by the Company (not including guarantees provided for its controlled subsidiaries)

Guarantee providaer	Relationship with the listed issuer	Name of guaranteed company	Amount	Date of occurrence (date of signing)	Period of guarantee	Type	Whether completed	Whether the guarantee is overdue	Theoverdue Amounts	Whether exists Counter- guaranteed	Whether for related party (yes or no) ^{Note 1}
Sinopec Corp.	Sinopec Corp. itself	Yueyang SINOPEC Shell Coal Gasification Corporation Ltd.	302	December 10, 2003	December 10, 2003 – December 10, 2017	joint obligations	No	No	No	No	No
Sinopec Corp.	Sinopec Corp. itself	Shanghai Gaoqiao-SK Solvent Co., Ltd.	21	September 22, 2006	September 22, 2006 – April 16, 2012	joint obligations	No	No	No	No	No
Sinopec Corp.	Sinopec Corp. itself	Fujian Refining and Petrochemical Co., Limited	4,383	September 6, 2007	September 6, 2007 – December 31, 2015	joint obligations	No	No	No	No	No
Sinopec Yangzi Petrochemical Co., Ltd.	wholly-owned subsidiary	Sinopec Corp. Yangzi BP Petrochemical Acetyl Co., Ltd	427			joint obligations	No	No	No	No	No
Sinopec Sales Co., Ltd.	wholly-owned subsidiary	Balance of Sinopec Corp. Sales Company Limited for its associates and joint ventures.	106			joint obligations	No	No	No	No	No
Total amount of guarantees provided during the reporting period ^{Note2}											0
Total amount of guarantees outstanding at the end of the reporting period ^{Note2} (A)											5,439

Guarantees provided by Sinopec Corp. for its controlled subsidiaries

Total amount of guarantees for the controlled subsidiaries during the reporting period	N/A
Total amount of guarantees for the controlled subsidiaries outstanding at the end of the reporting period (B)	N/A

Total amount of guarantees by the Company (including those provided for the controlling subsidiaries)

Total amount of guarantees ^{Note3} (A+B)	5,439
The proportion of the total amount of guarantees to Sinopec Corp.'s net assets	1.2
Amount of guarantees provided for shareholders, de facto controllers and related parties (C)	N/A
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to asset ratio of over 70%(D)	21
Amount of guarantees in excess of 50% of the total net assets (E)	N/A
Total amount of guarantees of the above three items ^{Note4} (C+D+E)	21
Statement of guarantee undue that might be involved in any joint and several liabilities	N/A
Statement of guarantee status	N/A

Note 1: As defined in Article 10.1.3 of the Listing Rules of Shanghai Stock Exchange.

Note 2: Total amount of guarantee provided during the reporting period and total amount of guarantees outstanding at the end of the reporting period include the guarantees provided by the controlled subsidiaries to external parties. The amount of guarantees assumed by Sinopec Corp. is the amount of the external guarantees provided by each controlling subsidiary multiplied by Sinopec Corp.'s respective shareholding in the controlled subsidiary.

Note 3: Total amount of guarantee is the aggregate of the amount of guarantee outstanding at the end of the reporting period (excluding the guarantees provided for controlling subsidiaries) and the amount of guarantees for controlling subsidiaries outstanding at the end of the reporting period.

Note 4: "Total amount of guarantee of three items aforesaid" is the aggregate of "amount of guarantee provided for shareholders, de facto controllers and connected parties", "amount of debt guarantees provided directly or indirectly to companies with liabilities to asset ratio of over 70%" and "the amount of guarantees in excess of 50% of net assets".

6.3 Credit and delet between connected parties

☒ applicable ☐ inapplicable

Unit: RMB millions

Connected Parties	Fund to Connected Parties		Fund from Connected Parties	
	Amount incurred	Balance	Amount incurred	Balance
China Petrochemical Corporation	267	787	(415)	7,830
Other connected parties	(1,112)	1,346	—	—
Total	(845)	2,133	(415)	7,830

6.4 Material litigation and arbitration

☐ applicable ☒ inapplicable

6.5 Explanations of other significant events, their impact and proposed solutions

6.5.1 The shares of other listed companies held by the Company and status of investments in shares and securities

Stock Code	Abbreviation	Number of shares held at the end of period	Amount of initial investment	Book value at the end of period	Book value at the beginning of period	Accounting items
384 (Hong Kong)	China Gas Holding	210 million shares	RMB 136,426,500.00	RMB 136,426,500.00	RMB 136,426,500.00	Long-term equity investment

6.5.2 Status of shares holding of institutions such as commercial banks, securities companies, insurance companies, trust companies or future companies etc.

☒ applicable ☐ inapplicable

Financial institutions	Initial investment (RMB 10,000)	Number of shares holding (RMB 10,000)	Proportion in total shares	Book value at the end of the period (RMB 10,000)	Profit/loss in the period	Change of shareholders' funds in the period	Accounting items	Shares origin
1 Beijing International Trust Co., Ltd	20,000	20,000	14.29%	20,000	0	0	Long-term equity investment	investment
2 Zhengzhou Commercial Bank Co., Ltd.	1,000	1,000	0.5%	1,000	0	0	Long-term equity investment	Debt to shares
Total 21,000	—	—	21,000	0	0	—	—	

6.5.3 Entrusted loans

To optimise the internal utilisation of available funds and lower the overall cost of capital, the 12th meeting of the fourth session of the board approved Sinopec Corp. of providing entrusted loan to Zhangjiang Dongxing and Hainan Refineries with no more than RMB 10 billion and loan rate no less than same-period commercial bank deposit rate. The entrusted loan is a connected transaction under chapter 14A of the Hong Kong Listing Rules.

Loan to	Amount (RMB billion)	Term from	Interest rate to
Zhanjiang Dongxing Petrochemical Co.	2	28 March 2011 28 March 2012	4.20%

6.5.4 Wuhan ethylene project

Wuhan ethylene project mainly consists of 800,000 tpa ethylene and downstream auxiliary facilities. Construction commenced in December 2007. It's expected to be completed in 2013.

