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Industry SnapShots

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CHINA PETROLEUM AND CHEMICALS

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  China's oversupply of petroleum products will worsen, as its oil refineries are running below 70 percent capacity.
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- **Reuters - Sinopec expects profit from Argentina unit if oil recovers - 2/9/2016**
  Sinopec International Petroleum and Production Corp, a subsidiary of Sinopec Corp, said losses from its Argentina unit could be "greatly reduced" or the project may swing to profit if oil prices rose.
  For the complete story see: http://www.reuters.com/article/sinopec-argentina-idUSL3N1BE2RU
- **Platts - Sinopec hikes East China ex-works orthoxylene by Yuan 100/mt to Yuan 6,000/mt - 2/9/2016**
  China Petroleum and Chemical Corporation, or Sinopec, raised its ex-works orthoxylene price offering by its subsidiaries in East China Yangzi-BASF and Sinopec Zhenhai to Yuan 6,000/mt, equivalent to about $753/mt on an import parity basis, from Thursday.
  For the complete story see: http://www.platts.com/latest-news/petrochemicals/singapore/sinopec-hikes-east-china-ex-works-orthoxylene-26536226

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Leading Companies Overview

Chemchina - China National Chemical Corporation
China Chemical Engineering Corporation (NYSE: 601117)
China Gas (NYSE: 0384)
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China National Petroleum Corporation (NYSE: CNPZ)
China National Offshore Oil Corporation (NYSE: CEO)
China Oilfield Services Ltd. (NYSE: 601808)
PetroChina (the publicly traded wing of CNPC) (NYSE: PTR)
Sinochem Group (NYSE: SNP)
Sinopec (China Petroleum Corporation) (NYSE: SNP)
Shenhua Group Corporation Ltd (NYSE: SHGCLZ)
Zhejiang Hengyi Group Co. Ltd

News and Commentary

China Daily - China's oil refineries running below 70% capacity - 4/9/2016

China's oversupply of petroleum products will worsen, as its oil refineries are running below 70 percent capacity.

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For the complete story see:
http://www.platts.com/latest-news/petrochemicals/singapore/sinopec-hikes-east-china-ex-works-orthoxylene-26536226

Reuters - BP, CNPC sign second shale gas production sharing contract - 1/9/2016

The contract with state-owned CNPC, signed in July, covers an area of about 1,000 square kilometres at Rong Chang Bei in the Sichuan Basin, BP said in a statement.

For the complete story see:
http://uk.reuters.com/article/uk-bp-cnpc-deals-idUKKCN11740V

Interfax Energy - Chinese pipeline reform will take a decade – source - 31/8/2016

China has made scant progress in opening up to its long-distance pipelines to third parties despite issuing guidelines more than two years ago, and it will take the country another decade to completely liberalise its infrastructure, according to a senior researcher at CNPC.

For the complete story see:
http://interfaxenergy.com/gasdaily/article/21725/chinese-pipeline-reform-will-take-another-decade

Interfax Energy - PetroChina boosts pipeline sales on SHPGX - 31/8/2016

Pipeline sales on the SHPGX surged by 268% last week, to 83.9 million cubic metres, with PetroChina the only seller.

For the complete story see:
http://interfaxenergy.com/gasdaily/article/21724/petrochina-boosts-pipeline-sales-on-shpgx

Reuters - Profit at China's Sinopec slumps 21.6 percent in first half - 28/8/2016

China Petroleum and Chemical Corporation, or Sinopec Corp (0386.HK), said on Sunday its net profit fell 21.6 percent in the first half of 2016, hurt by a steep decline in international oil prices.

For the complete story see:
http://www.reuters.com/article/us-sinopec-corp-results-idUSKCN1130EL

Media Releases

Sinopec - Sinopec Achieves Operating Profit RMB35.1 Billion in 1H2016 – 28/8/2016

Integrated Value Chain Exerts Greater Benefits, Downstream Businesses Ensures Profit Stability

BEIJING, Aug. 28, 2016 /PRNewswire/ -- China Petroleum & Chemical Corporation ("Sinopec" or the "Company") (HKEX: 386; SSE: 600028; NYSE: SNP) today announced its interim results for the six months ended 30 June 2016.
Financial Highlights：

- In accordance with the International Financial Reporting Standards (IFRS), the Company's operating profit was RMB 35.1 billion, representing a decline of 13.3% from the same period last year. Profit attributable to equity shareholders of the Company was RMB 19.9 billion. Basic earnings per share were RMB 0.165.

- In accordance with China Accounting Standards for Business Enterprises ("ASBE"), the Company's operating profit was RMB 34.3 billion, representing a decrease of 12.9% over the same period of 2015. Net profit attributable to the equity shareholders of the Company was RMB 19.3 billion. Basic earnings per share were RMB 0.159

- In accordance with IFRS, the Company's liability-to-asset ratio was 43.46%, representing a decrease of 1.98 percentage points compared with the end of last year, the lowest level since its listing. The Company's cash and cash equivalents increased by RMB 4.1 billion as compared to the beginning of this year. The Company's cash flow and financial position further improved.

- The Board of Directors declared an interim dividend of RMB0.079 per share, which was in line with payout ceiling set out in the Articles of Association.

Business Highlights：

The first half of 2016 saw weak global economic recovery. China's GDP grew by 6.7% year on year. The oil products pricing mechanism was further improved and the floor on refined oil price was established. Domestic apparent consumption of refined oil products was up 4.4% year on year. Gasoline and kerosene consumption remained growth momentum, while diesel consumption declined further, showing continuous divergence in the consumption mix of oil products. Domestic consumption of major chemicals continued to grow. Ethylene equivalent consumption increased by 1.7% when compared with the first half of 2015. Chemical prices dropped amid the decline in feedstock prices, but chemical products margin maintained at high levels.

- Exploration and Production: the Company effectively optimised exploration and development activities. Its continuing efforts in exploration paid off with major discoveries in a number of regions. It attached great importance to the development of natural gas and actively expanded shale gas business. As for production operation, the Company strengthened cost discipline, substantially reduced low-efficiency and high-cost oil production, and increased natural gas production. This segment realized an operating loss of RMB 21.9 billion in the first half of 2016 but continued to generate cash inflow from operating activities.

- Refining: the Company adjusted its product mix in response to sharp increase of throughput from other refineries and abundant market supply. The Company further optimised its oil product mix by increasing the production of gasoline, kerosene and light chemical feedstock with a further decline in diesel-to-gasoline ratio. In the first half of 2016, this segment realised an operating profit of RMB 32.6 billion, representing an increase of 113% year on year. The refining margin was RMB 514.4 per tonne, representing an increase of 47.9% year on year.

- Marketing and Distribution: the Company coordinated and optimised internal and external resources and took full advantage of the synergies between its fuel and non-fuel businesses, achieving growth in their total

business volume and retail transactions despite ample fuel supply and strong competition in the market. In addition, the Company adjusted marketing efforts by increasing the retail operation of premium products with high-octane numbers. Non-fuel business sustained rapid development with transaction amount significantly increased by 43% year on year. This segment's operating profit was RMB 15.8 billion, representing an increase of RMB 600 million years on year.

- Chemicals: the Company continued to adjust the structure of its feedstock, products and facilities. The Company further lowered the feedstock cost for ethylene, strengthened the integration among production, sales, product R&D and customer needs. The proportion of performance polymer and differentiated products further increased. The Company maintained low inventory operation and implemented differentiated marketing strategy. Total transaction of chemical products increased by 8.3% year on year. This segment's operating profit in the first half of 2016 stabilized at RMB 9.7 billion.

