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: 0386)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014

1 Important Notice

1.1 This announcement is a summary of the 2014 Interim Report of Sinopec Corp.. The entire report is also contained in the website of the Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") (www.hkex.com.hk) and Sinopec Corp. (www.sinopec.com). The investors should read the 2014 interim report for more details.

1.2 The interim financial statements for the six-month period ended 30 June 2014 (the "reporting period") of Sinopec Corp. and its subsidiaries ("the Company"), prepared in accordance with the Accounting Standards for Business Enterprises ("ASBE") of the PRC, and International Financial Reporting Standards ("IFRS"), have been audited by PricewaterhouseCoopers Zhong Tian LLP and PricewaterhouseCoopers Certified Public Accountants respectively, and both firms have issued standard unqualified opinions on the interim financial statements contained in this announcement.

1.3 Basic Information of Sinopec Corp.

Stock name	**SINOPEC CORP**	**—**	**—**	**中国石化**
Stock code	0386	SNP	SNP	600028
Stock Exchange	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
	Authorised Representatives		**Secretary to the Board**	**Representative on Securities Matters**
Name	Mr. Li Chunguang	Mr. Huang Wensheng	Mr. Huang Wensheng	Mr. Zheng Baomin
Address	22 Chaoyanmen North Street, Chaoyang District, Beijing, PRC			
Tel	86-10-59960028	86-10-59960028	86-10-59960028	86-10-59960028
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E-mail	ir@sinopec.com			

2 Principal Financial Data and Indicators

2.1 Principal Financial Data and Indicators Prepared in Accordance with China Accounting Standards for Business Enterprises ("ASBE")

Items	**As at 30 June 2014 RMB million**	**As at 31 December 2013 RMB million**	**Changes from the end of the preceding year to the end of the reporting period %**
Total assets	1,429,543	1,382,916	3.4
Total equity attributable to equity shareholders of the Company	587,604	570,346	3.0

Items	**Six-month periods ended 30 June**		**Changes over the same period of the preceding year**
	2014 RMB million	**2013 RMB million**	**%**
Net cash flow from operating activities	58,214	32,903	76.9
Operating income	1,356,172	1,415,244	(4.2)
Net profit attributable to equity shareholders of the Company	31,430	29,417	6.8
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	31,354	29,196	7.4
Weighted average return on net assets (%)	5.37	5.49	(0.12) percentage points
Basic earnings per share (RMB)	0.269	0.254	5.9
Diluted earnings per share (RMB)	0.268	0.239	12.1

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

Items	Six-month periods ended 30 June 2014 RMB million	Six-month periods ended 30 June 2013 RMB million	Changes over the same period of the preceding year %
Operating profit	52,268	46,741	11.8
Net profit attributable to owners of the Company	32,543	30,281	7.5
Basic earnings per share (RMB)	0.279	0.262	6.5
Diluted earnings per share (RMB)	0.277	0.246	12.6
Net cash generated from operating activities	58,214	32,903	76.9

Items	As at 30 June 2014 RMB million	As at 31 December 2013 RMB million	Changes from the end of the preceding year to the end of the reporting period %
Total assets	1,429,543	1,382,916	3.4
Total equity attributable to owners of the Company	586,110	568,803	3.0

3 Number of Shareholders and Shareholdings of Principal Shareholders

As at 30 June 2014, there were a total of 649,389 shareholders of Sinopec Corp., of which 642,938 were holders of A shares and 6,451 were holders of H shares. The public float of Sinopec Corp. satisfied the minimum requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

3.1 Top ten shareholders **Unit: shares**

Name of Shareholders	Nature of shareholders	Percentage of shareholdings %	Total number of shares held	Changes of shareholdings[1]	Number of shares subject to pledged or lock-ups
China Petrochemical Corporation	A share	73.39	85,720,671,101	57,722,243	0
HKSCC (Nominees) Limited[2]	H share	21.72	25,369,358,290	(2,822,769)	Unknown
國泰君安證券股份有限公司[3]	A share	0.29	339,562,035	1,183,700	0
中證證券金融股份有限公司[4]	A share	0.25	290,856,856	49	0
卡塔爾控股有限責任公司－自有資金	A share	0.08	89,996,185	0	0
南方東英資產管理有限公司－南方富時中國A50ETF	A share	0.07	78,069,572	16,174,464	0
全國社保基金一零六組合	A share	0.07	77,407,334	(8,600,814)	0
中國工商銀行－中銀持續增長股票型證券投資基金	A share	0.05	53,229,285	53,229,285	0
中國工商銀行－上證50交易型開放式指數證券投資基金	A share	0.04	52,447,594	(752,229)	0
全國社保基金一一零組合	A share	0.04	49,204,181	5,199,980	0

Note:

1 As compared with the number of shares as at 31 December 2013.

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

3 At the end of the reporting period, 國泰君安證券股份有限公司 holds shares of Sinopec Corp. through self-run security account, security lending special account and refinancing guarantee account.

4 At the end of the reporting period, 中國證券金融股份有限公司 holds shares of Sinopec Corp. through self-run security account.

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

Sinopec Corp. is not aware of any connection or acting-in-concert among or between the top ten shareholders.

3.2 Information disclosed by H share shareholders in accordance with the Securities and Futures Ordinance as at 30 June 2014

Name of shareholders	Status of shareholders	Number of shares with interests held or regarded as being held	As a percentage of total interests (H share) of Sinopec Corp. (%)
JPMorgan Chase & Co.	Beneficial owner	326,271,617(L)	1.28
		135,539,967(S)	0.53
	Investment manager	814,121,897(L)	3.19
	Trustee (other than a bare trustee)	40,300(L)	0.00
	Custodian corporation/Approved lending agent	1,652,201,240(P)	6.47
Blackrock, Inc.	Interests of corporation controlled	1,896,689,730(L)	7.43
	by the substantial shareholder	25,825,600(S)	0.10
Schroders Plc	Investment manager	1,526,664,922(L)	5.98

Note: (L): Long position, (S): Short position, (P) Lending pool

3.3 Changes in the Controlling Shareholders and the de facto Controller

There was no change in the controlling shareholder or the de facto controller in the reporting period.

4 Directors, Supervisors and Senior Management

Equity Interests of Directors, Supervisors and Other Senior Management

As at 30 June 3014, other than the 13,000 A shares of Sinopec Corp. held by vice president Mr. Ling Yiqun, none of the directors, supervisors and other senior management of Sinopec Corp. has held any shares of Sinopec Corp.

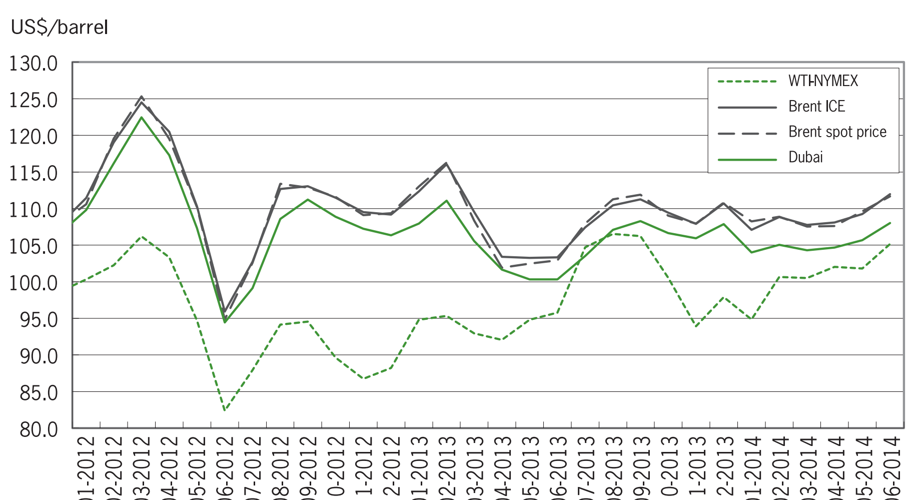
Save as disclosed above, the directors, supervisors and other senior management of Sinopec Corp. and their associates did not hold shares, bonds or any interest or short position (including any interest or short position in shares that is regarded or treated as being held in accordance with the Securities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

5 Business Review and Management's Discussion and Analysis

5.1 Business Review

In the first half of 2014, global economic growth slowed down. China's economy maintained its moderate growth, with GDP up 7.4%. Domestic consumption of oil products (including gasoline, diesel and kerosene) grew by 3.6%, with strong increase in gasoline and kerosene consumption but decline in diesel consumption over the same period in 2013. Domestic consumption of ethylene equivalent grew by 6.5%.