6.5.5 Shandong LNG project

Shandong LNG project mainly consists of one wharf and one terminal with 3 million tpa capacity and auxiliary transportation pipelines. Construction commenced in September 2010. It's expected to be completed in 2013.

6.5.6 Issuance of RMB 23 billion convertible bonds

On 26 March 2010, the issuance of RMB23 billion A Share convertible bonds was approved at the Fifth Meeting of the Fourth Session of Board of Directors of Sinopec Corp. It's subsequently approved by the Annual General Meeting on 18 May 2010 and approved by China Securities Regulatory Commission on 29 December 2010. The bonds were issued at par value of RMB 100. The bonds were of six-year-term with annual interest rate of 0.5%, 0.7%, 1.0%, 1.3%, 1.8% and 2.0%. The initial conversion price was RMB 9.73 per share. The bonds were issued on 23 February 2011 and listed on Shanghai Stock Exchange on 7 March 2011. For further details, please refer to Sinopec Corp.'s announcements published in China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily in Mainland China on 28 February 2011 and 3 March 2011 respectively. The proceeds will be used in Wuhan ethylene, Anqing refinery revamping, Shijiazhuang, Yulin-Jinan Pipeline and Rizhao-Yizheng pipeline projects.

Replacement at the RMB9.141 billion invested in the above-mentioned projects before the end of February 2011 was approved at the 12th Meeting of the Fourth Session of the Board of Directors of Sinopec Corp. KPMG Huazhen has issued the verification report for the above paid-in capital, and Goldman Sachs Gaohua has issued the review opinions. In order to reduce the idle funds and bring the funds into full play, the idle proceeds from the issuance are approved by the Board of Directors to supplement temporarily the working capital for a period not exceeding 6 months, and with a total amount not exceeding 10% of the total proceeds. For details please refer to resolution announcements of the 12th Meeting of the Fourth Session of the Board of Directors of Sinopec Corp. published in China Securities Journal, Shanghai Securities News, Securities Times on 28 March 2011.

To improve the utilisation efficiency of the proceeds and increase the deposit yield, Sinopec Corp. signed "the three-party supervision supplementary agreement for the proceeds account" with the account bank and the sponsor. For the details, please refer to announcement published in China Securities Journal, Shanghai Securities News, and Securities Times on 20 May 2011.

6.5.7 Dividend distribution for the year ended 31 December 2010

As approved at the 2010 Annual General Meeting of Sinopec Corp., a final cash dividend of RMB 0.13 (inclusive of tax) per share for 2010 was distributed, which amounted to a total cash dividend of RMB 11.27 billion. On 30 June 2011, Sinopec Corp. distributed the final dividend for 2010 to shareholders whose names appeared on the register of members of Sinopec Corp. on 17 June 2011.

For the year of 2010, total cash dividend of RMB 0.21 (inclusive of tax) per share was distributed and the total cash dividend amounted to RMB 18.21 billion.

6.5.8 Interim dividend distribution plan for the six-month period ended 30 June 2011

According to the *Articles of Association*, the interim dividend distribution plan for the six-month period ended 30 June 2011 was approved at the 15th meeting of the Fourth Session of the Board of Directors. An interim cash dividend of RMB 0.10 (inclusive of tax) per share would be distributed based on the total number of shares as of 16 September 2011. The total cash dividend amounts to RMB 8.67 billion.

The interim dividend will be distributed on or before Wednesday, September 28, 2011 to the shareholders whose names appear on the register of members of Sinopec Corp. on Friday, 16 September 2011. 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, by no later than 4:30pm on Friday, 9 September 2011. The register of members of the H shares of Sinopec Corp. will be closed from Monday, 12 September 2011, to Friday, 16 September 2011 (both dates inclusive). As Sinopec Corp. will hold its extraordinary general meeting on 12 October 2011 (please refer to the notice of extraordinary general meeting dated 26 August 2011 for further details), the register of members of Sinopec Corp. will be closed from Saturday, 10 September 2011 to Wednesday, 12 October 2011 (both dates inclusive), overlapping with the above proposed book closure period. To avoid from any doubts, the register of members of Sinopec Corp. will be closed from Saturday, 10 September 2011 to Wednesday, 12 October 2011 (both dates inclusive).

Dividends for domestic shares will be paid in Renminbi and dividends for foreign shares will be paid in Hong Kong dollars. The exchange rate for dividends to be paid in Hong Kong dollars is the average of the basic exchange rate of Renminbi to Hong Kong dollar published by the People's Bank of China during the week prior to the date of declaration of dividends, being Friday, 26 August 2011.

For Individual H Shareholders who are Hong Kong and Macau residents and those whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 10%, Sinopec Corp. will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of less than 10%, Sinopec Corp. will withhold and pay individual income tax at the rate of 10% on behalf of the Individual H Shareholders. If relevant individual H Shareholders would like to apply for a refund of the additional amount of tax withheld and paid, Sinopec Corp. can assist the relevant shareholder to handle the application for the underlying preferential tax benefits pursuant to the tax treaties, provided that the relevant shareholder shall submit to the H share registrar of Sinopec Corp. the information required under the Tax Treaties Notice within the time period as specified below. Upon examination and approval by competent tax authorities, Sinopec Corp. will assist in refunding the additional amount of tax withheld and paid. For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual tax rate stipulated in the relevant tax treaty. For Individual H Shareholders whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of 20%, or a country which has not entered into any tax treaties with the PRC, or under any other circumstances, Sinopec Corp. will finally withhold and pay individual income tax at the rate of 20% on behalf of the Individual H shareholders.