Mr. Wang Yupu, Chairman of Sinopec, said, "In the first half of 2016, the Company spared no effort to expand its markets, optimise its operations, control costs, adjust asset structure and manage risks. Focusing on the growth of quality and profitability, the Company emphasised on structural adjustment, deepening reform, innovation-driven strategy and strengthening coordination of all aspects of work. Looking ahead into the second half of 2016, China's economic growth is expected to remain steady, which will drive the growth of domestic demand for refined oil products and petrochemical products. We will remain focused on implementing the development plan for 2016 through 2020—transforming the pattern of growth, adjusting asset structure, upgrading asset quality and promoting sustainable growth to achieve superior business results."

Business Review

Exploration and Production

To address the challenges of low oil prices, the Company optimised exploration and production activities in the first half of this year and achieved satisfactory results. Its continuing efforts in exploration paid off with major discoveries in the Tahe of Xingjiang Autonomous Region, Beibu Gulf of the Guangxi, and the Yin-E Basin in Inner Mongolia Autonomous Region and new nature gas findings in west Sichuan and the Erdos Basin. A strong focus was placed on the development of natural gas. Phase Two shale gas development project in Filing Shale Gas field further facilitated its shale gas development. Production in the first half of 2016 was 218.99 million barrels of oil equivalent, of which domestic crude production was 128.38 million barrels, overseas crude production was 25.79 million barrels, and total gas production was 388.69 billion cubic feet. In production, The Company strengthened cost discipline, reduced high-cost oil production, and increased natural gas production.

In the first half of 2016, operating revenues of the segment were RMB 52.5 billion, representing a decrease of 25.4% year on year. This was mainly due to lower sales prices of crude oil and decreased city-gate price of natural gas which was adjusted by the Chinese government in November 2015. In the first half of 2016, the oil and gas lifting cost was RMB 744 per tonne, representing a decrease of 3.6% year on year mainly due to the Company's strict control over costs and expenses.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Changes
	2016	2015	(%)
Oil and gas production (mmboe)	218.99	232.95	(5.99)
Crude oil production (mmbbls)	154.17	174.07	(11.43)
China	128.38	147.47	(12.95)
Overseas	25.79	26.60	(3.05)
Natural gas production (bcf)	388.69	353.26	10.03

Refining

In the first half of this year, the Company adjusted its product mix in response to sharp increase of throughput from independent refineries and ample market supply. The Company further optimised its oil product mix by increasing the production of gasoline, kerosene and light chemical feedstock and decreasing the ratio between diesel and gasoline, reduced its crude purchasing costs, moderately increased refined oil products export and pressed ahead with oil products standards upgrading. Centralized marketing of the lubricant, LPG and asphalt businesses helped enhance the profitability of those products. In the first half of 2016, the Company processed 116 million tonnes of crude oil and produced 73.26 million tonnes of refined oil products, with production of gasoline and kerosene up by 3.74% and 3.36%, respectively, from levels in the first half of 2015.

In the first half of 2016, operating revenues of the segment were RMB 397.0 billion, representing a decrease of 18.3% year on year. This was mainly attributable to sharply decreased prices of products.

In the first half of 2016, the refining margin (defined as sales revenues less crude oil and refining feedstock costs and taxes other than income tax, divided by the throughput of crude oil and refining feedstock) was RMB 514.4 per tonne, representing an increase of 47.9% year on year. The change was mainly attributable to refining segment's efforts in advancing oil products quality upgrading, optimising product mix, increasing high-value-added products yield and expanding the market to increase the profitability of other refined oil products. In the first half of 2016, the segment realised an operating profit of RMB 32.6 billion, representing an increase of RMB 17.3 billion years on year.

Refining: Summary of Operations

	Six-month period ended 30 June		Changes
	2016	2015	(%)
Refinery throughput (million tonnes)	115.90	118.89	(2.51)
Gasoline, diesel and kerosene production (million tonnes)	73.26	74.75	(1.99)
Gasoline (million tonnes)	28.03	27.02	3.74
Diesel (million tonnes)	32.93	35.82	(8.07)
Kerosene (million tonnes)	12.30	11.90	3.36
Light chemical feedstock production (million tonnes)	19.37	19.07	1.57
Light yield (%)	76.61	76.69	(0.08) percentage points
Refining yield (%)	94.75	94.98	(0.23) percentage points

Note: Includes 100% of production of domestic joint ventures.

Marketing and Distribution

In the first half of 2016, the Company coordinated and optimised resources and took full advantage of the synergy between its fuel and non-fuel businesses, achieving growth in both total business volume and retail sales despite ample fuel supply and strong competition in the market. In addition, the Company adjusted marketing efforts by increasing the retailing of premium products with high-octane numbers. The Company further improved its product pipeline network, accelerated the building of service stations and optimised marketing network. The total sales volume of refined oil products in the first half of 2016 was up by 4.5% from the corresponding period last year to 97.17 million tonnes, of which domestic sales accounted for 86.51 million tonnes, up by 3.1%. Non-fuel business transaction was up by 43% from the first half of 2015 to 18.5 billion yuan owing to Internet+ marketing promotions and other measures.

In the first half of 2016, the operating revenues of the segment were RMB 501.0 billion, decreased by 11.4 % year on year. This was mainly due to declined prices of gasoline and diesel. The Company has actively expanded the sales

volume, which has partially offset the effect of the declined prices. In the first half of 2016, due to higher retail ratio of high-value-added and high octane number oil products and more external resources, the margin of oil product sales was increased. The segment's operating profit was RMB 15.8 billion, representing an increase of RMB 600 million years on year.

Marketing and Distribution: Summary of Operations			
	Six-month period ended 30 June		Changes
	2016	2015	(%)
Total sales volume of refined oil products (million tonnes)	97.17	92.97	4.52
Total domestic sales volume of refined oil products (million tonnes)	86.51	83.92	3.09
Retail (million tonnes)	59.65	58.19	2.51
Direct sales and Wholesale (million tonnes)	26.86	25.73	4.39
Annualised average throughput per station (tonne/station)	3,889	3,816	1.91

	As of 30 June 2016	As of 31 December 2015	Change from the end of last year（%）
Total number of Sinopec-branded service stations	30,688	30,560	0.42
Company-operated	30,675	30,547	0.42

Chemicals

In the first half of this year, the Company continued to adjust the structure of its feedstock, products and facilities to address market changes and maximize profit. The Company further lowered the feedstock cost for ethylene, strengthened the integration among production, sales, product R&D and customer needs, and continuously optimised operations of its manufacturing facilities, which has achieved great results. Ethylene production for the first half of 2016 was 5.478 million tonnes, up by 0.38% from the corresponding period last year. The Company strengthened the R&D, production and marketing capability of new higher value products, with the specialty performance polymer reaching 58% and the differential ratio of synthetic fiber reaching 83.2%. At the same time, the Company held firm to its strategies of low inventories and differentiated marketing. In the first half of 2016, total chemicals sales volume increased by 8.3% from the corresponding period last year to 32.82 million tonnes.

In the first half of 2016, operating revenues of the chemicals segment were RMB 149.2 billion, representing a decrease of 11.0% year on year, which was mainly due to declined chemical products prices year on year. In the first half of 2016, the operating expenses of the segment were RMB 139.5 billion, representing a decrease of 11.5% year on year, which was mainly due to continuous optimisation of raw materials mix and efforts to reduce production costs. The segment's operating profit in the first half of 2016 was RMB 9.7 billion, representing a decrease of 3.8% year on year.