In the first half of 2014, international crude oil price fluctuated at high level. The average spot price of Platts Brent in the period was USD 108.93 per barrel, up 1.3% year on year. The domestic crude oil price followed the international trend, and domestic gasoline and diesel prices were adjusted 9 times with 5 times up and 4 times down. The increase in both imports of low-priced chemicals and newly added domestic production capacity posed great challenges to domestic producers in the first half of the year, with chemical prices dropping continuously, and margins decreasing.



Movement of International Crude Oil Prices

5.1.1 PRODUCTION AND OPERATIONS

(1) Exploration and Production

In the first half of 2014, as a result of initiatives in five key areas in China, we continued to grow in oil and gas exploration and development. In exploration, we made further discoveries in west Sichuan, with a number of discoveries in the west rim of the Zhungar Basin, the Qintong sag of Jiangsu Province and North Erdos. In development, we strengthened our efforts in progressive exploration and reservoir characterisation, implemented a number of projects to build oil and gas production capacity, actively carried out gas production capacity building projects in Yuanba, middle-shallow layer of west Sichuan and Daniudi. We sustained rapid growth in conventional gas production. In unconventional resource development, we maintained our fast-track momentum in construction of shale gas capacity in Fuling of Sichuan Basin. By the end of June, average daily shale gas production hit 3.2 million cubic meters. The Company completed the overseas upstream assets acquisition from China Petrochemical Corporation at the end of 2013, significantly increasing our crude oil production.

In the first half of 2014, our oil and gas production was 237.01 million barrels of oil equivalent, up 8% from the same period in 2013, of which crude oil output was 177.88 million barrels, representing an increase of 7.52% from the same period last year, and natural gas output was 354.8 billion cubic feet, an increase of 9.46%.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		**Changes**
	2014	**2013**	**(%)**
Oil and gas production (mmboe)	237.01	219.46	8.00
Crude oil production (mmbbls)	177.88	165.44	7.52
China	154.15	153.66	0.32
Overseas	23.73	11.78	101.44
Natural gas production (bcf)	354.80	324.14	9.46

1: For domestic production of crude oil, 1 tonne = 7.1 barrels; for overseas production, 1 tonne = 7.21 barrels.

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

(2) Refining

In the first half of 2014, we adjusted the refinery products mix according to the changes in domestic demand, optimised resource allocation, reduced procurement costs of crude oil, strengthened coordination of production and marketing, increased production and export of gasoline, jet fuel and other high-value-added products. We actively promoted the quality upgrading of our oil products and increased the output of diesel of GB IV standard significantly. We took advantage of specialised marketing of oil products and increased the sales of LPG, asphalt and petroleum wax. In the first half of 2014, we processed 116 million tonnes of crude oil, up by 0.32% compared with the first half of 2013, and increased oil product output by 2.68%, in which gasoline up by 9.63%, kerosene up by 19.74% and light yield up by 0.63 percentage points.

Refining: Summary of Operations

	Six-month period ended 30 June		Changes
	2014	**2013**	**(%)**
Refinery throughput (million tonnes)	115.81	115.44	0.32
Gasoline, diesel and kerosene production (million tonnes)	71.62	69.75	2.68
Gasoline (million tonnes)	24.94	22.75	9.63
Diesel (million tonnes)	36.67	38.64	(5.10)
Kerosene (million tonnes)	10.01	8.36	19.74
Light chemical feedstock production (million tonnes)	19.96	18.82	6.06
Light yield (%)	76.83	76.20	0.63 percentage points
Refining yield (%)	94.63	94.61	0.02 percentage points

Note: 1. Refinery throughput is converted at 1 tonne = 7.35 barrels.

2. 100% production of joint ventures was included.

(3) Marketing and Distribution

In the first half of 2014, we expedited the restructuring and reform of our marketing business. We established Sinopec Marketing Company Ltd. and completed the auditing and evaluation of its assets, laid the foundation for marketing business reform. We established Sinopec Easy Joy Sales Co., Ltd. as another big step towards the specialised development of our non-fuel business. In light of sufficient market supply and fierce competition, we focused on resource allocation and optimised our marketing strategies to concentrate on premium products. We focused on customer base and retail market, raising comprehensive services of Sinopec retail stations and maximised the scale of our retail business. With our refueling card online-store and self-service apps and device put into operation, we improved the customer experience to provide one-stop customer service. In the first half of 2014, the total sales volume of oil products grew by 0.2% to 88.26 million tonnes, of which domestic sales were 81.04 million tonnes, up 0.4% from the previous year. Retail volume increased by 1.9% to 56.55 million tonnes. Sales from our non-fuel business reached RMB 7.19 billion, an increase of 10% from the same period in 2013.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Change
	2014	**2013**	**(%)**
Total sales volume of oil products (million tonnes)	88.26	88.05	0.2
Total domestic sales volume of oil products (million tonnes)	81.04	80.75	0.4
Retail (million tonnes)	56.55	55.52	1.9
Direct sales and Wholesale (million tonnes)	24.49	25.23	(2.9)
Annualised average throughput per station (tonne/station)	3,712	3,620	2.5

	As of 30 June 2014	**As of 31 December 2013**	**Change from the end of last year (%)**
Total number of Sinopec-branded service stations	30,467	30,536	(0.23)
Company-operated	30,454	30,523	(0.23)

(4) Chemicals

In the first half of 2014, facing oversupply in the market, high and volatile feedstock costs and continued drop in chemical prices, we adjusted our feedstock and product mix and facilities configuration, processing more low-cost light feedstock into high-value-added products and strengthening research, development, production and marketing of new products; we optimised the facilities utilisation rate, integrated production with marketing and research, and shut down of non profitable units. We strengthened our supply-chain management to ensure stable production and sales. In the first half of 2014, ethylene production reached 5.084 million tonnes, up 5.0% from the same period in the previous year, and chemical sales volume was 29.2 million tonnes, up 4.1%.

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

	Six-month period ended 30 June		**Changes**
	2014	**2013**	**(%)**
Ethylene	5,084	4,841	5.0
Synthetic resin	6,965	6,730	3.5
Synthetic fiber monomer and polymer	4,105	4,539	(9.6)
Synthetic fiber	646	699	(7.6)
Synthetic rubber	483	457	5.7

Note: Includes 100% of production of joint ventures.

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

We improved and strictly implemented our Safe Production Accountability System, implemented the OSHA standard, and initiated safety inspections throughout the Company to identify potential risks and emergency response team building. As a result, we maintained safe production in general.

The Company increased its efforts in environmental protection, energy conservation, emission reduction and green and low-carbon growth, and we initiated energy performance contracting and an energy management system. Our Clean Water and Blue Sky campaign is well underway, and proposed a program of Double the Energy Efficiency. In the first half of 2014, our COD in discharged wastewater fell by 3.84%, and SO2 emission fell by 4.73%, comprehensive energy intensity slightly increased by 1.83%.

5.1.3 Capital Expenditures

Focusing on investment quality and returns, we made progress in a number of key projects. Total capital expenditure in the first half of 2014 was RMB 39.186 billion. Exploration and Production Segment recorded an expenditure of RMB 20.743 billion, mainly for oil and gas production capacity building, including Shengli oil field, Tahe oil field, Yuanba and Daniudi gas fields; Fuling shale gas field, and the South Yanchuan Coal-bed-methane project; Shandong and Guangxi LNG projects and natural gas pipeline projects, and overseas upstream projects etc. Refining Segment had capital expenditure of RMB 6.592 billion, mainly for completion of revamping projects in Shijiazhuang, Yangzi, Tahe and Jiujiang refinery and for quality upgrading of oil products. Chemicals Segment had expenditures of RMB 4.67 billion, mainly for acquisition of equity interests in Ningdong coal chemical project, investment in ZhongAn coal-chemical project, as well as product mix adjustment and basic chemical projects including Qilu acrylonitrile and Maoming polypropylene projects. Marketing and Distribution Segment had expenditures of RMB 5.83 billion, mainly for building and revamping service stations and for construction of oil product pipelines and depots. We added 261 new service stations in the first half of 2014. Corporate and Others had expenditures of RMB 1.351 billion, mainly for R&D facilities and IT projects.