The Company will determine the country of domicile of the Individual H Shareholders based on the registered address as recorded in the register of members of Sinopec Corp. (the “Registered Address”) after close of business on 9 September 2011. If the domicile of an Individual H Shareholder is not the same as the Registered Address or if the Individual H Shareholder would like to apply for a refund of the additional amount of tax finally withheld and paid, the Individual H Shareholder shall provide relevant supporting documents as required under the Tax Treaties Notice in person to the H share registrar of Sinopec Corp., Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong on or before 4:30p.m., 9 September 2011. Upon examination of the supporting documents by the relevant tax authorities, Sinopec Corp. will follow the guidance given by the tax authorities to implement relevant tax withholding provisions and arrangements. Individual H Shareholders may either personally or appoint a representative to attend to the procedures in accordance with the requirements under the Tax Treaties Notices if they do not provide the relevant supporting documents to Sinopec Corp. within the time period stated above.

7 Financial statements

7.1.1 Auditor's opinion

Financial statements ☐ Unaudited ☒ Audited
Auditor's opinion ☒ Standard unqualified opinion ☐ Not standard opinion

7.2 Financial statements

7.2.1 Financial statements prepared under ASBE

The Group and the Company's balance sheets

Units: RMB millions

Items	30 June 2011		31 December 2010	
	The Group	The Company	The Group	The Company
Currents assets:				
Cash at bank and on hand	14,186	7,787	18,140	11,882
Bills receivable	25,113	15,828	15,950	11,093
Accounts receivable	65,414	18,724	43,093	16,660
Other receivables	8,177	33,401	9,880	27,433
Prepayments	8,896	9,883	5,247	6,394
Inventories	207,962	137,969	156,546	103,170
Other current assets	1,783	351	594	507
Total current assets	331,531	223,943	249,450	177,139
Non-current assets:				
Long-term equity investments	45,706	99,904	45,037	111,354
Fixed assets	531,953	437,650	540,700	436,870
Construction in progress	101,299	93,129	89,599	76,830
Intangible assets	28,634	22,297	27,440	20,080
Goodwill	8,775	—	8,298	—
Long-term deferred expenses	7,764	6,928	7,560	6,058
Deferred tax assets	14,748	11,326	15,578	11,832
Other non-current assets	1,502	71	1,727	173
Total non-current assets	740,381	671,305	735,939	663,197
Total assets	1,071,912	895,248	985,389	840,336

Items	30 June 2011		31 December 2010	
	The Group	The Company	The Group	The Company
Current liabilities:				
Short-term loans	35,426	434	29,298	7,229
Bills payable	4,301	2,816	3,818	2,670
Accounts payable	171,059	108,940	132,528	87,244
Advances from customers	44,977	40,979	57,324	51,190
Employee benefits payable	11,238	10,279	7,444	7,037
Taxes payable	24,205	19,357	33,814	24,598
Other payables	55,426	74,018	54,871	73,825
Short-term debentures payable	5,000	5,000	1,000	—
Non-current liabilities due within one year	33,994	33,786	5,530	4,109
Total current liabilities	385,626	295,609	325,627	257,902
Non-current liabilities:				
Long-term loans	58,351	57,774	58,895	58,377
Debentures payable	105,096	105,096	115,180	115,180
Provisions	16,339	15,164	15,573	14,462
Deferred tax liabilities	15,266	7,806	15,017	7,951
Other non-current liabilities	2,619	848	2,415	1,045
Total non-current liabilities	197,671	186,688	207,080	197,015
Total liabilities	583,297	482,297	532,707	454,917
Shareholders' equity:				
Share capital	86,702	86,702	86,702	86,702
Capital reserve	33,203	41,577	29,414	37,922
Specific reserve	2,540	2,041	1,325	1,025
Surplus reserves	145,124	145,124	141,711	141,711
Retained profits	188,687	137,507	163,132	118,059
Foreign currency translation differences	(1,373)	—	(1,157)	—
Total equity attributable to shareholders of the Company	454,883	—	421,127	—
Minority interests	33,732	—	31,555	—
Total shareholders' equity	488,615	412,951	452,682	385,419
Total liabilities and shareholders' equity	1,071,912	895,248	985,389	840,336

The Group and the Company's income statements

Units: RMB millions

Items	For the Six-Month Periods Ended 30 June			
	2011		2010	
	The Group	The Company	The Group	The Company
Operating income	1,233,272	757,588	937,736	570,689
Less: Operating costs	1,029,875	601,876	762,661	437,872
Sales taxes and surcharges	93,285	74,333	75,410	60,162
Selling and distribution expenses	16,650	14,311	14,184	11,476
General and administrative expenses	28,502	23,943	24,348	20,332
Financial expenses	3,486	3,481	3,716	2,951
Exploration expenses, including dry holes	5,652	5,652	5,747	5,747
Impairment losses	2,712	2,197	741	713
Add: Gain from changes in fair value	305	245	540	221
Investment income	2,822	9,124	1,994	1,347
Operating profit	56,237	41,164	53,463	33,004
Add: Non-operating income	1,108	1,007	666	561
Less: Non-operating expenses	590	560	317	319
Profit before taxation	56,755	41,611	53,812	33,246
Less: Income tax expense	13,543	7,479	14,052	7,882
Net profit	43,212	34,132	39,760	25,364
Including: Net profit of acquiree before the consolidation	—	—	2,449	—
Attributable to:				
Equity shareholders of the Company	40,239	—	36,776	—
Minority interests	2,973	—	2,984	—
Basic earnings per share	0.464	—	0.424	—
Diluted earnings per share	0.452	—	0.418	—
Net profit	43,212	—	39,760	—
Other comprehensive income:				
Cash flow hedges	139	—	(20)	—
Available-for-sale financial assets	1	—	—	—
Share of other comprehensive income of associates	(63)	(63)	(481)	(481)
Foreign currency translation difference	(234)	—	(45)	—
Total other comprehensive income	(157)	(63)	(546)	(481)
Total comprehensive income	43,055	34,069	39,214	24,883
Attributable to:				
Equity shareholders of the Company	40,100	—	36,250	—
Minority interests	2,955	—	2,964	—