Major Chemical Products: Summary of Operations	Unit of production: 1,000 tonne		
	Six-month period ended 30 June		Changes
	2015	2014	(%)
Ethylene	5,478	5,457	0.38
Synthetic resin	7,500	7,476	0.32
Synthetic fiber monomer and polymer	4,672	4,322	8.10
Synthetic fiber	637	638	(0.16)
Synthetic rubber	411	453	(9.27)

Note: Includes 100% of production of domestic joint ventures.

Health, Safety and the Environment

Work safety has always been at the core of its operations and the Company continued to strengthen its safety management in the first half of 2016. The Company conducted special work to reduce safety risks in its oil and gas pipelines and tank farms, put protective measures in place to cope with strong rainfall and bad weather, and realised safe production on general.

The Company strengthened its green and low-carbon strategy by intensifying its work in environmental protection, energy conservation and emissions control. The Company continued to advance its energy performance contract model and energy management system, defined the projects of its Energy Efficiency Doubling initiative, and completed its Clear Water, Blue Sky program. In the first half of 2016, energy intensity was down by 0.69%, chemical oxygen demand in discharged waste water was down by 7.88%, ammoniac nitrogen emissions were down by 3.96%, sulfur dioxide emissions were down by 6.88%, and NOx emissions were down by 3.02% from levels in the corresponding period last year, and all hazardous chemicals, discharged water, gas, and solid waste were properly treated.

Capital Expenditures

To address the changing business environment in the first half of 2016, the Company improved the decision-making mechanism for investments and focused on managing investment return and increasing growth quality and efficiency. Total capital expenditures were 13.474 billion yuan. Capital expenditures for the exploration and production segment were 5.168 billion yuan, mainly for Phase Two of shale gas development in Fuling, the LNG terminals in Guangxi and Tianjin, and Phase Two of the Jinan-Qingdao gas pipeline. Capital expenditures for the refining segment were 2.774 billion yuan, mainly for gasoline and diesel quality upgrading and refinery optimisation projects. Capital expenditures for the marketing and distribution segment were 2.61 billion yuan, mainly for renovations of service stations, refined oil products pipelines and depots and safety projects. Capital expenditures for the chemicals segment were 2.44 billion yuan, mainly for feedstock and product optimization projects and coal chemical projects of East Ningxia project and Zhongtianhechuang project. Capital expenditures for corporate and others were482 million yuan, mainly for R&D facilities and IT application projects.

Business Prospects

China's economic growth is expected to be steady in the second half of 2016, which will drive the growth of domestic demand for refined oil products and petrochemical product. The consumption mix of oil products shall continue to change, and demand for chemical products shall be gradually going for more high-end products. Yet over-supply in the international oil market is likely to persist, and international oil prices will stay at a low level. The competitiveness of naphtha based chemicals as feedstock will remain strong. Against this background, The Company will spare no effort to expand its markets, optimise its operations, control costs, adjust asset structure and manage risks with the following focuses in each business segment:

The Company will maintain the level of input intensity in exploration and optimise planning of its exploration program to achieve high efficiency. For oil products, the Company will strengthen phased exploration and reservoir evaluation for oil projects to increase the quality of new projects and apply refined management over existing projects. For natural gas, the Company will speed up key capacity building projects, optimise production and sales, intensify reservoir assessment in west Sichuan and Northeast China, and press ahead with development of Fuling Shale Gas field. In the second half of 2016, the Company plan to produce 147 million barrels of crude oil, of which domestic production will account for 125 million barrels and overseas production will account for 22 million barrels. The Company plan to produce 421.2 billion cubic feet of natural gas during the period.

The Company will base its refining facility utilisation rates on market conditions, allocate crude resources and refining throughput according to profit margins and regional conditions, optimise its product slate to increase high-value-added products, and emphasise technology R&D. The Company will continue to lower the diesel-to-gasoline ratio,

upgrade the refilled oil products" quality, increase clean fuel production and expand the sales volume of lubricants, LPG and asphalt. The Company plan to process 120 million tonnes of crude in the second half of the year.

The Company will focus on both sales volume and profits in marketing and distribution business, with profits as priority goals of operation. The Company will redouble efforts to expand its markets, increase its retail volume, optimise its sales structure, develop its automotive gas business by building and operating more CNG/LNG stations, and promote its non-fuel businesses by improving operations of convenience stores, adding new and specialty products and innovating its business model, and shall facilitate its transformation into a modern, comprehensive service provider. The Company plan to sell 84 million tonnes of refined oil products in the domestic market in the second half of the year.

The Company will further optimise its chemical feedstock structure to further reduce cost of feedstock, and operations and intensify profit analysis and evaluation of its product value chain and facilities. Contribution to profit margins will determine the slate of production and utilisation of facilities, and the Company will strengthen optimisation of product mix, produce more new and high-value-added products in accordance with market demand. The Company will strengthen the development and application of new products, and upgrade three major synthetic materials. The Company will also make further improvements to the marketing network and customer services by providing its customers with value-added services and integrated solutions. The Company plan to produce 5.56 million tonnes of ethylene in the second half of 2016.

In the second half of the year, The Company will remain focused on implementing the development plan for 2016 through 2020—transforming the pattern of growth, adjusting asset structure, upgrading asset quality and promoting sustainable growth to achieve superior business results.

Appendix: Key financial data and indicators

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH ASBE

Principal accounting data			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB million	2015 RMB million	
Operating income	879,220	1,041,131	(15.6)
Net profit attributable to equity shareholders of the Company	19,250	24,456	(21.3)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	18,290	23,431	(21.9)
Net cash flows from operating activities	76,112	67,095	13.4
	At 30 June 2016 RMB million	At 31 December 2015 RMB million	Change from the end of last year(%)
Total equity attributable to equity shareholders of the Company	692,934	677,538	2.3
Total assets	1,432,624	1,447,268	(1.0)

Principal financial indicators			
Items	Six-month periods ended 30 June		Changes over the same period of the
	2016 RMB	2015 RMB	

			preceding year (%)
Basic earnings per share	0.159	0.203	(21.7)
Diluted earnings per share	0.159	0.203	(21.7)
Basic earnings per share after deducting extraordinary gain/loss items	0.151	0.194	(22.2)
Weighted average return on net assets (%)	2.81	3.80	(0.99) percentage points
Weighted average return on net assets after deducting extraordinary gain/loss items (%)	2.67	3.65	(0.98) percentage points

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH IFRS

Principal accounting data			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB million	2015 RMB million	
Operating Profit	35,108	40,496	(13.3)
Net profit attributable to owners of the Company	19,919	25,423	(21.6)
Net cash generated from operating activities	76,112	67,095	13.4
	At 30 June 2016 RMB million	At 31 December 2015 RMB million	Change from the end of last year (%)
Equity attributable to owners of the Company	691,642	676,197	2.3
Total assets	1,432,624	1,447,268	(1.0)

Principal financial indicators			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB	2015 RMB	
Basic earnings per share	0.165	0.211	(21.8)
Diluted earnings per share	0.165	0.211	(21.8)
Return on capital employed (%)	3.18	3.52	(0.34) percentage points

The following table sets forth the operating revenues, operating expenses and operating profit/(loss) by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage changes between the first half of 2016 and the first half of 2015.