5.2 Management's Discussion and Analysis

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

In the first half of 2014, China's economy maintained its moderate growth while the growth rate of domestic demand for oil products slowed, with petrochemical product prices declining in the face of severe market competition. The Company's turnover and other operating revenues were RMB 1,356.2 billion, representing a decline of 4.2% from the same period last year, and operating profit was RMB 52.3 billion, representing a year-on-year increase of 11.8%, mainly contributed by refining and marketing businesses.

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

	Six-month periods ended 30 June		
	2014	**2013**	**Change**
	RMB million	**RMB million**	**(%)**
Turnover and other operating revenues	**1,356,172**	**1,415,244**	**(4.2)**
Turnover	1,338,164	1,395,934	(4.1)
Other operating revenues	18,008	19,310	(6.7)
Operating expenses	**(1,303,904)**	**(1,368,503)**	**(4.7)**
Purchased crude oil, products, and operating supplies and expenses	(1,099,789)	(1,170,856)	(6.1)
Selling, general and administrative expenses	(33,735)	(31,991)	5.5
Depreciation, depletion and amortisation	(43,233)	(38,969)	10.9
Exploration expenses (including dry holes)	(5,552)	(7,644)	(27.4)
Personnel expenses	(26,754)	(24,843)	7.7
Taxes other than income tax	(93,767)	(94,451)	(0.7)
Other operating (expense)/income (net)	(1,074)	251	—
Operating profit	**52,268**	**46,741**	**11.8**
Net finance costs	(8,761)	(2,531)	246.1
Investment income and share of profit from associates and joint ventures	2,252	924	143.7
Profit before taxation	**45,759**	**45,134**	**1.4**
Tax expense	(11,908)	(12,727)	(6.4)
Profit for the period	**33,851**	**32,407**	**4.5**
Attributable to:			
Owners of the Company	32,543	30,281	7.5
Non-controlling interests	1,308	2,126	(38.5)

5.2.1 Turnover and other operating revenues

In the first half of 2014, the Company's turnover was RMB 1,338.2 billion, representing a decrease of 4.1% over the first half of 2013.

The following table sets forth the external sales volume, average realised prices and respective change rates of the Company's major products in the first half of 2014 as compared with the first half of 2013.

	Sales Volume (1,000 tonnes)			Average realised price (VAT excluded) (RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods ended 30 June		Change	Six-month periods ended 30 June		Change
	2014	2013	(%)	2014	2013	(%)
Crude oil	4,450	3,384	31.5	4,195	4,333	(3.2)
Domestic	4,366	3,384	29.0	4,185	4,333	(3.4)
Oversea	84	—	—	4,691	—	—
Natural gas (million cubic meters)	8,288	7,645	8.4	1,515	1,289	17.5
Gasoline	31,583	29,188	8.2	8,583	8,450	1.6
Diesel	46,956	48,698	(3.6)	6,979	7,031	(0.7)
Kerosene	9,787	9,707	0.8	6,012	6,195	(3.0)
Basic chemical feedstock	13,083	12,261	6.7	6,418	6,981	(8.1)
Synthetic fibre monomer and polymer	3,249	3,368	(3.5)	7,355	8,359	(12.0)
Synthetic resin	5,501	5,106	7.7	9,854	9,319	5.7
Synthetic fibre	709	730	(2.9)	9,508	10,592	(10.2)
Synthetic rubber	615	642	(4.2)	10,485	13,626	(23.1)
Chemical fertiliser	334	514	(35.0)	1,652	1,826	(9.5)

Most of the crude oil and a small portion of natural gas produced by the Company were used internally for refining and chemical production with the remainder sold to external customers. In the first half of 2014, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB 34.7 billion, increasing by 24.1% year on year, accounting for 2.6% of the Company's turnover and other operating revenues. The change was mainly due to both the growth of sales volume of crude oil and gas, and the increased natural gas prices compared with the same period in 2013.

Petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold by Refining Segment and Marketing and Distribution Segment achieved external sales revenues of RMB 809.4 billion, representing a decrease of 1.3% over the same period of 2013 and accounting for 59.7% of the Company's turnover and other operating revenues. This was mainly due to the decreased sales volume and price of diesel, fuel oil and other refined oil products. The sales revenue of gasoline, diesel and kerosene was RMB 657.6 billion, representing an increase of 1.3% over the same period in 2013, accounting for 81.2% of the sales revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 151.8 billion, representing a decline of 11.2% compared with the first half of 2013, accounting for 18.8% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 177.2 billion, representing a decrease of 1.7% over the same period of 2013, accounting for 13.1% of its turnover and other operating revenues. This was mainly due to the decreased sales volume and price of chemical products except synthetic resin.

5.2.2 Operating expenses

In the first half of 2014, the Company's operating expenses were RMB 1,303.9 billion, representing a decrease of 4.7% over the first half of 2013. The operating expenses mainly consist of the following:

Purchased crude oil, products, and operating supplies and expenses were RMB 1,099.8 billion in the first half of 2014, representing a decrease of 6.1% over the same period of 2013, accounting for 84.3% of the total operating expenses, of which:

- Crude oil purchasing expenses were RMB 424.9 billion as compared with RMB 436.6 billion during the same period of last year, representing a decrease of 2.7%. Total processed volume of crude oil purchased externally in the first half of 2014 was 86.72 million tonnes (excluding the volume processed for third parties), decreased by 1.5% over the first half of 2013. The average unit processing cost of crude oil purchased externally was RMB 4,899 per tonne, decreased by 1.3% over the first half of 2013.

- Other purchasing expenses were RMB 674.9 billion as compared with RMB 734.2 billion during the same period of last year, down by 8.1% year on year, mainly due to the slowdown of market demand growth and the reduction in the Company's crude oil and oil products trading volume.

Selling, general and administrative expenses of the Company totaled RMB 33.7 billion, representing an increase of 5.5% over the first half of 2014. This was mainly due to an increase in agency fees and labor costs.

Depreciation, depletion and amortisation expenses of the Company were RMB 43.2 billion, representing an increase of 10.9% compared with the first half of 2013. This was mainly due to the increase of continuous investments in fixed assets.

Exploration expenses in the first half of 2014 were RMB 5.6 billion, representing a decrease of 27.4% compared with the same period in 2013. This was mainly because the Company has optimised its exploration investment plan.

Personnel expenses were RMB 26.8 billion, representing an increase by 7.7 % compared with the corresponding period in 2013. This was mainly due to the increase of payroll cost in the labor market and payment to social securities fund.

Taxes other than income tax totaled RMB 93.8 billion, representing a decrease of 0.7% compared with the first half of 2013. It was mainly due to the decreases of special income levy and the consumption tax as a result of lower crude oil price realisation and self-produced diesel sales volume decline.

5.2.3 Operating profit

In the first half of 2014, the Company's operating profit was RMB 52.3 billion, representing an increase of 11.8% over the same period in 2013.

5.2.4 Net finance costs

In the first half of 2014, the Company's net finance costs were RMB 8.8 billion, representing a year-on-year increase of 246.1%, among which, losses from fair market value changes of convertible bonds issued by the Company were RMB 2.2 billion as compared with a gain of RMB 0.8 billion over the same period of last year; losses from foreign exchanges were RMB 1.3 billion as compared with a gain of RMB 1.3 billion over the same period of last year, mainly due to the rapid depreciation Renminbi against US dollar in the first quarter of this year; and interest expenses were RMB 5.3 billion, up RMB 0.7 billion from the same period last year.

5.2.5 Profit before taxation

In the first half of 2014, the Company's profit before taxation amounted to RMB 45.8 billion, representing an increase of 1.4% compared with the same period of 2013.

5.2.6 Tax expense

In the first half of 2014, income tax expense of the Company totaled RMB 11.9 billion, down by 6.4% from the same period last year, mainly due to a decline in profits from the Angola project over the same period of 2013.