The Group and the Company's cash flow statements

Units: RMB millions

Items	For the Six-Month Periods Ended 30 June			
	2011	2010		
	The Group	The Company	The Group	The Company
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,393,347	863,953	1,066,647	653,029
Rentals received	202	202	162	70
Other cash received relating to operating activities	4,206	5,127	2,838	5,388
Sub-total of cash inflows	<u>1,397,755</u>	<u>869,282</u>	<u>1,069,647</u>	<u>658,487</u>
Cash paid for goods and services	(1,187,767)	(703,351)	(871,041)	(510,250)
Cash paid for operating leases	(6,341)	(5,339)	(6,027)	(4,927)
Cash paid to and for employees	(12,800)	(9,853)	(10,849)	(8,636)
Value added tax paid	(36,810)	(30,117)	(29,105)	(22,384)
Income tax paid	(20,000)	(12,680)	(10,535)	(6,066)
Taxes paid other than value added tax and income tax	(94,874)	(73,800)	(78,487)	(62,394)
Other cash paid relating to operating activities	(8,300)	(7,947)	(7,758)	(10,650)
Sub-total of cash outflows	<u>(1,366,892)</u>	<u>(843,087)</u>	<u>(1,013,802)</u>	<u>(625,307)</u>
Net cash flow from operating activities	<u>30,863</u>	<u>26,195</u>	<u>55,845</u>	<u>33,180</u>
Cash flows from investing activities:				
Cash received from disposal of investments	2,482	1,754	733	22
Dividends received	1,997	1,285	874	633
Net cash received from disposal of fixed assets and intangible assets	168	130	13,082	13,043
Cash received on maturity of time deposits with financial institutions	707	—	1,356	23
Cash received from derivative financial instruments	3,329	—	1,140	—
Other cash received relating to investing activities	541	195	162	91
Sub-total of cash inflows	<u>9,224</u>	<u>3,364</u>	<u>17,347</u>	<u>13,812</u>

Units: RMB millions

Items	For the Six-Month Periods Ended 30 June			
	2011		2010	
	The Group	The Company	The Group	The Company
Cash paid for acquisition of fixed assets and intangible assets	(53,782)	(37,846)	(49,625)	(42,604)
Cash paid for acquisition of investments	(2,692)	(1,813)	(4,300)	(6,712)
Cash paid for acquisition of time deposits with financial institutions	(5,045)	(3,830)	(1,603)	—
Cash paid for derivative financial instruments	(3,028)	—	(1,611)	—
Sub-total of cash outflows	(64,547)	(43,489)	(57,139)	(49,316)
Net cash flow from investing activities	(55,323)	(40,125)	(39,792)	(35,504)
Cash flows from financing activities:				
Cash received from borrowings	277,196	38,904	411,657	253,768
Proceeds of issuance of 2011 Convertible Bonds, net of issuing expenses	22,889	22,889	—	—
Cash received from issuance of corporate bonds	5,000	5,000	21,000	20,000
Cash received from issuance of shares	—	—	2	2
Cash received from contribution from minority shareholders of subsidiaries	22	—	47	—
Sub-total of cash inflows	305,107	66,793	432,706	273,770
Cash repayments of borrowings	(272,658)	(46,659)	(427,944)	(252,511)
Cash repayments of corporate bonds	(1,036)	(36)	(1,000)	—
Cash paid for dividends, profits distribution or interest	(14,848)	(14,093)	(12,940)	(12,077)
Dividends paid to minority shareholders of subsidiaries	(420)	—	(379)	—
Cash paid for acquisition of minority interests from subsidiaries, net	(15)	—	—	—
Sub-total of cash outflows	(288,977)	(60,788)	(442,263)	(264,588)
Net cash flow from financing activities	16,130	6,005	(9,557)	9,182
Effects of changes in foreign exchange rate	38	—	(34)	—
Net (decrease)/increase in cash and cash equivalents	(8,292)	(7,925)	6,462	6,858

The Group and the Company's statements of changes in equity

The Group

					Total shareholders' equity				
	Share capital	Capital reserve	Specific reserve	Surplus reserves	Foreign currency Retained profits	translation differences	attributable to equity the Company	Total shareholders' interests	shareholders' equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	millions	millions	millions	millions	millions	millions	millions	millions	millions
Balance at 1 January 2010	86,702	38,202	—	115,031	140,596	(70)	380,461	26,087	406,548
Change for the period									
1. Net profit	—	—	—	—	36,776	—	36,776	2,984	39,760
2. Other comprehensive income:									
- Cash flow hedges	—	(20)	—	—	—	—	(20)	—	(20)
- Share of other comprehensive income of associates	—	(481)	—	—	—	—	(481)	—	(481)
- Foreign currency translation differences	—	—	—	—	—	(25)	(25)	(20)	(45)
Total other comprehensive income	—	(501)	—	—	—	(25)	(526)	(20)	(546)
Total comprehensive income	—	(501)	—	—	36,776	(25)	36,250	2,964	39,214
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
- Distributions to shareholders	—	—	—	—	(9,537)	—	(9,537)	—	(9,537)
4. Warrants exercised	—	2	—	—	—	—	2	—	2
5. Distributions to minority interests, net of contributions	—	—	—	—	—	—	—	(332)	(332)
6. Distribution to Sinopec Group Company	—	(18)	—	—	—	—	(18)	—	(18)
7. Net increase in specific reserve for the period	—	—	373	—	—	—	373	—	373
Total transactions with owners	—	(16)	373	—	(9,537)	—	(9,180)	(332)	(9,512)
Balance at 30 June 2010	86,702	37,685	373	115,031	167,835	(95)	407,531	28,719	436,250