	Six-month periods ended 30 June		Changes
	2016	2015	
	RMB million		(%)
Exploration and Production Segment			
Operating revenues	52,509	70,401	(25.4)
Operating expenses	74,438	72,227	3.1

Operating (loss)/profit	(21,929)	(1,826)	1,100.9
Refining Segment			
Operating revenues	396,969	485,735	(18.3)
Operating expenses	364,381	470,415	(22.5)
Operating (loss)/profit	32,588	15,320	112.7
Marketing and Distribution Segment			
Operating revenues	500,969	565,638	(11.4)
Operating expenses	485,192	550,450	(11.9)
Operating (loss)/profit	15,777	15,188	3.9
Chemicals Segment			
Operating revenues	149,186	167,644	(11.0)
Operating expenses	139,508	157,588	(11.5)
Operating (loss)/profit	9,678	10,056	(3.8)
Corporate and others			
Operating revenues	312,816	415,790	(24.8)
Operating expenses	312,394	415,014	(24.7)
Operating (loss)/profit	422	776	(45.6)
Elimination of inter-segment profit/(loss)	(1,428)	982	-

About Sinopec Corp.

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fibre, fertiliser and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

Sinopec sets 'fuelling beautiful life' as its corporate mission, puts 'people, responsibility, integrity, precision, innovation and win-win' as its corporate core values, pursues strategies of value-orientation, innovation-driven development, integrated resource allocation, open cooperation, and green and low-carbon growth, and strives to achieve its corporate vision of building a world leading energy and chemical company.

Disclaimer

This press release includes "forward-looking statements". All statements, other than statements of historical facts that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserve volume, other estimates and business plans) are forward-looking statements. Sinopec Corp.'s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to the price fluctuation, possible changes in actual demand, foreign exchange rate, results of oil exploration, estimates of oil and gas reserves, market shares, competition, environmental risks, possible changes to laws, finance and regulations, conditions of the global economy and financial markets, political risks, possible delay of projects, government approval of projects, cost estimates and other factors beyond Sinopec Corp.'s control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

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SOURCE China Petroleum & Chemical Corporation

http://www.prnewswire.com/news-releases/sinopec-achieves-operating-profit-rmb351-billion-in-1h2016-300319081.html

PetroChina - PetroChina Records Profit in First Half of 2016 – 24/8/2016

Adheres to Principle of Steady Development
Reforms and Innovations Boost Quality and Profitability

2016-08-24

24 August, 2016, Beijing – PetroChina Company Limited ("PetroChina" or “the Company", HKSE: 0857; NYSE: PTR; SSE: 601857) today announced that the Company mitigated the impact of the plunge in oil and natural gas prices on its profitability, maintained stable and controllable production and operations, achieved improved financial results month-by-month and recorded profit on an overall basis in the first half of 2016. Its achievement took place amid a challenging environment arising from further slump in international oil prices, weak domestic demand for oil and gas and intensified market competition in the first half of 2016. During the period, the Company faced the most difficult period for its production and operation since its listing, with the realized crude oil price and natural gas price decreasing by 36.5% and 24.5% compared to the same period in 2015, respectively. Under such circumstances, the Company proactively adapted to the “New Normal” of economic development, adhered to the guiding principle of steady development, and continued to improve quality and profitability through reforms and innovations. As a result, the Company achieved satisfactory results relative to its international peers, outperforming most of them in some major indicators such as oil and gas output and natural gas reserves.

As of 30 June 2016, based on the International Financial Reporting Standards, the Company recorded profit from operations of RMB34.54 billion and net profit attributable to shareholders of the Company of RMB 531million, signaling that profit from operations was declining at a lower rate than the fall in oil prices. Of the operational indicators, capital expenditures decreased by approximately 46% compared with historical highs, with the investment structure further emphasizing quality and profitability. The major cost indicators continuously trended downward, resulting in the oil and gas lifting cost per unit falling more than 10% compared with the same period in 2015. The product structure was optimized according to market demand, reducing the diesel-to-gasoline ratio to 1.42 from 1.75 for the same period in 2015. Remarkable results were achieved in broadening revenue sources, reducing costs and improving profitability. The Company maintains a healthy financial position with the debt-to-asset ratio decreasing by 0.2 percentage point compared with the beginning of the period, with free cash flow remaining stable and increasing by about RMB22.7 billion compared with the same period in 2015 to RMB29.9 billion.

Exploration and Production

In the first half of 2016, the Company emphasized quality and profitability in its oil and gas exploration and development business. The domestic exploration business focused on key basins and scalable and profitable reserves, strengthened comprehensive geological research, and endeavoured to achieve breakthroughs in engineering technologies. In terms of oil exploration, six discoveries were made in the Junggar Basin and Tarim Basin, indicating large-scale reserves at the levels of 100 million tons or 10 million tons of original oil in place. In terms of natural gas exploration, several reserve zones with over 100 billion cubic meters of gas resources each were discovered in the Tarim Basin and other regions. In its overseas oil and gas exploration, the Company focused on

seeking quality reserves which can be quickly recovered, and achieved breakthroughs and progress in several regions. In terms of development and production, the Company planned its production based on the trends of international oil prices and production efficiency, adjusted crude oil production plans in a timely manner, and continued to optimize its production plans as well as output structure. The Company reduced production lines and workloads with low margin or no profitability, supporting production stimulation measures. In the first half of 2016, crude oil output from domestic operations was 385.3 million barrels and domestic marketable natural gas output was 1,528.4 billion cubic feet. Oil and gas equivalent output from overseas operations reached 108.1 million barrels. The oil and gas equivalent output exceeded half of the full-year target in the first half of 2016, accounting for 14.4% of the Company's total oil and natural gas equivalent output.

In the first half of 2016, the domestic exploration and production segment stepped up efforts to broaden revenue sources, reduce costs and improve efficiency. It adopted a number of measures to vigorously control and reduce losses, resulting in effective control of investments and costs. The overseas businesses established a mechanism linking costs and oil prices, so as to respond to market changes and oil price fluctuations in a timely and effective manner, as well as to maintain the stable and effective growth of the business. Under the adverse impact of depressed international oil prices, the Exploration and Production segment recorded a loss from operations of RMB2, 419 million.

Refining and Chemicals

For the Refining and Chemicals segment in the first half of 2016, the Company carried out overall planning in terms of managing profitability, markets and resources. It also allocated more resources to the refining and chemical integrated complex and more profitable enterprises. The Company also increased its chemical production workload, accelerated the research and development, production and sales of new products, and strengthened optimization of resources allocation and product logistics, with the workload of its key refinery and high-margin chemical plants maintained at high levels. The Company processed 483.4 million barrels of crude oil, and produced 43.436 million tons of refined products. The output of chemical products rose 13.4% over the same period in 2015 to 11.811 million tons, with the proportion of high-margin refinery products such as high-octane gasoline and aviation fuel up 11.6 percentage points, and that of profitable chemical products such as synthetic resin up 7.6 percentage points. Sixteen major technical and economic indicators – including refining comprehensive energy consumption, fuel and power energy consumption in ethylene production– performed better compared with the same period in 2015. The Company optimized resources allocation and product logistics in chemical product sales, with 16 new products achieving mass production and sales. In the first half of 2016, the main facilities of Yunnan Petrochemical entered the trial run stage, while the quality upgrading project of the national standard V gasoline and diesel proceeded as planned.