5.2.7 Profit attributable to non-controlling interests of the Company

In the first half of 2014, profit attributable to non-controlling shareholders was RMB 1.3 billion, a decline of 38.5% over the same period of 2013, mainly due to the decreased profit from certain consolidated subsidiaries.

5.2.8 Profit attributable to Owners of the Company

In the first half of 2014, profit attributable to equity shareholders of the Company was RMB 32.5 billion, representing an increase of 7.5 % over the same period of 2013.

5.2.9 Assets, liabilities, equity and cash flows

(1) Assets, liabilities and equity

	At 30 June 2014 RMB million	At 31 December 2013 RMB million	Amount of changes RMB million
Total assets	1,429,543	1,382,916	46,627
Current assets	420,728	373,010	47,718
Non-current assets	1,008,815	1,009,906	(1,091)
Total liabilities	788,000	761,290	26,710
Current liabilities	604,951	571,822	33,129
Non-current liabilities	183,049	189,468	(6,419)
Total equity attributable to equity shareholders of the company	586,110	568,803	17,307
Share capital	116,795	116,565	230
Reserves	469,315	452,238	17,077
Non-controlling Interests	55,433	52,823	2,610
Total equity	641,543	621,626	19,917

As at 30 June 2014, the Company's total assets were RMB 1,429.5 billion, representing an increase of RMB 46.6 billion compared with that at the end of 2013, of which:

- Current assets increased by RMB 47.7 billion from the end of 2013 to RMB 420.7 billion, mainly attributable to the increase in the accounts receivable of RMB 28.2 billion and inventories of RMB 22.4 billion compared with that at the end of 2013.

- Non-current assets were RMB 1,008.8 billion, a decrease of RMB 1.1 billion over the end of 2013.

On 30 June 2014 total liabilities of the Company were RMB 788 billion, an increase by RMB 26.7 billion from the end of 2013, of which:

- Current liabilities increased by RMB 33.1 billion from the end of 2013 to RMB 605 billion, mainly attributable to an increase in short-term loans to cover matured debt and working capital.

- Non-current liabilities decreased by RMB 6.4 billion from the end of 2013 to RMB 183 billion, mainly due to a decrease of RMB 9.4 billion in debentures payable.

As at 30 June 2014, total equity attributable to equity shareholders of the Company was RMB 586.1 billion, representing an increase of RMB 17.3 billion compared with that at the end of 2013, mainly due to an increase in net profit in the first half of 2014.

(2) Cash Flow

The following table sets forth the major items on the consolidated cash flow statements for the first half of 2014 and 2013.

Units: RMB million

Major items of cash flows	Six-month periods ended 30 June 2014 RMB million	2013 RMB million	Amount of Changes RMB million
Net cash generated from operating activities	58,214	32,903	25,311
Net cash used in investing activities	(62,653)	(67,022)	4,369
Net cash generated from financing activities	2,531	34,654	(32,123)
Net (decrease)/increase in cash and cash equivalents	(1,908)	535	(2,443)

In the first half of 2014, net cash generated from operating activities was RMB 58.2 billion, representing an increase of RMB 25.3 billion in cash inflow over the first half of 2013. This was mainly attributable to an increase in EBITDA and a decrease in working capital taken-up over the same period of 2013.

In the first half of 2014, net cash used in investing activities was RMB 62.7 billion, representing a decrease of RMB 4.4 billion in cash outflow compared with the same period last year, mainly due to the company's strict control over payments for investment.

In the first half of 2014, net cash generated from financing activities was RMB 2.5 billion, representing a decrease of RMB 32.1 billion in cash inflow from the same period last, mainly attributable to an increase in net cash generated from operating activities, a decrease in investment expenditure and a significant decline in financing demand.

As of 30 June 2014, the Company's cash and cash equivalents were RMB 13.2 billion, a decrease of RMB 1.9 billion from as of 31 December 2013.

5.3 Results of the principal operations by segments

Segment	Operating income (RMB million)	Operating cost (RMB million)	Gross profit Margin* (%)	Change in operation income on a year-on-year	Change in operating cost on a year-on-year basis (%)	Change in gross profit margin on a year-on-year basis (%)
Exploration and Production	113,827	53,393	37.6	(2.9)	3.1	(2.9)
Refining	651,969	558,668	2.9	1.2	(0.2)	1.5
Marketing and Distribution	726,927	681,514	6.1	(0.8)	(1.5)	0.6
Chemicals	213,392	207,750	2.4	0.9	2.1	(1.2)
Corporate and Others	645,690	642,042	0.6	(5.3)	(5.5)	0.2
Elimination of inter-segment sales	(995,633)	(995,318)	N/A	N/A	N/A	N/A
Total	**1,356,172**	**1,148,049**	**8.4**	**(4.2)**	**(5.4)**	**0.8**

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

5.4 On 14 February 2013, to supplement the Company's working capital, Sinopec issued a total of 2,845,234,000 new H shares of RMB1 per share to more than six but not exceeding 10 placees independent of the Company. The placing price was HK$8.45/share (the closing price was HK$9.34/share on the price determination date). The net proceeds were equivalent to approximately US$3.091 billion and were all used for supplementing the general working capital of the Company in accordance with the resolution of the Board, of which US$1.610 billion were used for purchasing crude oil, and US$1.481 billion were used for repaying bank loans. The aforesaid proceeds have been utilized in the first half of 2013.

5.5 Business Prospects

In the second half of the year, the global economic recovery is expected be slow. China's economy will maintain its steady growth. We expect international oil prices to fluctuate continuously at a high level during the second half of 2014. Domestic demand for oil products, especially for gasoline, is expected to grow rapidly and demand for chemicals to grow slightly.

We will focus on efficiency and profitability based on market dynamics and on safety and reliable operations. To achieve full-year production and operation target, we will undertake initiatives in the following key areas:

In exploration and production, we will promote efficient and effective exploration in frontier areas, secure acreage for commercial development, continuously advance overseas oil development, and step up capacity building in Yuanba, Daniudi, middle-shallow layer of west Sichuan and Fuling shale gas projects.

In refining, we will optimise procurement and allocation of crude oil to further reduce costs. We will continue to readjust the products mix and raise the output of high-value-added products. We will continue to upgrade oil product quality of GB IV highway diesel and GB V gasoline, and we will strengthen the marketing of LPG, asphalt and petroleum wax.

In marketing and distribution, we will push forward the reform and restructuring of marketing business. We will optimise resources allocation, elaborately organise operation, take full advantage of our brand and existing network to expand retail volume. We will promote market-oriented development of non-fuel and other emerging businesses, and enhance the value-creation capability of our sales network.

In chemicals, we will take the advantage of integration production, and further adjust our feedstock to reduce cost, modify our product mix and unit structure through better integration of production, marketing and research to produce more marketable products. We will also strengthen the business operation and marketing optimisation to further enhance marketing ability.

6 Dividend

6.1 Dividend distribution for the year ended 31 December 2013

Upon its approval at the annual general meeting of the Sinopec Corp. for the year 2013, Sinopec Corp. distributed the final dividend of RMB 0.15 per share (tax inclusive). The final dividend for 2013 has been distributed to shareholders on 19 June 2014 who were registered as existing shareholders as at 30 May 2014. Combined with of the interim dividend of RMB 0.09 per share (tax inclusive), the total cash dividend for the year 2013 amounted to RMB 0.24 per share (tax inclusive).

6.2 Interim dividend distribution plan for the six-month ended 30 June 2014

As approved by the 19th meeting of the Fifth Session of the Board, the interim dividend for the six-month ended 30 June 2014 will be RMB 0.09 per share (tax inclusive) based on the total number of shares as of 23 September 2014 (the Record Date).

The Sinopec Corp's 2014 interim profit distribution proposal is in compliance with the articles of association of Sinopec Corp, and relevant procedures. The independent non-executive directors have issued independent opinions on it.

For the holders of the A share of Sinopec Corp., the interim dividend will be distributed on the ex-dividend date. For the holders of H shares of Sinopec Corp, the interim dividend will be distributed on or before Tuesday, 30 September 2014 to the shareholders whose names appear on the H shareholder register of Sinopec Corp. on Tuesday, 23 September 2014. To be entitled to the interim dividend, holders of H shares shall lodge their share certificate(s) and transfer documents with Hong Kong Registrars Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration of transfer, no later than 4:30 p.m. on Tuesday, 16 September 2014. The register of members of the H shares of Sinopec Corp. will be closed from Wednesday, 17 September 2014, to Tuesday, 23 September 2014 (both dates inclusive).