	Total shareholders' equity								
	Share capital	Capital reserve	Specific reserve	Surplus reserves	Retained profits	Foreign currency translation differences	attributable to equity shareholders of the Company	Total minority interests	shareholders' equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	millions	millions	millions	millions	millions	millions	millions	millions	millions
Balance at 1 January 2011	86,702	29,414	1,325	141,711	163,132	(1,157)	421,127	31,555	452,682
Change for the period									
1. Net profit	—	—	—	—	40,239	—	40,239	2,973	43,212
2. Other comprehensive income:									
- Cash flow hedges	—	139	—	—	—	—	139	—	139
- Available-for-sale financial assets	—	1	—	—	—	—	1	—	1
- Share of other comprehensive income of associates	—	(63)	—	—	—	—	(63)	—	(63)
- Foreign currency translation differences	—	—	—	—	—	(216)	(216)	(18)	(234)
Total other comprehensive income	—	77	—	—	—	(216)	(139)	(18)	(157)
Total comprehensive income	—	77	—	—	40,239	(216)	40,100	2,955	43,055
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
- Appropriation for surplus Reserves	—	—	—	3,413	(3,413)	—	—	—	—
- Distributions to shareholders	—	—	—	—	(11,271)	—	(11,271)	—	(11,271)
4. Issuance of the 2011 Convertible Bonds	—	3,610	—	—	—	—	3,610	—	3,610
5. Acquisition of minority interests	—	(16)	—	—	—	—	(16)	(4)	(20)
6. Distributions to minority interests, net of contributions	—	—	—	—	—	—	—	(814)	(814)
7. Net increase in specific reserve for the period	—	—	1,215	—	—	—	1,215	40	1,255
8. Government grants	—	118	—	—	—	—	118	—	118
Total transactions with owners	—	3,712	1,215	3,413	(14,684)	—	(6,344)	(778)	(7,122)
Balance at 30 June 2011	86,702	33,203	2,540	145,124	188,687	(1,373)	454,883	33,732	488,615

The Group and the Company's statements of changes in equity

The Company

	Share capital	Capital reserve	Specific reserve	Surplus reserves	Retained profits	Total shareholders' equity
	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions	RMB millions
Balance at 1 January 2010	86,702	38,234	—	115,031	94,414	334,381
Change for the period						
1. Net profit	—	—	—	—	25,364	25,364
2. Other comprehensive income						
- Share of other comprehensive income of associates	—	(481)	—	—	—	(481)
Total other comprehensive income	—	(481)	—	—	—	(481)
Total comprehensive income	—	(481)	—	—	25,364	24,883
Transactions with owners, recorded directly in shareholders' equity:						
3. Appropriations of profits:						
- Distributions to shareholders	—	—	—	—	(9,537)	(9,537)
4. Warrants exercised	—	2	—	—	—	2
5. Distributions to Sinopec Group Company	—	(18)	—	—	—	(18)
6. Net increase in specific reserve for the period	—	—	234	—	—	234
Total transactions with owners	—	(16)	234	—	(9,537)	(9,319)
Balance at 30 June 2010	86,702	37,737	234	115,031	110,241	349,945

	Share capital RMB millions	Capital reserve RMB millions	Specific reserve RMB millions	Surplus reserves RMB millions	Retained profits RMB millions	Total shareholders' equity RMB millions
Balance at 1 January 2011	86,702	37,922	1,025	141,711	118,059	385,419
Change for the period						
1. Net profit	—	—	—	—	34,132	34,132
2. Other comprehensive income						
- Share of other comprehensive income of associates	—	(63)	—	—	—	(63)
Total other comprehensive income	—	(63)	—	—	—	(63)
Total comprehensive income	—	(63)	—	—	34,132	34,069
Transactions with owners, recorded directly in shareholders' equity:						
3. Appropriations of profits:						
- Appropriation for surplus reserves	—	—	—	3,413	(3,413)	—
- Distributions to shareholders	—	—	—	—	(11,271)	(11,271)
4. Issuance of the 2011 Convertible Bonds	—	3,610	—	—	—	3,610
5. Net increase in specific reserve for the period	—	—	1,016	—	—	1,016
6. Government grants	—	108	—	—	—	108
Total transactions with owners	—	3,718	1,016	3,413	(14,684)	(6,537)
Balance at 30 June 2011	86,702	41,577	2,041	145,124	137,507	412,951

7.2.2 Financial statements prepared under IFRS

CONSOLIDATED INCOME STATEMENT

Units: RMB millions, except for per share data

Items	Six-month periods ended 30 June	
	2011	2010
Turnover and other operating revenues		
Turnover	1,216,941	924,336
Other operating revenues	16,331	13,400
	<u>1,233,272</u>	<u>937,736</u>
Operating expenses		
Purchases crude oil, products and operating supplies and expenses	(1,001,431)	(734,277)
Selling, general and administrative expenses	(26,281)	(22,907)
Depreciation, depletion and amortisation	(30,510)	(29,288)
Exploration expenses, including dry holes	(5,652)	(5,747)
Personnel expenses	(18,094)	(15,037)
Taxes other than income tax	(93,285)	(75,410)
Other operating income, net	420	234
	<u>(1,174,833)</u>	<u>(882,432)</u>
Operating profit	<u>58,439</u>	<u>55,304</u>
Finance costs		
Interest expense	(4,587)	(3,983)
Interest income	541	162
Unrealised gain on embedded derivative component of the Convertible Bonds	190	218
Foreign currency exchange losses	(207)	(198)
Foreign currency exchange gains	767	303
	<u>(3,296)</u>	<u>(3,498)</u>
Net finance costs	<u>(3,296)</u>	<u>(3,498)</u>
Investment income	<u>102</u>	<u>93</u>
Share of profits less losses from associates and jointly controlled entities	<u>2,804</u>	<u>1,940</u>

Items	Six-month periods ended 30 June	
	2011	2010
Profit before taxation	58,049	53,839
Tax expense	(13,857)	(14,052)
Profit for the period	<u>44,192</u>	<u>39,787</u>
Attributable to:		
Equity shareholders of the Company	41,174	36,798
Non-controlling interests	3,018	2,989
Profit for the period	<u>44,192</u>	<u>39,787</u>
Earnings per share		
Basic	<u>0.475</u>	<u>0.424</u>
Diluted	<u>0.462</u>	<u>0.419</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unit: RMB millions