In the first half of 2016, the Refining and Chemicals segment focused on the principles of market-orientation and profitability, and continued to strengthen product structure as well as control of costs and expenses. As a result, the segment profitability significantly improved, boosting the overall profitability of the Company. During the reporting period, the Refining and Chemicals segment recorded a profit from operations of RMB27.474 billion, representing an increase of RMB22.817 billion over the same period in 2015. Of this, the refining business recorded a profit from operations of RMB21.425 billion, representing an increase of RMB 15.875 billion over the same period in 2015. The chemical business achieved a turnaround and recorded a profit from operations of RMB6.049 billion, representing an improvement of RMB6.942 billion compared with a loss from operations of RMB893 million over the same period in 2015.

Marketing

In the first half of 2016, the Marketing segment actively coped with slowing demand growth for refined oil products. It capitalized on the market trend, strengthened the links between production, transportation and sales, and optimized resources allocation and logistics. The Company continued to enhance its sales capabilities to end customers, fully implemented themed promotions, and conducted integrated marketing of refined products, fuel cards, non-oil business and lubricants on a regular basis. The Company improved the management of stations with low efficiency and low sales and adopted a new payment method on a trial basis. The Company strived to increase the operating quality of its international trading operations by focusing on synergies, taking advantage of its overseas oil and gas

operation centres, and vigorously exploring the high-end and high-profit markets. The Company sold a total of 76.31million tons of gasoline, kerosene and diesel in the first half of 2016. Of this, petrol pump sales increased by 395,000tons,. The Company expanded its quality marketing channels by various means, adding 245 new service stations and reconstructing or expanding 47 stations. Annual retail capacity increased by 1.5 million tons.

In the first half of 2016, the domestic business of the Marketing segment controlled its costs and expenses, explored the market through various channels, and implemented target-specific marketing strategies, with the non-oil business becoming a new growth point, making a positive contribution to the Company's overall profitability. For international trading, the Company optimized the import of oil and gas resources and expanded the export of self-refined products, achieving a continuous growth in exporting volume. The Marketing segment recorded a profit from operations of RMB4.609 billion, representing an increase of 65.6% over the same period in 2015.

Natural Gas and Pipeline

In the first half of 2016, the Company's Natural Gas and Pipeline segment proactively responded to rapid changes in the market, and coordinated the utilization of its peak-shaving capabilities. It optimized the operations of the domestic gas and imported gas business and maintained the overall balance of production, transportation, sales and storage. In particular, facing lower-than-expected market demand in the second quarter, the Company put more efforts in the marketing of natural gas, optimized the monthly operational plan of imported gas, increased the storage of gas, made headway in its market expansion and adopted flexible sales tactics in the high-end market and to some of its users under direct supply. At the same time, the Company proactively developed power plant projects in Guangdong, Shandong and Northeast China region as new users, and explored the Caofeidian and regional markets in Southern Hebei. The Company also promoted new users to commence production. These measures led to increased sales and stable profitability. In the first half of the year, the Company sold 66.05 billion cubic meters of natural gas in domestic market, representing an increase of 10.6% over the same period in 2015. The construction of various key projects made steady progress. The Guigang-Yulin and Jintan-Liyang gas pipeline projects were completed and put into operation. The construction of the East Section of the Third West-East Gas pipeline was basically completed, while some projects such as Yunnan refined products pipeline proceeded as planned. The construction of the second China-Russia Oil Pipeline has commenced.

In the first half of the year, facing obvious fall in natural gas prices, the Company's Natural Gas and Pipeline segment optimized the allocation of resources, reduced comprehensive purchase costs, stepped up marketing efforts, and improved the marketing efficiency and profitability of the pipeline network. The Natural Gas and Pipeline segment recorded a profit from operations of RMB11, 431 million. Of this, the segment recorded a net loss of RMB8,006 million on the sale of imported pipeline gas and LNG, narrowing the loss by RMB2,620 million over the same period in 2015.

Outlook for the Second Half of 2016

In the second half of this year, the demand and supply of the domestic and international oil and gas market is not expected to undergo significant change. However, after the proactive response in the first half of the year, the Company has improved its efficiency and profitability. It has started a favourable trend with steady development and is expanding continuously. The Company will further enhance its analysis and assessment of the situation, and capture the opportunities arising from the implementation of country's major strategies such as supply-side structural reforms and the "The Belt and Road Initiative". The Company endeavours to keep a foothold on the gas and oil business, focus on improving quality and efficiency, promote reformation and innovation, as well as take advantage of its integrated business model covering all businesses along the industry chain. Meanwhile, the Company will proactively promote the "Ethos of Hard Work" and "Three Truths and Four Cardinals" of the "Daqing Spirit", striving to achieve all the targets for the year, as well as to promote its high-quality and steady development.

Additional information on PetroChina is available at the Company's website:
http://www.petrochina.com.cn

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http://www.petrochina.com.cn/ptr/xwxx/201608/9b071c58fcc24a56bb22590b78b9b8e6.shtml

China National Petroleum Corporation - Construction commences at the Chinese Section of Second Russia-China Crude Pipeline – 18/8/2016

On August 13, construction of the Chinese section of Second Russia-China Crude Pipeline was started at Jiagedaqi in Heilongjiang Province.

The Chinese section starts at the Mohe Initial Station and ends at the Linyuan Station in Daqing, passing through Heilongjiang province and Inner Mongolia autonomous region along the way. The pipeline will be constructed in parallel with the First Russia-China Crude Pipeline, with a total length of 940km, pipe diameter of 813mm, and designed annual deliverability of 15 million tons. The pipeline is expected to be ready for commission by the end of October, 2017, and is planned to be put into commercial operation on January 1, 2018.

Background information: On March 22, 2013, a cooperation agreement for expanding crude trade was inked between the Chinese and Russia governments in Moscow. On June 21, 2013, CNPC and Rosneft signed a long-term agreement on increasing oil deliveries, planning to transport 15 million tons of crude to China annually via the Second Russia-China Crude Pipeline from January, 2018. On March 27, 2014, construction of the Second Russia-China Crude Pipeline project was approved by China's National Development and Reform Commission (NDRC).

http://www.cnpc.com.cn/en/nr2016/201608/ce27f5c3ce3a440ba07897e4f9de316b.shtml

China National Petroleum Corporation - Construction commences at Fourth Shaan-Jing Gas Pipeline – 12/8/2016

In early August, welding works of the Fourth Shaan-Jing Gas Pipeline commenced in Ulanqab city, Inner Mongolia, following equipment testing and trial welding at different sections in Beijing and Inner Mongolia since July 11.
The Fourth Shaan-Jing Gas Pipeline includes a trunk line and three branches. The trunk line and one branch, covering a total mileage of 1,114km, will be built at the first phase. The trunk line is expected to be completed in October 2017, with a designed annual deliverability of 25bcm. It will run from the initial station in Jingbian, Shaanxi, go across Inner Mongolia and Hebei, and end at Gaoliying Terminal Station in Beijing. Five compressor stations will be deployed along the pipeline.

The Fourth Shaan-Jing Gas Pipeline will serve as an important channel for delivering imported gas from Central Asia and gas produced in West China, as well as an extension of the West-East Gas Pipelines. Specifically, it will play a

major role in boosting natural gas supply to North China, especially for winter peak shaving, and helping mitigate air pollution within the region.

http://www.cnpc.com.cn/en/nr2016/201608/52c54feb2397491fb007c8aba70e8b3e.shtml

Latest Research

Universal Indicators for Oil and Gas Prospecting Based on Bacterial Communities Shaped by Light-Hydrocarbon Microseepage in China.