The dividend will be denominated and declared in Renminbi (RMB), and distributed to domestic shareholders in RMB and to foreign shareholders in Hong Kong Dollar. The exchange rate for dividend to be paid in Hong Kong dollars is based on the average benchmark exchange rate of RMB against Hong Kong dollar as published by the People's Bank of China one week preceding the date of declaration of dividends, being Friday, 22 August 2014.

7. Shareholdings of Major Subsidiaries

The Subsidiaries whose individual subsidiaries' net profit or investment income accounts for more than 10% of the Company's net profit:

Company Name	**Principal Business**	**Net profit/ Investment Income (RMB million)**	**Percentage of shares held (%)**
Sinopec Marketing Company Ltd.	Sales of refined oil products	10,414	100

8 Financial statements

8.1 Auditors' opinion

Financial statements	□Unaudited	√Audited
Auditors' opinion	√Standard unqualified opinion	□Not standard opinion

8.2 Financial Statements

8.2.1 Interim financial statements prepared under ASBE

Consolidated and Parent Balance Sheets

Unit：RMB million

Items	At 30 June 2014		At 31 December 2013	
	Consolidated	Parent	Consolidated	Parent
Current assets				
Cash at bank and on hand	14,346	1,722	15,101	6,732
Bills receivable	20,456	686	28,771	2,064
Accounts receivable	96,703	30,554	68,466	32,620
Other receivables	21,954	198,061	13,165	52,652
Prepayments	5,691	4,438	4,216	5,237
Inventories	244,275	104,344	221,906	138,882
Other current assets	17,303	15,200	21,385	19,888
Total current assets	**420,728**	**355,005**	**373,010**	**258,075**
Non-current assets				
Long-term equity investments	79,477	175,285	77,078	165,502
Fixed assets	653,235	422,951	669,595	533,297
Construction in progress	160,824	95,771	160,630	123,059
Intangible assets	66,246	8,794	60,263	49,282
Goodwill	6,255	-	6,255	-
Long-term deferred expenses	12,987	1,793	11,961	9,602
Deferred tax assets	5,563	-	4,141	-
Other non-current assets	24,228	4,706	19,983	5,405
Total non-current assets	**1,008,815**	**709,300**	**1,009,906**	**886,147**
Total assets	**1,429,543**	**1,064,305**	**1,382,916**	**1,144,222**

Unit：RMB million

Items	At 30 June 2014 Consolidated	At 30 June 2014 Parent	At 31 December 2013 Consolidated	At 31 December 2013 Parent
Current liabilities				
Short-term loans	177,361	75,473	108,121	23,215
Bills payable	3,550	2,102	4,526	2,443
Accounts payable	221,246	106,631	202,724	152,007
Advances from customers	75,879	3,063	81,079	73,909
Employee benefits payable	3,120	1,277	818	489
Taxes payable	33,227	22,625	35,888	29,291
Other payables	68,100	157,560	82,917	132,446
Short-term debentures payable	10,000	10,000	10,000	10,000
Non-current liabilities due within one year	12,468	11,093	45,749	44,379
Total current liabilities	**604,951**	**389,824**	**571,822**	**468,179**
Non-current liabilities				
Long-term loans	45,717	44,670	46,452	44,692
Debentures payable	89,705	68,319	99,138	77,961
Provisions	27,141	23,580	26,080	22,729
Deferred tax liabilities	9,224	1,998	7,977	1,105
Other non-current liabilities	9,684	2,052	8,187	1,982
Total non-current liabilities	**181,471**	**140,619**	**187,834**	**148,469**
Total liabilities	**786,422**	**530,443**	**759,656**	**616,648**
Shareholders' equity				
Share capital	116,795	116,795	116,565	116,565
Capital reserve	41,242	49,904	39,413	48,244
Specific reserve	2,620	1,300	1,556	1,226
Surplus reserves	190,337	190,337	190,337	190,337
Retained earnings	238,445	175,526	224,534	171,202
Foreign currency translation differences	(1,835)	-	(2,059)	-
Total equity attributable to shareholders of the Company	**587,604**	**533,862**	**570,346**	**527,574**
Minority interests	**55,517**	**-**	**52,914**	**-**
Total shareholders' equity	**643,121**	**533,862**	**623,260**	**527,574**
Total liabilities and shareholders' equity	**1,429,543**	**1,064,305**	**1,382,916**	**1,144,222**

Consolidated and Parent Income Statement

Unit：RMB million

Items	2014 Consolidated	2014 Parent	2013 Consolidated	2013 Parent
	Six-month periods ended 30 June			
Operating income	1,356,172	669,993	1,415,244	783,594
Less: Operating costs	1,148,049	531,774	1,213,550	630,595
Sales taxes and surcharges	93,767	70,860	94,451	73,967
Selling and distribution expenses	22,060	9,442	20,811	16,223
General and administrative expenses	34,439	24,456	33,375	27,434
Financial expenses	6,539	5,170	3,292	3,962
Exploration expenses, including dry holes	5,552	5,532	7,644	7,624
Impairment losses	1,112	(5)	73	(23)
Add: Gain from changes in fair value	(2,074)	(2,216)	737	778
Investment income	2,252	4,821	908	5,723
Operating profit	**44,832**	**25,369**	**43,693**	**30,313**
Add: Non-operating income	1,371	2,930	1,157	969
Less: Non-operating expenses	1,601	617	878	771
Profit before taxation	**44,602**	**27,682**	**43,972**	**30,511**
Less: Income tax expense	11,908	5,839	12,468	5,585
Net profit	**32,694**	**21,843**	**31,504**	**24,926**
Attributable to:				
Equity shareholders of the Company	31,430	21,843	29,417	24,926
Minority interests	1,264	-	2,087	-
Basic earnings per share(RMB)	**0.269**	**N/A**	**0.254**	**N/A**
Diluted earnings per share(RMB)	**0.268**	**N/A**	**0.239**	**N/A**
Net profit	**32,694**	**21,843**	**31,504**	**24,926**
Other comprehensive income				
Cash flow hedges	136	-	82	-
Available-for-sale financial assets	627	599	890	890
Share of other comprehensive income of associates / jointly controlled entities	36	35	(241)	(241)
Foreign currency translation differences	391	-	(388)	-
Total other comprehensive income	**1,190**	**634**	**343**	**649**
Total comprehensive income	**33,884**	**22,477**	**31,847**	**25,575**
Attributable to:				
Equity shareholders of the Company	32,452	22,477	29,861	25,575
Minority interests	1,432	-	1,986	-

Consolidated and Parent Cash Flow Statement

Unit：RMB million

Items	Six-month periods ended 30 June 2014 Consolidated	2014 Parent	2013 Consolidated	2013 Parent
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,474,655	778,379	1,558,641	896,968
Refund of taxes and levies	581	405	860	618
Other cash received relating to operating activities	15,829	32,036	9,153	11,472
Sub-total of cash inflows	**1,491,065**	**810,820**	**1,568,654**	**909,058**
Cash paid for goods and services	(1,227,836)	(585,784)	(1,333,780)	(688,908)
Cash paid to and for employees	(25,294)	(10,929)	(23,996)	(18,777)
Payments of taxes and levies	(145,928)	(116,436)	(153,343)	(120,599)
Other cash paid relating to operating activities	(33,793)	(40,163)	(24,632)	(27,731)
Sub-total of cash outflows	**(1,432,851)**	**(753,312)**	**(1,535,751)**	**(856,015)**
Net cash flow from operating activities	**58,214**	**57,508**	**32,903**	**53,043**
Cash flows from investing activities:				
Cash received from disposal of investments	435	6,211	156	1,503
Cash received from returns on investments	979	3,380	447	5,661
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	494	843	902	1,265
Other cash received relating to investing activities	872	30	2,343	46
Sub-total of cash inflows	**2,780**	**10,464**	**3,848**	**8,475**
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	(59,266)	(40,537)	(62,870)	(46,141)
Cash paid for acquisition of investments	(5,030)	(16,072)	(6,450)	(9,082)
Other cash paid relating to investing activities	(1,137)	-	(1,550)	-
Sub-total of cash outflows	**(65, 433)**	**(56,609)**	**(70,870)**	**(55,223)**
Net cash flow from investing activities	**(62,653)**	**(46,145)**	**(67,022)**	**(46,748)**