Items	Six-month periods ended 30 June	
	2011	2010
Profit for the period	44,192	39,787
Other comprehensive income for the period (after tax and reclassification adjustments)		
Cash flow hedge	139	(20)
Available-for-sale securities	1	—
Share of other comprehensive income of associates	(63)	(481)
Foreign currency translation differences	(234)	(45)
Total other comprehensive income	(157)	(546)
Total comprehensive income for the period	44,035	39,241
Attributable to:		
Equity shareholders of the Company	41,035	36,272
Non-controlling interests	3,000	2,969
Total comprehensive income for the period	44,035	39,241

CONSOLIDATED BALANCE SHEET

Units: RMB millions

Items	30 June 2011	31 December 2010
Non-current assets		
Property, plant and equipment, net	531,953	540,700
Construction in progress	101,299	89,599
Goodwill	8,775	8,298
Interest in associates	23,592	22,815
Interest in jointly controlled entities	20,368	20,199
Investments	2,299	2,075
Deferred tax assets	14,088	15,232
Lease prepayments	21,523	20,325
Long-term prepayments and other assets	15,824	16,350
Total non-current assets	739,721	735,593
	-----	-----
Current assets		
Cash and cash equivalents	8,716	17,008
Time deposits with financial institutions	5,470	1,132
Trade accounts receivable, net	65,414	43,093
Bills receivable	25,113	15,950
Inventories	207,962	156,546
Prepaid expenses and other current assets	29,971	26,500
Total current assets	342,646	260,229
	-----	-----

Items	30 June 2011	31 December 2010
Current liabilities		
Short-term debts	56,642	17,019
Loans from Sinopec Group Company and fellow subsidiaries	17,778	18,809
Trade accounts payable	171,059	132,528
Bills payable	4,301	3,818
Accrued expenses and other payables	143,719	153,478
Income tax payable	3,242	10,754
Total current liabilities	<u>396,741</u>	<u>336,406</u>
Net current liabilities	<u>(54,095)</u>	<u>(76,177)</u>
Total assets less current liabilities	<u>685,626</u>	<u>659,416</u>
Non-current liabilities		
Long-term debts	125,220	136,465
Loans from Sinopec Group Company and fellow subsidiaries	38,227	37,610
Deferred tax liabilities	15,266	15,017
Provisions	16,339	15,573
Other liabilities	3,998	3,715
Total non-current liabilities	<u>199,050</u>	<u>208,380</u>
Equity		
Share capital	86,702	86,702
Reserves	366,260	332,902
Total equity attributable to equity shareholders of the Company	<u>452,962</u>	<u>419,604</u>
Non-controlling interests	<u>33,614</u>	<u>31,432</u>
Total equity	<u>486,576</u>	<u>451,036</u>

7.2.3 Differences between financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS

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

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Net profit under ASBE	43,212	39,760
Adjustments:		
Government grants	39	27
Safety production fund	941	—
Profit for the period under IFRS	<u>44,192</u>	<u>39,787</u>

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

	At 30	At 31
	June	December
	2011	2010
	RMB	RMB
	millions	millions
Shareholders' equity under ASBE	488,615	452,682
Adjustments:		
Government grants	(1,379)	(1,300)
Safety production fund	(660)	(346)
Total equity under IFRS	<u>486,576</u>	<u>451,036</u>

7.3 Changes in accounting policies

√ Applicable

☐ Not applicable

The IASB has issued a number of amendments to International IFRS and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following development is relevant to the Group's financial statements:

- IAS 24 (revised 2009), Related party disclosures
- Improvements to IFRS (2010)

IAS 24 (revised 2009) "Related party disclosures" simplifies the definition of "related party" and removes inconsistencies, which emphasises a symmetrical view of related party transactions. The revised standard also provides limited relief from disclosure of information by government-related entities in respect of transactions with the government to which the Group is related, or transactions with other entities related to the same government. The amendments to IAS 24 have had no material impact on the Group's interim financial statements.

In the Improvements to IFRS (2010) omnibus standard, the IASB extended the scope of paragraph D8 of IFRS 1, First time adoption of IFRS, for the use of the deemed cost exemption for an event-driven fair value. Under the amended standard, an entity is permitted to take as deemed cost the fair value of some or all of its assets and liabilities, when these fair values were determined under previous GAAP at one particular date because of a specific event which occurred during the period covered by its first financial statements prepared under IFRS. Previously, IFRS 1 only permitted such valuations to be used as deemed cost if the event occurred before the date of the entity's transition to IFRS (being the start of the earliest comparative period included in the first set of IFRS financial statements).

The Group's first financial statements prepared under IFRS were for the three year ended 31 December 1999 and for the six-month period ended 30 June 2000, with the start of the earliest comparative period being 1 January 1997. During that period and pursuant to applicable laws and regulations of the PRC, the Group's financial statements prepared under Accounting Standards for Business Enterprises and other relevant rules and regulations (collectively "PRC GAAP") included leasehold land use rights at deemed cost based on the valuation performed by independent valuers as at 30 September 1999. As these valuations were performed as of a date later than the date of transition to IFRS, the Group was not permitted to adopt these valuations as deemed cost for the purposes of its IFRS financial statements and instead adopted the IFRS policy that leasehold land use rights were measured at historical cost and therefore, the related revaluation gains arising from the revaluation in 1999 as mentioned above were not recognised. The Group has chosen to

adopt the amendments to IFRS 1 by making retrospective adjustments in order to eliminate the aforementioned differences between the Group's financial statements under IFRS and those under PRC GAAP. Specifically, the Group has retrospectively adjusted the amounts reported for previous periods in its IFRS financial statements to reflect the recognition of the leasehold land use rights at their deemed cost based on the valuation performed by the independent valuers as at 30 September 1999, with consequential adjustments for amortisation charged in subsequent periods.