Deng C , Yu X , Yang J , Li B , Sun W , Yuan H

Abstract

Light hydrocarbons accumulated in subsurface soil by long-term micro seepage could favour the anomalous growth of indigenous hydrocarbon-oxidizing microorganisms, which could be crucial indicators of underlying petroleum reservoirs. Here, Illumina MiSeq sequencing of the 16S rRNA gene was conducted to determine the bacterial community structures in soil samples collected from three typical oil and gas fields at different locations in China. Incubation with n-butane at the laboratory scale was performed to confirm the presence of "universal microbes" in light-hydrocarbon micro seepage ecosystems. The results indicated significantly higher bacterial diversity in next-to-well samples compared with background samples at two of the three sites, which were notably different to oil-contaminated environments. Variation partitioning analysis showed that the bacterial community structures above the oil and gas fields at the scale of the present study were shaped mainly by environmental parameters, and geographic location was able to explain only 7.05% of the variation independently. The linear discriminate analysis effect size method revealed that the oil and gas fields significantly favoured the growth of Mycobacterium, Flavobacterium, and Pseudomonas, as well as other related bacteria. The relative abundance of Mycobacterium and Pseudomonas increased notably after n-butane cultivation, which highlighted their potential as biomarkers of underlying oil deposits. This work contributes to a broader perspective on the bacterial community structures shaped by long-term light-hydrocarbon micro seepage and proposes relatively universal indicators, providing an additional resource for the improvement of microbial prospecting of oil and gas.

http://europepmc.org/abstract/med/27116995

The Industry

Petrochemical and Plastic Industry Outlook for China

China and the chemicals industry is a phenomenal growth story. China has grown to be the third-largest producer of chemicals and petrochemicals globally and has reported growth rates of circa ten percent per annum for the last ten years. This growth is driven by the demand for Chinese manufactured goods, as key customers of the chemical industry have shifted their manufacturing and production to China. This has allowed China to secure its position as the primary recipient of new chemical investment in petrochemical and polymer facilities. As some of the first petrochemical and polymer investments partly financed by foreign companies are commissioned in Nanjing (BASF) and Caojing (SECCO), it is interesting to note the revival in proposals for investment in the Middle East and, in the longer term, in India. This in part reflects an expectation of continued high oil prices and a desire to take advantage of natural gas feedstocks and encouraging economic growth in India. For China though, the increased focus on the Middle East and India is not a matter of immediate concern. China does not possess significant oil and gas reserves; however, the forecast growth rates are such that petrochemical and polymer capacity are unlikely to keep pace with demand, and it is likely that the shortfall will be imported from the Middle East. This will fundamentally alter the Asian chemical trade flows in the coming years. For the foreign companies that have invested, there is the promise of continued growth. However, for those who have not, it may be difficult and expensive to catch up with established players.

China's surging economy and growing prominence on the world stage are increasingly shaping the economies and manufacturing output of the Asia Pacific region. As demand for manufactured goods continues to grow and the manufacturing base is diversifying in their domestic market, China is fast becoming a chemicals and plastics manufacturing hub, both in the region and around the world. It already has welcomed many of the global players into the marketplace with a large number of them currently building multi-billion-dollar integrated chemical plants. Today, China is stepping up chemical and plastics production in the country in a bid to meet surging demand both domestically and from around the globe with current projections expecting China to be the world's biggest plastics market by around 2025. China's emergence as a leading economy and world power is no flash in the pan. The past two years have seen Western companies launch an unprecedented wave of investment in Asia with four-fifths of the world's 500 largest organisations now having a mainland presence. GDP growth reached 9.5 percent for the year ending 2004 and is forecast to remain strong. Meanwhile, utilised foreign direct investment in China last year reached US$60.6 billion as multinational investor interest gathered further momentum. Following the continued economic upsurge within the country, China is working hard to improve its infrastructure and has proved that it is not just an export platform but also a place where increasingly successful companies are doing research and development. KPMG's experience in mainland China and the Asia Pacific region has already helped organisations in the chemicals and plastics industry — both multinational and Chinese — with their operations and strategies. Today, we have more than 4,200 professionals on the ground in China with offices in Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong and Macau.

Executive summary

China's growing role as a producer and consumer of chemicals and petrochemicals is having a profound impact on the global chemical industry. China is the world's thirdlargest producer of chemicals and petrochemicals, at US$120.8 billion in 2003 (around five percent of world output). That value is forecast to climb 34.5 percent to US$162.4 billion by 2008

China consumes more than nine percent of the world's chemicals. From 1993-2003, its chemical consumption increased by ten percent per year. By 2015, China is expected to be the second largest chemical market after the United States (US). Today China accounts for roughly 15 percent of global demand, making it the world's second largest consumer of chemical goods — and the fastest-growing. Furthermore, the mainland market is expected to account for some 40 percent of global demand growth in 2003 – 2006 — reaching 20 percent of global demand by 2006, according to industry players based in China. At home, the country's chemical industry accounts for a staggering ten percent of Gross Domestic Product (GDP)

The country's booming economy is largely responsible for surging chemicals and petrochemicals growth, with demand outstripping supply across the board. This is not a flash in the pan. With China's yearly growth rate forecast to remain around seven percent until 2015, domestic chemical demand will continue to push beyond supply, offering unprecedented opportunities for multinational companies. In Europe and North America, margins for chemical companies will continue to tighten over the next decade, chemical margins in China are expected to remain well above levels of industrialised , and could reach their peak in 2006-2007, according to one China-based manager at a multinational chemical company. Annual investment in China's chemical industry is running at some US$30 billion, with foreign investment accounting for 55–60 percent of this sum Major multinational players are busy setting up or expanding mainland capacity in a bid to reduce undercapacity in the country's chemical industry. Mainland investors are drawn from the world's leading chemical giants: BASF, Bayer, BP, ChevronTexaco, Dow Chemical, DuPont, ExxonMobil, Mitsubishi Chemicals, Shell and Total. From 2001 to the end of 2005, BASF — the global market leader by sales — will have invested an impressive US$2.4 billion in China, setting up major new sites in Nanjing and Shanghai. Bayer had 24 enterprises in China with a total sales value of US$1.43 billion in 2004, prior to the spin-off of the Lanxess business. Smaller players are involved too: Air Liquide has invested US$121 million in China, with plans to plough in a further US$35–55 million per year if the strong growth in demand continues .

Multinational players are focusing on a range of chemical facilities across China in a bid to raise supply of basic chemical raw materials, organic chemicals, plastics and polymers. Many investments are going towards building new production capacity in industrial zones such as the Shanghai Chemical Industry Park (SCIP) in the Yangtze River Delta. To date, foreign investors have already pumped in US$8 billion into largescale projects in SCIP. Foreign investment is vital for the development of China's chemical and petrochemical sectors. Local industry desperately needs the cash, technology, equipment and knowhow which foreign companies can provide. Yet this relationship is hopefully mutually beneficial. The global chemical industry is increasingly dependent on the Chinese economy, which saw 9.5 percent growth in 2004. With so much riding on China, is its economic growth sustainable — or is the booming chemical industry heading for a glut? Foreign investment is largely focused on bulk chemicals and polymers, which are key raw materials for Chinese manufactured goods. Those goods are primarily for export.