Unit：RMB million

Items	Six-month periods ended 30 June			
	2014		2013	
	Consolidated	Parent	Consolidated	Parent
Cash flows from financing activities:				
Cash received from borrowings	551,031	114,492	550,958	113,471
Cash received from capital contributions	2,441	-	22,259	19,406
Including: Cash received from minority shareholders' capital contributions to subsidiaries	2,441	-	2,853	-
Sub-total of cash inflows	**553,472**	**114,492**	**573,217**	**132,877**
Cash repayments of borrowings	(527,717)	(108,404)	(519,985)	(122,790)
Cash paid for dividends, profits distribution or interest	(23,206)	(22,461)	(18,556)	(16,551)
Including: Subsidiaries' cash payments for distribution of dividends or profits to minority shareholders	(582)	-	(785)	-
Other cash paid relating to financing activities	(18)	-	(22)	-
Sub-total of cash outflows	**(550,941)**	**(130,865)**	**(538,563)**	**(139,341)**
Net cash flow from financing activities	**2,531**	**(16,373)**	**34,654**	**(6,464)**
Effects of changes in foreign exchange rate	**82**	**-**	**199**	**-**
Net (decrease) / increase in cash and cash equivalents	**(1,826)**	**(5,010)**	**734**	**(169)**

Consolidated Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Translation difference in foreign currency statements RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total share holders' equity RMB million
Balance at 1 January 2013	86,820	30,574	3,550	184,603	209,446	(1,619)	513,374	37,227	550,601
Change for the period									
1. Net profit	-	-	-	-	29,417	-	29,417	2,087	31,504
2. Other comprehensive income	-	731	-	-	-	(287)	444	(101)	343
Total comprehensive income	-	731	-	-	29,417	(287)	29,861	1,986	31,847
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
-Appropriation for surplus reserves	-	-	-	2,493	(2,493)	-	-	-	-
-Distributions to shareholders	-	-	-	-	(17,933)	-	(17,933)	-	(17,933)
-Bonus issues	17,933	-	-	-	(17,933)	-	-	-	-
4. Capitalisation	8,967	(8,967)	-	-	-	-	-	-	-
5. Rights issue of H shares, (net of issuance cost)	2,845	16,561	-	-	-	-	19,406	-	19,406
6. Acquisition of minority interests	-	(13)	-	-	-	-	(13)	(27)	(40)
7. Contributions by subsidiaries from non-controlling interests	-	618	-	-	-	-	618	2,235	2,853
8. Distribution to non-controlling interests	-	-	-	-	-	-	-	(463)	(463)
Total transactions with owners, recorded directly in shareholders' equity	29,745	8,199	-	2,493	(38,359)	-	2,078	1,745	3,823
9. Net increase in specific reserve for the period	-	-	1,073	-	-	-	1,073	33	1,106
Balance at 30 June 2013	**116,565**	**39,504**	**4,623**	**187,096**	**200,504**	**(1,906)**	**546,386**	**40,991**	**587,377**

Consolidated Statement of Changes in Equity (continued)

	Share capital RMB million	Capital reserve RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Translation difference in foreign currency statements RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Minority interests RMB million	Total share holders' equity RMB million
Balance at 1 January 2014	116,565	39,413	1,556	190,337	224,534	(2,059)	570,346	52,914	623,260
Change for the period									
1. Net profit	-	-	-	-	31,430	-	31,430	1,264	32,694
2. Other comprehensive income	-	798	-	-	-	224	1,022	168	1,190
Total comprehensive income	-	798	-	-	31,430	224	32,452	1,432	33,884
Transactions with owners, recorded directly in shareholders' equity:									
3. Appropriations of profits:									
-Distributions to shareholders	-	-	-	-	(17,519)	-	(17,519)	-	(17,519)
4. Exercise of conversion of the 2011 Convertible bonds	230	1,021	-	-	-	-	1,251	-	1,251
5. Acquisition of minority interests	-	(8)	-	-	-	-	(8)	(10)	(18)
6. Contributions by subsidiaries from non-controlling interests	-	-	-	-	-	-	-	2,456	2,456
7. Distribution to non-controlling interests	-	-	-	-	-	-	-	(1,312)	(1,312)
Total transactions with owners, recorded directly in shareholders' equity	230	1,013	-	-	(17,519)	-	(16,276)	1,134	(15,142)
8. Net increase in specific reserve for the period	-	-	1,064	-	-	-	1,064	37	1,101
9. Other movement	-	18	-	-	-	-	18	-	18
Balance at 30 June 2014	**116,795**	**41,242**	**2,620**	**190,337**	**238,445**	**(1,835)**	**587,604**	**55,517**	**643,121**

Statement of Changes in Equity

	Share capital RMB million	Capital reserve RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total share holders' equity RMB million
Balance at 1 January 2013	86,820	39,146	3,017	184,603	158,101	471,687
Change for the period						
1. Net profit	-	-	-	-	24,926	24,926
2. Other comprehensive income	-	649	-	-	-	649
Total comprehensive income	-	649	-	-	24,926	25,575
Transactions with owners, recorded directly in shareholders' equity:						
3. Appropriations of profits:						
-Appropriation for surplus reserves	-	-	-	2,493	(2,493)	-
-Distributions to shareholders	-	-	-	-	(17,933)	(17,933)
-Bonus issues	17,933	-	-	-	(17,933)	-
4. Capitalisation	8,967	(8,967)	-	-	-	-
5. Rights issue of H shares, (net of issuance cost)	2,845	16,561	-	-	-	19,406
Total transactions with owners, recorded directly in shareholders' equity	29,745	7,594	-	2,493	(38,359)	1,473
6. Net increase in specific reserve for the period	-	-	767	-	-	767
7. Other movement	-	476	(13)	-	7,857	8,320
Balance at 30 June 2013	**116,565**	**47,865**	**3,771**	**187,096**	**152,525**	**507,822**

	Share capital RMB million	Capital reserve RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total share holders' equity RMB million
Balance at 1 January 2014	116,565	48,244	1,226	190,337	171,202	527,574
Change for the period						
1. Net profit	-	-	-	-	21,843	21,843
2. Other comprehensive income	-	634	-	-	-	634
Total comprehensive income	-	634	-	-	21,843	22,477
Transactions with owners, recorded directly in shareholders' equity:						
3. Appropriations of profits:						
-Distributions to shareholders	-	-	-	-	(17,519)	(17,519)
4. Exercise of conversion of the 2011 Convertible bonds	230	1,021	-	-	-	1,251
Total transactions with owners, recorded directly in shareholders' equity	230	1,021	-	-	(17,519)	(16,268)
5. Net increase in specific reserve for the period	-	-	74	-	-	74
6. Other movement	-	5	-	-	-	5
Balance at 30 June 2014	**116,795**	**49,904**	**1,300**	**190,337**	**175,526**	**533,862**

8.2.2 Interim financial statements prepared under International Financial Reporting Standards

Consolidated Income Statement

Unit：RMB million

	Six-month periods ended 30 June	
	2014	2013
Turnover and other operating revenues		
Turnover	1,338,164	1,395,934
Other operating revenues	18,008	19,310
	1,356,172	**1,415,244**
Operating expenses		
Purchased crude oil, products and operating supplies and expenses	(1,099,789)	(1,170,856)
Selling, general and administrative expenses	(33,735)	(31,991)
Depreciation, depletion and amortisation	(43,233)	(38,969)
Exploration expenses, including dry holes	(5,552)	(7,644)
Personnel expenses	(26,754)	(24,843)
Taxes other than income tax	(93,767)	(94,451)
Other operating (expense)/income, net	(1,074)	251
Total operating expenses	**(1,303,904)**	**(1,368,503)**
Operating profit	**52,268**	**46,741**
Finance costs		
Interest expense	(6,140)	(5,201)
Interest income	876	592
Net unrealised (loss)/gain on embedded derivative component of the convertible bonds	(2,222)	761
Foreign currency exchange (losses)/gains, net	(1,275)	1,317
Net finance costs	**(8,761)**	**(2,531)**
Investment income	276	50
Share of profits from associates and joint ventures	1,976	874
Profit before taxation	**45,759**	**45,134**
Tax expense	(11,908)	(12,727)
Profit for the period	**33,851**	**32,407**
Attributable to:		
Owners of the Company	32,543	30,281
Non-controlling interests	1,308	2,126
Profit for the period	**33,851**	**32,407**
Earnings per share:		
Basic (RMB)	**0.279**	**0.262**
Diluted (RMB)	**0.277**	**0.246**