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

7.5 Notes on the financial statements prepared under IFRS

7.5.1 Turnover

Turnover represents revenue from the sales of crude oil, natural gas, petroleum and chemical products, net of value-added tax.

7.5.2 Tax expense

Tax expense in the consolidated income statement represents:

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Current tax		
- Provision for the period	11,922	9,698
- Under-provision in prior years	405	544
Deferred taxation	1,530	3,810
	<u>13,857</u>	<u>14,052</u>

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

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	Millions	millions
Profit before taxation	58,049	53,839
Expected PRC income tax expense at a statutory tax rate of 25%	14,512	13,460
Tax effect of preferential tax rate ⁽ⁱ⁾	(791)	(906)
Effect of income taxes from foreign operations in excess of taxes at the PRC statutory tax rate ⁽ⁱ⁾	796	1,658
Tax effect of non-deductible expenses	105	89
Tax effect of non-taxable income	(937)	(599)
Tax effect of previously unrecognised tax losses and temporary differences	(327)	(285)
Tax effect of tax losses not recognised	94	91
Under-provision in prior years	405	544
Actual income tax expense	13,857	14,052

Note:

- (i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group in the PRC that are taxed at preferential rates, and the foreign operation in the Republic of Angola (“Angola”) that is taxed at 50% of the assessable income as determined in accordance with the relevant income tax rules and regulations of Angola.

7.5.3 Basic and diluted earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 41,174 million (2010: RMB 36,798 million) and the weighted average number of shares of 86,702,527,774 (2010: 86,702,497,689) during the period.

The calculation of diluted earnings per share for the six-month period ended 30 June 2011 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 41,315 million (2010: RMB 36,758 million) and the weighted average number of shares of 89,377,634,787 (2010: 87,789,858,284) calculated as follows:

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

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Profit attributable to ordinary equity shareholders of the Company	41,174	36,798
After tax effect of interest expense (net of exchange gain) of the 2007 Convertible Bonds and the 2011 Convertible Bonds	283	123
After tax effect of unrealised gain on embedded derivative component of the 2007 Convertible Bonds	(142)	(163)
Profit attributable to ordinary equity shareholders of the Company (diluted)	<u>41,315</u>	<u>36,758</u>

(ii) Weighted average number of shares (diluted)

	Six-month periods ended 30 June	
	2011	2010
	Number of shares	Number of shares
Weighted average number of shares at 30 June	86,702,527,774	86,702,497,689
Effect of conversion of the 2007 Convertible Bonds	1,083,780,669	1,087,360,595
Effect of conversion of the 2011 Convertible Bonds	<u>1,591,326,344</u>	<u>—</u>
Weighted average number of shares (diluted) at 30 June	<u>89,377,634,787</u>	<u>87,789,858,284</u>

7.5.4 Dividends

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

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Interim dividends declared after the balance sheet date of RMB 0.10 per share (2010: RMB 0.08 per share)	<u>8,670</u>	<u>6,936</u>

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 26 August 2011, the directors authorised to declare the interim dividends for the year ending 31 December 2011 of RMB 0.10 (2010: RMB 0.08) per share totalling RMB 8,670 million (2010: RMB 6,936 million). Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

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

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Final dividends in respect of the previous financial year, approved and paid during the period of RMB 0.13 per share (2010: RMB 0.11 per share)	<u>11,271</u>	<u>9,537</u>

Pursuant to the shareholders' approval at the Annual General Meeting on 13 May 2011, a final dividend of RMB 0.13 per share totalling RMB 11,271 million in respect of the year ended 31 December 2010 was declared.

Pursuant to the shareholders' approval at the Annual General Meeting on 18 May 2010, a final dividend of RMB 0.11 per share totalling RMB 9,537 million in respect of the year ended 31 December 2009 was declared.

7.5.5 Trade accounts receivable, net and bills receivable

	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions
Amounts due from third parties	53,192	33,681
Amounts due from Sinopec Group Company and fellow subsidiaries	6,331	1,848
Amounts due from associates and jointly controlled entities	7,168	8,886
	66,691	44,415
Less: Impairment losses for bad and doubtful debts	(1,277)	(1,322)
	65,414	43,093
Trade accounts receivable, net	65,414	43,093
Bills receivable	25,113	15,950
	90,527	59,043

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

	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions
Within one year	90,434	58,987
Between one and two years	62	36
Between two and three years	23	11
Over three years	8	9
	90,527	59,043

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

	2011	2010
	RMB	RMB
	millions	millions
Balance at 1 January	1,322	1,921
Impairment losses recognised for the period	3	15
Reversal of impairment losses	(25)	(26)
Written off	(23)	(3)
Balance at 30 June	<u>1,277</u>	<u>1,907</u>

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

Trade accounts and bills receivables (net of impairment losses for bad and doubtful debts) primarily represent receivables that are neither past due nor impaired. These receivables relate to a wide range of customers for whom there is no recent history of default.

7.5.6 Trade accounts and bills payables

	At 30	At 31
	June	December
	2011	2010
	RMB	RMB
	millions	millions
Amounts due to third parties	157,478	120,224
Amounts due to Sinopec Group Company and fellow subsidiaries	9,418	6,613
Amounts due to associates and jointly controlled entities	4,163	5,691
	171,059	132,528
Bills payable	4,301	3,818
Trade account and bills payables measured at amortised cost	<u>175,360</u>	<u>136,346</u>

The maturities of trade accounts and bills payables are as follows:

	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions
Due within 1 month or on demand	140,432	97,358
Due after 1 month but within 6 months	34,734	38,864
Due after 6 months	194	124
	<u>175,360</u>	<u>136,346</u>