Domestic demand is also forecast to increase significantly, which will indirectly absorb a higher proportion of the country's chemical production. This is underlined by GDP growth rates, which are forecast to remain strong at around nine percent in 2005 — falling marginally to seven to eight percent over the next five years. Most notably, China is dependent on the continued import of oil, gas, metals and a number of semi-manfactured goods to sustain previous growth rates. The quest to secure supplies is evidenced by CNOOC's abortive attempt to acquire UNOCAL and recent purchase of PetroKazakhstan. Key challenges remain. Issues such as market fragmentation, a lack of local technology and infrastructure constraints appear insignificant in light of the above. It should also be noted that logistical costs are also far higher than in other markets, with transport costs and tariffs accounting for up to 30 percent of total costs. Despite these obstacles, it is clear that long-term economic growth and increasing global integration are set to make China the world's most important chemical market in the 21st century.

https://www.kpmg.com/CN/en/IssuesAndInsights/ArticlesPublications/Documents/Petrochemical-Plastics-China-200509.pdf

China's Chemical Industry Overview

China is undergoing a period of momentous change now with its newly acquired WTO membership proudly tucked under its belt that is providing the world with an unprecedented entry to China's market. It will be an uphill climb before China can attain a free market economy status and the task is made more challenging to prevent its half-restructured economy from collapsing. For the past decade, China's GDP has been nothing less than phenomenal, sustaining an average of 7%, while the global economy was stagnating. Although the market potential is undeniably massive in size, majority of the industrial sectors were plagued by problems brought about by excessive government interference, typical of Maoist policies. The price tag that came with the WTO membership is for China to open up jealously guarded industries such as telecommunication, petrochemical, automotive and agriculture.

The petrochemical industry has been classified as a "pillar" industry, which will remain closely monitored by the government despite relaxation of regulations pertaining to foreign ownership and investments. The astronomical size

of the Chinese chemical market has naturally led it to become an integral sector in the Chinese economy. Traditionally the government orchestrated the entire structural development of the petrochemical sector. Unfortunately, there was little geographic and strategic planning involved in the initial planning stages, which resulted in a very fragmented industry comprising of money-losing state-owned enterprises (SOEs).

The expansion of the petrochemical industry was severely hampered by the lack of advanced technology despite concerted efforts by the Chinese government to accelerate the acquisition of Western technology. Moreover, most of them lacked the technical know-how to run the production plant at an optimal rate. The government gradually realized that providing continual support for the SOEs failed to encourage a competitive landscape, and hence, growth. By the mid-1990s, foreign participation in China's petrochemical industry provided impetus for restructuring the entire chemical industry structure, resulting in a lesser degree of interference by the government. Despite the industry reforms that are underway, the government still exercises some control over the chemical sector.

Exhibit 1 details the blueprint of how the Chinese government has methodically designated very specific functions to each organization in order to monitor the developments of the petrochemical industry. The administrative structure is segregated into two levels: (1) Central Government Level and (2) the Ministerial Level. SINOPEC is a dominant force in the latter.

The State Council established China Petroleum Corporation (SINOPEC) in 1983 to consolidate the processing and distribution of petroleum products. When the Central Government recognized the enormous stream of revenues from the petrochemical industry, they realized that it was imperative to set up corporations that serve the following functions:

1. Provide a portal of entry for multinational chemical companies

2. Vertically integrate related chemical and plastic industries in China

3. Centralize the directives particularly on the downstream and distribution aspects of the operation

4. Achieve economies o f scale

5. Accelerate the pace of technological advancement

Therefore, the two dominant petrochemical companies, PetroChina and Sinopec, were instructed by the government to overhaul the whole petrochemical structure within a very tight timeline. Sinopec has been rigorously reforming its organization to prepare for the post-WTO era. The gradual shift from a centrally planned economy to a market economy has triggered a succession of restructuring programs in every facet of the petrochemical industry in China.

In 1998, the WTO entry ticket was in close proximity but there was hardly anytime for a celebratory fanfare because the industry only had a few years to eradicate the "thorns" that would ultimately cripple the growth of the industry. These "thorns" that have hampered the growth of the Chinese petrochemical industry refer mainly to the following:

1. Subscale production units

2. Problems in the capital structure include high assets-liabilities ratio, great proportion of non-operating assets and low rate of return on assets.
3. There is a gap of 10-12 years between China and foreign companies in oil refining and petrochemical production. No complete technologies with independent intellectual property rights had been formed in petrochemical production.

4. Domestic products have few varieties and there are a lot of commodities but few special materials to address the needs of the local chemical market. PR656CHINA 5. Inefficient infrastructure.

Prior to China's accession into the WTO, there were numerous heated debates on the pros and cons of opening up China to the world. Although most in the petrochemical industry grudgingly acknowledges the pressing need for foreign participation to propel their technological progression, but most local players will not be able remain unscathed from the intense competition that is imminent.

Sinopec Corp.

SINOPEC Corp. (China Petroleum and Chemical Corporation) was established in 1998 as part of a premeditated reform by the 100% state-owned SINOPEC Group, in order to channel the best assets and businesses into one mammoth enterprise with the intention of selling 20% of its stake to foreign investors. The State, of course, still holds 55% of its shares and will always remain as the predominant shareholder and supervisory body in this corporation. SINOPEC Corp. was created to fulfill the objectives of adopting the managerial style of a modern enterprise, divesting its assets and increasing the competitiveness of local chemical products to a global standard. It is involved in every aspect of the upstream and downstream processing operations covering an array of activities such as oil exploration/refining, chemical fibers, fertilizers, natural gas transportation, commodity chemicals, synthetic resins, synthetic rubber and engineering plastics.

Exhibit 4 shows the major petrochemical complexes located mainly in the south and eastern regions of China, which is where their principal markets lie. SINOPEC also has more than 70 subsidiaries including joint ventures with foreign companies focusing mainly on downstream operations. Although SINOPEC has identified downstream petrochemical products such as polyolefins, PVC and ABS as their focus in developing highervalue products but its progress is Impeded by under-performing production facilities. Since SINOPEC was very much an "enterprise" run by the government, it was severely deficient in several elements that a successful corporation should possess such as (1) asset management, (2) operation efficiency (3) fundamental understanding of market dynamics/mechanisms (4) business strategyand (5) synergy of upstream and downstream operations. By June 1998, SINOPEC was ready for a mega-metamorphosis i.e. to corporatize and adopt a modern enterprise system in response to SETC's goal of cutting down government's interference in private enterprises.

Sinopec Corp. – Operations Overview

Exploration & Refining

SINOPEC has 6 oilfields located mainly in the eastern and southern parts of China and is the second largest producer of crude oil and natural gas. Shengli Oilfield, the second largest in China, is the most important producing field under Sinopec Corp. Its exploration activities was boosted by the recent acquisition of SINOPEC National Star. SINOPEC produces about 737,7000 barrels of crude oil daily, accounting for about 22% of the total crude oil production in China. SINOPEC operates 25 refineries located, again, in the eastern coastal regions. Refining and petrochemical production remains as SINOPEC's core businesses and it accounts for 53% of the nation's total crude oil processing sector.

Chemicals

In China, SINOPEC is definitely the dominant player in the chemicals sector with over 17 plants producing intermediates, synthetic resins, fiber-grade monomers and polymers, synthetic fiber, synthetic rubber and chemical fertilizer, etc. In 2001, the global economic slowdown sent the prices of chemical products spiraling downward by an average of 18.5% mainly because the local market was swamped by imports from Asian and Middle Eastern regions suffering from overcapacity. Despite the global recession, the demand for chemical products remained robust because the local Chinese chemicals market is still crippled by a wide import-export disparity of 50%.