Consolidated Statement of Comprehensive Income

Unit：RMB million

	Six-month periods ended 30 June	
	2014	2013
Profit for the period	**33,851**	**32,407**
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss (after tax and reclassification adjustments):		
Cash flow hedges	136	82
Available-for-sale securities	627	890
Share of other comprehensive income of associates	36	(241)
Foreign currency translation differences	391	(388)
Total items that may be reclassified subsequently to profit or loss	**1,190**	**343**
Total comprehensive income	**1,190**	**343**
Total comprehensive income for the period	**35,041**	**32,750**
Attributable to:		
Owners of the Company	33,565	30,725
Non-controlling interests	1,476	2,025
Total comprehensive income for the period	**35,041**	**32,750**

Consolidated Balance Sheet

Unit：RMB million

	2014	2013
	30 June	31 December
Non-current assets		
Property, plant and equipment, net	653,235	669,595
Construction in progress	160,824	160,630
Goodwill	6,255	6,255
Interest in associates	29,039	28,444
Interest in joint ventures	48,965	46,874
Investments	4,271	3,730
Deferred tax assets	5,563	4,141
Lease prepayments	47,082	43,270
Long-term prepayments and other assets	53,581	46,967
Total non-current assets	**1,008,815**	**1,009, 906**
Current assets		
Cash and cash equivalents	13,220	15,046
Time deposits with financial institutions	1,126	55
Trade accounts receivable	96,703	68,466
Bills receivable	20,456	28,771
Inventories	244,275	221,906
Prepaid expenses and other current assets	44,948	38,766
Total current assets	**420,728**	**373,010**
Current liabilities		
Short-term debts	108,675	109,806
Loans from Sinopec Group Company and fellow subsidiaries	91,154	54,064
Trade accounts payable	221,246	202,724
Bills payable	3,550	4,526
Accrued expenses and other payables	175,219	197,606
Income tax payable	5,107	3,096
Total current liabilities	**604,951**	**571,822**
Net current liabilities	**(184,223)**	**(198,812)**
Total assets less current liabilities	**824,592**	**811, 094**
Non-current liabilities		
Long-term debts	97,431	107,234
Loans from Sinopec Group Company and fellow subsidiaries	37,991	38,356
Deferred tax liabilities	9,224	7,977
Provisions	27,141	26,080
Other long-term liabilities	11,262	9,821
Total non-current liabilities	**183,049**	**189, 468**
	641,543	**621, 626**
Equity		
Share capital	116,795	116,565
Reserves	469,315	452,238
Total equity attributable to owners of the Company	**586,110**	**568,803**
Non-controlling interests	**55,433**	**52,823**
Total equity	**641,543**	**621,626**

8.2.3 Differences between consolidated financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS(UNAUDITED)

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

Items	For six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Net profit under ASBE	32,694	31,504
Adjustments:		
Government grants	56	56
Safety production fund	1,101	847
Profit for the period under IFRS*	**33,851**	**32,407**

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

Items	**2014** **30 June**	2013 31 December
	RMB million	RMB million
Shareholders' equity under ASBE	643,121	623,260
Adjustments:		
Government grants	(1,578)	(1,634)
Safety production fund	-	-
Total equity under IFRS*	**641,543**	**621,626**

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

8.3 Changes in accounting polices

□Applicable √Not applicable

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

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

□Applicable √Not applicable

8.6 Notes on the financial statements prepared under IFRS

8.6.1 Turnover

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

8.6.2 Tax expense

Tax expense in the consolidated income statement represents:

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Current tax	11,762	11,151
– Provision for the period	581	453
– Adjustment of prior years	**(435)**	**1,123**
Deferred taxation	**11,908**	**12,727**

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	
	2014	2013
	RMB million	RMB million
Profit before taxation	45,759	45,134
Expected PRC income tax expense at a statutory tax rate of 25%	11,440	11,284
Tax effect of non-deductible expenses	262	133
Tax effect of non-taxable income	(785)	(365)
Tax effect of preferential tax rate (i)	(970)	(1,028)
Effect of difference between income taxes at foreign operations tax rate and the PRC statutory tax rate (ii)	482	1,276
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(21)	(95)
Tax effect of tax losses not recognised	889	296
Write-down of deferred tax assets	30	773
Adjustment of prior years	581	453
Actual income tax expense	**11,908**	**12,727**

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 western regions in the PRC are taxed at preferential income tax rate of 15% through the year 2020.

(ii) It is mainly due to 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.

8.6.3 Basic and Diluted Earnings per Share

The calculation of basic earnings per share for the six-month period ended 30 June 2014 is based on the profit attributable to ordinary owners of the Company of RMB 32,543 million (2013: RMB 30,281 million) and the weighted average number of shares of 116,725,537,824 (2013: 115,639,886,505) during the period.

The calculation of diluted earnings per share for the six-month period ended 30 June 2014 is based on the profit attributable to ordinary owners of the Company of RMB 32,677 million (2013: RMB 29,851 million) and the weighted average number of shares of 117,805,304,491 (2013: 121,321,406,189) calculated as follows:

(i) Profit attributable to ordinary owners of the Company (diluted)

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Profit attributable to ordinary owners of the Company	32,543	30,281
After tax effect of interest expenses (net of exchange gain) of the 2007 Convertible Bonds and the 2011 Convertible Bonds	133	141
After tax effect of unrealised gain (net of unrealised loss) on embedded derivative components of the 2007 Convertible Bonds and the 2011 Convertible Bonds	1	(571)
Profit attributable to ordinary owners of the Company (diluted)	**32,677**	**29,851**

(ii) Weighted average number of shares (diluted)

	Six-month periods ended 30 June	
	2014	2013
	Number of shares	Number of shares
Weighted average number of shares at 30 June	116,725,537,824	115,639,886,505
Effect of conversion of the 2007 Convertible Bonds	1,079,766,667	1,439,688,889
Effect of conversion of the 2011 Convertible Bonds	—	4,241,830,795
Weighted average number of shares (diluted) at 30 June	**117,805,304,491**	**121,321,406,189**

8.6.4 Dividends

Dividends payable to owners of the Company attributable to the period represent:

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Interim dividends declared after the balance sheet date of RMB 0.09 per share (2013: RMB 0.09 per share)	**10,512**	**10,491**

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 22 August 2014, the directors authorised to declare the interim dividends for the year ending 31 December 2014 of RMB 0.09 (2013: RMB 0.09) per share totalling RMB 10,512 million (2013: RMB 10,491 million). Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Dividends payable to owners of the Company attributable to the previous financial year, approved during the period represent:

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Final cash dividends in respect of the previous financial year, approved during the period of RMB 0.15 per share (2013: RMB 0.20 per share)	**17,519**	**17,933**

Pursuant to the shareholders' approval at the Annual General Meeting on 9 May 2014, a final dividend of RMB 0.15 per share totaling RMB 17,519 million was approved. All dividends have been paid in the six-month period ended 30 June 2014 (2013: RMB 12,552 million).

Pursuant to the shareholders' approval at the Annual General Meeting on 29 May 2013, a final dividend of RMB 0.20 per share and with bonus issues of 2 shares converted from the retained earnings for every 10 existing shares in respect of the year ended 31 December 2013 was declared. Cash dividends have been paid on 25 June 2013.