7.5.7 Segment reporting

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

	Six-month periods ended 30 June 2011 RMB millions	2010 RMB millions
Turnover		
Exploration and production		
External sales	21,667	15,030
Inter-segment sales	84,281	69,500
	<u>105,948</u>	<u>84,530</u>
Refining		
External sales	96,314	77,530
Inter-segment sales	496,319	383,925
	<u>592,633</u>	<u>461,455</u>
Marketing and distribution		
External sales	649,997	489,432
Inter-segment sales	2,058	1,483
	<u>652,055</u>	<u>490,915</u>

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Chemicals		
External sales	182,994	134,083
Inter-segment sales	23,315	16,375
	<u>206,309</u>	<u>150,458</u>
Corporate and others		
External sales	265,969	208,261
Inter-segment sales	306,501	210,767
	<u>572,470</u>	<u>419,028</u>
Elimination of inter-segment sales	<u>(912,474)</u>	<u>(682,050)</u>
Turnover	<u>1,216,941</u>	<u>924,336</u>
Other operating revenues		
Exploration and production	6,685	5,995
Refining	3,043	2,408
Marketing and distribution	2,947	1,871
Chemicals	3,129	2,599
Corporate and others	527	527
Other operating revenues	<u>16,331</u>	<u>13,400</u>
Turnover and other operating revenues	<u>1,233,272</u>	<u>937,736</u>

	Six-month periods ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Result		
Operating profit / (loss)		
By segment		
– Exploration and production	34,651	27,533
– Refining	(12,169)	5,743
– Marketing and distribution	19,598	14,450
– Chemicals	16,344	8,339
– Corporate and others	(642)	(694)
– Elimination	657	(67)
Total segment operating profit	<u>58,439</u>	<u>55,304</u>
Share of profits less losses from associates and jointly controlled entities		
– Exploration and production	128	82
– Refining	(194)	(92)
– Marketing and distribution	640	354
– Chemicals	1,869	1,317
– Corporate and others	361	279
Aggregate share of profits less losses from associates and jointly controlled entities	<u>2,804</u>	<u>1,940</u>
Investment income/(loss)		
– Refining	3	17
– Marketing and distribution	90	(21)
– Chemicals	10	13
– Corporate and others	(1)	84
Aggregate investment income	<u>102</u>	<u>93</u>
Net finance costs	<u>(3,296)</u>	<u>(3,498)</u>
Profit before taxation	<u>58,049</u>	<u>53,839</u>

	At 30 June 2011 RMB millions	At 31 December 2010 RMB millions
Assets		
Segment assets		
– Exploration and production	306,681	305,413
– Refining	259,996	231,106
– Marketing and distribution	212,716	190,368
– Chemicals	133,679	126,356
– Corporate and others	94,257	60,897
Total segment assets	1,007,329	914,140
Interest in associates and jointly controlled entities	43,960	43,014
Investments	2,299	2,075
Deferred tax assets	14,088	15,232
Cash and cash equivalents and time deposits with financial institutions	14,186	18,140
Other unallocated assets	505	3,221
Total assets	<u>1,082,367</u>	<u>995,822</u>
Liabilities		
Segment liabilities		
– Exploration and production	68,046	65,067
– Refining	51,882	51,554
– Marketing and distribution	67,185	76,981
– Chemicals	27,221	33,836
– Corporate and others	119,201	75,832
Total segment liabilities	333,535	303,270
Short-term debts	56,642	17,019
Income tax payable	3,242	10,754
Long-term debts	125,220	136,465
Loans from Sinopec Group Company and fellow subsidiaries	56,005	56,419
Deferred tax liabilities	15,266	15,017
Other unallocated liabilities	5,881	5,842
Total liabilities	<u>595,791</u>	<u>544,786</u>

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

	Six-month periods	
	ended 30 June	
	2011	2010
	RMB	RMB
	millions	millions
Capital expenditure		
Exploration and production	17,406	16,734
Refining	3,656	4,875
Marketing and distribution	9,523	7,659
Chemicals	2,120	6,543
Corporate and others	862	371
	<u>33,567</u>	<u>36,182</u>
Depreciation, depletion and amortisation		
Exploration and production	16,399	15,847
Refining	5,733	5,604
Marketing and distribution	3,498	3,106
Chemicals	4,286	4,259
Corporate and others	594	472
	<u>30,510</u>	<u>29,288</u>
Impairment losses on long-lived assets		
Exploration and production	—	131
Refining	43	115
Marketing and distribution	32	35
Chemicals	89	138
	<u>164</u>	<u>419</u>

7.6 In the reporting period, there was no significant change to the scope of consolidation of the financial statements.

§ 8 Repurchase, Sales and Redemption of Shares

Save as the disclosures above, Sinopec Corp. or any of its subsidiaries had not repurchased, sold or redeemed any listed securities of Sinopec Corp. or its subsidiaries during the reporting period.

§ 9 Application of the Model Code

In this reporting period, no director has infringed the requirements set out under the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules.

§ 10 Corporate Governance Practices

Sinopec Corp. has complied with the code provisions of the Code on Corporate Governance Practice contained in Appendix 14 to the Hong Kong Listing Rules.

§ 11 Review of Financial Results

The financial results for the six months ended 30 June 2011 have been reviewed with no disagreement by the Audit Committee of Sinopec Corp.

§ 12 The interim report containing all the information required by paragraphs 46(1) to (9) of Appendix 16 to the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange in due course.

This announcement is published in both English and Chinese languages. The Chinese version shall prevail.

By Order of the Board
Fu Chengyu
Chairman

Beijing, the PRC, 26 August 2011

As of the date of this announcement, directors of Sinopec Corp. are: Fu Chengyu, Wang Tianpu#, Zhang Yaocang*, Zhang Jianhua#, Wang Zhigang#, Cai Xiyu#, Cao Yaofeng*, Li Chunguang*, Dai Houliang#, Liu Yun*, Ma Weihua+, Wu Xiaogen+, Li Deshui+, Xie Zhongyu+ and Chen Xiaojin+.*

Executive Director

** Non-executive Director*

+ Independent Non-executive Director