8.6.5 Trade Accounts Receivable and Bills Receivable

	2014	2013
	30 June	31 December
	RMB million	RMB million
Amounts due from third parties	82,938	50,638
Amounts due from Sinopec Group Company and fellow subsidiaries	4,419	9,311
Amounts due from associates and joint ventures	9,902	9,091
	97,259	**69,040**
Less: Impairment losses for bad and doubtful debts	(556)	(574)
Trade accounts receivable, net	**96,703**	**68,466**
Bills receivable	20,456	28,771
	117,159	**97,237**

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

	2014	2013
	30 June	31 December
	RMB	RMB
	million	million
Within one year	117,009	97,066
Between one and two years	121	112
Between two and three years	20	46
Over three years	9	13
	117,159	**97,237**

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

	2014	2013
	RMB	RMB
	million	million
Balance at 1 January	574	699
Impairment losses recognised for the period	—	5
Reversal of impairment losses	(10)	(6)
Written off	(8)	(4)
Others	—	1
Balance at 30 June	**556**	**695**

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.

8.6.6 Trade Accounts and Bills Payables

	2014 30 June RMB million	2013 31 December RMB million
Amounts due to third parties	204,393	192,082
Amounts due to Sinopec Group Company and fellow subsidiaries	12,097	8,114
Amounts due to associates and joint ventures	4,756	2,528
	221,246	**202,724**
Bills payable	3,550	4,526
Trade accounts and bills payables measured at amortised cost	**224,796**	**207,250**

The aging analysis of trade accounts and bills payables are as follows:

	2014 30 June RMB million	2013 31 December RMB million
Within 1 month	209,420	194,108
After 1 month but within 6 months	9,977	8,548
After 6 months	5,399	4,594
	224,796	**207,250**

8.6.7 Segment Reporting

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

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
Turnover		
Exploration and production		
External sales	34,744	27,992
Inter-segment sales	73,381	81,651
	108,125	**109,643**
Refining		
External sales	90,486	95,953
Inter-segment sales	559,040	545,502
	649,526	**641,455**
Marketing and distribution		
External sales	718,961	724,184
Inter-segment sales	2,377	3,507
	721,338	**727,691**
Chemicals		
External sales	177,223	180,264
Inter-segment sales	32,541	27,854
	209,764	**208,118**
Corporate and Others		
External sales	316,750	367,541
Inter-segment sales	328,294	313,914
	645,044	**681,455**
Elimination of inter-segment sales	(995,633)	(972,428)
Turnover	**1,338,164**	**1,395,934**
Other operating revenues		
Exploration and production	5,702	7,599
Refining	2,443	2,791
Marketing and distribution	5,589	5,061
Chemicals	3,628	3,403
Corporate and Others	646	456
Other operating revenues	**18,008**	**19,310**
Turnover and other operating revenues	**1,356,172**	**1,415,244**

	Six-month periods ended 30 June	
	2014	2013
	RMB	RMB
	million	million
Result		
Operating profit/(loss)		
By segment		
– Exploration and production	28,263	30,949
– Refining	9,755	213
– Marketing and distribution	18,794	16,852
– Chemicals	(3,968)	(409)
– Corporate and Others	(261)	(1,014)
– Elimination	(315)	150
Total segment operating profit	**52,268**	**46,741**
Share of profits from associates and joint ventures		
– Exploration and production	1,513	109
– Refining	(66)	(266)
– Marketing and distribution	447	195
– Chemicals	(484)	286
– Corporate and Others	566	550
Aggregate share of profits from associates and joint ventures	**1,976**	**874**
Investment income		
– Exploration and production	1	-
– Refining	3	3
– Marketing and distribution	98	33
– Corporate and Others	174	14
Aggregate investment income	**276**	**50**
Net finance costs	(8,761)	(2,531)
Profit before taxation	**45,759**	**45,134**

	2014 30 June RMB million	2013 31 December RMB million
Assets		
Segment assets		
– Exploration and production	417,026	406,237
– Refining	323,649	329,236
– Marketing and distribution	281,530	273,872
– Chemicals	145,487	156,373
– Corporate and Others	145,791	107,197
Total segment assets	**1,313,483**	**1,272,915**
Interest in associates and joint ventures	78,004	75,318
Investments	4,271	3,730
Deferred tax assets	5,563	4,141
Cash and cash equivalents and time deposits with financial institutions	14,346	15,101
Other unallocated assets	13,876	11,711
Total assets	**1,429,543**	**1,382,916**
Liabilities		
Segment liabilities		
– Exploration and production	76,526	104,233
– Refining	67,706	69,029
– Marketing and distribution	95,389	101,564
– Chemicals	22,008	23,670
– Corporate and Others	163,503	129,816
Total segment liabilities	**425,132**	**428,312**
Short-term debts	108,675	109,806
Income tax payable	5,107	3,096
Long-term debts	97,431	107,234
Loans from Sinopec Group Company and fellow subsidiaries	129,145	92,420
Deferred tax liabilities	9,224	7,977
Other unallocated liabilities	13,286	12,445
Total liabilities	**788,000**	**761,290**

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	
	2014	2013
	RMB million	RMB million
Capital expenditure		
Exploration and production	20,743	24,996
Refining	6,592	7,710
Marketing and distribution	5,830	11,612
Chemicals	4,670	5,283
Corporate and Others	1,351	2,374
	39,186	**51,975**
Depreciation, depletion and amortisation		
Exploration and production	23,164	21,186
Refining	7,333	6,661
Marketing and distribution	6,007	5,353
Chemicals	5,970	5,113
Corporate and Others	759	656
	43,233	**38,969**
Impairment losses on long-lived assets		
Refining	8	44
Marketing and distribution	39	-
Chemicals	1,025	-
	1,072	**44**

The following tables set out information about the geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets.

	Six-month periods ended 30 June	
	2014	2013
	RMB million	RMB million
External sales		
Mainland China	1,023,133	1,034,044
Others	333,039	381,200
	1,356,172	**1,415,244**

	2014	2013
	30 June	31 December
	RMB million	RMB million
Non-current assets		
Mainland China	931,221	941,046
Others	56,098	51,181
	987,319	**992,227**

9 Repurchase, Sale and Redemption of Shares

The Company did not repurchase, sell or redeem any listed securities of Sinopec Corp. or its subsidiaries during the reporting period.

10 Compliance with the Model Code

As required by the Hong Kong Stock Exchange, Sinopec Corp. has formulated the Rules Governing Shares Held by Company Directors, Supervisors and Senior Management and Changes in Shares as well as the Model Code of Securities Transactions by Company Employees (the "Rules and the Code") to stipulate securities transaction by relevant employees. The standards of the Rules and the Code are no less exacting than those set out in the Model Code. Upon specific inquiries by Sinopec Corp., all the directors confirmed that they have complied with the required standards of the Model Code as well as those of the Rules and the Code during the reporting period.

11 Compliance with the Corporate Governance Code

Based on its actual situations, Sinopec Corp. did not establish a nomination committee under the Board in accordance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("Corporate Governance Code") contained in Appendix 14 of the Hong Kong Listing Rules. Sinopec Corp. is of the view that the nomination of the candidates for directorship by all the members of the Board will better serve the operation needs of Sinopec Corp., such as, the duties of the nomination committee set out in the Corporate Governance Code performed by the Board. On 22 August 2014, the Company has reviewed and approved the Policy Concerning Diversity of Board Members aiming to help maintain rational board structure.

Save as disclosed above, during the reporting period, Sinopec Corp. have complied with the code provisions set out in the Corporate Governance Code.

12 Review of the Interim Report and the Interim Results

The Audit Committee of Sinopec Corp. has reviewed and agreed with the 2014 interim report and interim results of Sinopec Corp..

13 The 2014 interim report of Sinopec Corp. containing all the information required by paragraphs 37 to 44 of Appendix 16 to the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange.

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

By Order of the Board
Fu Chengyu
Chairman

Beijing, the PRC, 22 August 2014

As of the date of this announcement, directors of Sinopec Corp. are: Fu Chengyu, Wang Tianpu*, Zhang Yaocang*, Li Chunguang#, Zhang Jianhua#, Wang Zhigang#, Cai Xiyou#, Cao Yaofeng*, Dai Houliang#, Liu Yun*, Chen Xiaojin+, Ma Weihua+, Jiang Xiaoming+, Andrew Y. Yan+, Bao Guoming+.*

\# *Executive Director*
* *Non-executive Director*
\+ *Independent Non-executive Director*