Restructuring Measures of SINOPEC

Ridding Under-Performing Assets

By the end of 1998, SINOPEC had about 89 subsidiaries either wholly-owned or joint ventures under its umbrella, a registered capital of RMB 68.8 billion, more than 30 collaborative projects with foreign countries and owns the most prominent petrochemical complexes such as Shanghai Petrochemical, Beijing Yansan, Qilu Petrochemical and Yangtze Petrochemical. These figures are superficially impressive and a deeper investigation will reveal the mounting "dead weight" SINOPEC was encumbered by. This "dead weight" refers to substandard operations that were under-performing and a source of financial drain for the company. Since these inefficient plants were crippling SINOPEC's growth, they undertook a major overhaul to abolish manufacturing sites such as Guangzhou Ethylene Plant and Zhongyuan Petrochemical. Jilin Petrochemical, a subsidiary of SINOPEC Corp., closed down 14 production units that were depleting Jilin's financial resources and were too technologically obsolete to maintain. SINOPEC is still in the process of rationalizing inefficient assets to boost utilization rates to 90% by 2003.

http://cmrhoutex.com/media/download_gallery/Chinese%20Chemical%20Industry%20-%20%20CMR%20Inc%20Analysis2.pdf

Leading Companies

Chemchina - China National Chemical Corporation

Introduction

China National Chemical Corporation (ChemChina) is a state-owned enterprise established by reorganizing the subsidiary companies under the former Ministry of the Chemical Industry, People's Republic of China. ChemChina is ranked 265th on the "Fortune Global 500." With revenues of $45 billion in 2015, ChemChina is China's largest chemical company. It has more than 140,000 employees with 48,000 outside China.

ChemChina, laying strategic importance on "traditional chemicals, advanced materials", sees its main business made up of six sectors: advanced chemical materials and specialty chemicals, basic chemicals, oil processing, agrochemicals, tire & rubber products and chemical equipment.

ChemChina, a national innovation-oriented enterprise, operates production and R&D bases in 150 countries and regions across the world, and boasts a full-fledged marketing network. Specifically, it has six strategic business units (SBUs), two directly affiliated units, 112 production and operation enterprises, 9 overseas enterprises, 26 research institutes and design academies. Moreover, it controls nine A-share listed companies. ChemChina owns 9,025 patents including 6,691 inventive patents by the end of 2015.

ChemChina has a comprehensive sustainability program that reinforces its commitment to environmental safety, energy conservation and emissions reduction. ChemChina is a leader in "zero emissions" management to minimize pollution and carbon emissions through advanced management and technologies.

Currently, ChemChina is implementing the 13th Five-year Plan. Upholding the concepts of "New Science, New Future", it is accelerating industrial restructuring. In the future, ChemChina will form a business layout of "3+1", namely: material sciences, life sciences, advanced manufacturing and basic chemical manufacturing industry on its way to become a top-notch chemical company in the world.

http://www.chemchina.com.cn/en/gywm/jtjj/A601601web_1.htm

Chairman's Page

Dear friends,

Welcome to the website of China National Chemical Corporation.

Here you will get a general picture of what we do. Since its founding, ChemChina has kept a leading position in China's chemical industry with its high-quality products and services. Meanwhile, we actively keep track of global trends and changes and look for partners from throughout the world. By 2020, ChemChina will form a "3+1" industrial pattern, including material science, life science and environmental science, and aim to become a group with strong international competitiveness.

Here you will learn about our efforts. In the pursuit of growing our business, we have been exploring sustainable development and making a positive commitment to social responsibility. In 2008, ChemChina was the first company in China to propose a "Zero-discharge" management strategy. We lead by example to promote energy-saving business practices, and have made a commitment to providing environment-friendly products to all our customers.

Here, you can also enjoy our "Chemical Comics" and visit the "Online Chemical Industry Museum" for more information—features specially designed to inform and entertain you. From ancient bronze to the sustainable use of future resources, from daily necessities to the space shuttle, you may find here how closely the science of chemicals connects with our lives.

I, on behalf of all my colleagues, thank you again for your interest in and support for China National Chemical Corporation.

Ren Jianxin

Chairman, China National Chemical Corporation

http://www.chemchina.com.cn/en/gywm/zjlzy/A601602web_1.htm

China Chemical Engineering Corporation (NYSE: 601117)

Company Profile

China National Chemical Engineering Co.,Ltd (abbreviated as CNCEC) is a shareholding company sponsored principally by China National Chemical Engineering Group Corporation in combination with Shen Hua Group Corporation Limited and Sinochem Corporation receiving support and management from China National Chemical Engineering Group.

China National Chemical Engineering Group Corporation is a large comprehensive corporation directly administered by the State Council of China. The history of CNCEC can be traced back to the Heavy Industry Design Institute and the Construction Company which were founded by Ministry of Heavy Industry in 1953, which was registered in the Bureau of Industry & Commerce Administration in 1984 under the name of China National Chemical Engineering General Company and was renamed as China National Chemical Engineering Group Corporation in 2005; and in Sep, 2008, CNCEC was created by China National Chemical Engineering Group Corporation joining with Shen Hua Group Corporation Limited and Sinochem Corporation by contribution of CNCEC productive assets and corresponding liabilities in relation with domestic and international engineering contracting, research of process technology, service businesses of design engineering, prospecting and environmental treatment.

CNCEC is the earliest industrial engineering company in China specializing its business and matching it with market, as well as being a technology condensed international engineering construction company achieved by integration of prospecting, design, construction and investment, conducting nine prospecting design engineering companies, nine construction companies and one overseas power plant, CNCEC's business scope is engineering contracting, research of process technology, prospecting and related services in domestic and overseas market in the fields of chemical, petrochemical, pharmaceutics, power, coal, construction and infrastructure. CNCEC has been promoted gradually in the rank among 500 Strongest Enterprises in China, respectively ranked the 157th, 137th, 131th and 126th, in the year of 2005.2006.2007 and 2008. CNCEC has been listed in ENR (American Engineering News Record) 225 global biggest entrepreneurs since 1995 and also ranked the 12th among 60 strongest contractors in 2007 assessed by "China Architecture Times".

CNCEC has won 874 prizes awarded by the State and the provincial department, possessed 189 engineering techniques, 106 patents and 58 technical know-hows, as well as licensed technology of renewable energy products that have been industrialized, like methanol for petroleum, silicon material for solar energy etc. In 2006, CNCEC entered into the line of pilot enterprises for Technical Innovation; in 2007, was appointed by the National Ministry of Science and Technology as the Chairman of National Strategic Alliance for Technical Innovation of Coal Chemistry; in 2008, became one of the first group of innovative enterprises of the State.

CNCEC has benchmarked itself against progressive international project management procedure, practice and methods as well as advanced production management software with capability of global procurement, project financing and commercial standing. CNCEC can also provide comprehensive engineering services like EPC, PMC, BLT, BOT, BOOT etc to clients throughout the whole project life from project planning, consulting, financing, engineering, procurement and construction to commissioning and start-up.

CNCEC operates a strategy-oriented in line with Engineering Basing, Technology Leading and Financing Supporting. In the past 50 years, CNCEC accomplished most of the projects in China in the areas of chemical, oil refinery, power plant, civil building, municipal, water treatment, environment, pharmaceutical, textile etc. CNCEC has established a large number of Chemical and Petrochemical Bases including Jilin, Dalian, Taiyuan, Nanjing, Lanzhou and Urumqi the form the solid basis of the national industrial system. CNCEC has made significant contributions to the improvement of petrochemical industry and national economy development. CNCEC has been a pioneer to explore the business of exportation of complete mechanical equipment driven by the overseas engineering general contracting. CNCEC's business footprint has spread into more than 40 countries and its core competence has made CNCEC a world famous brand.

http://www.cncec.com.cn/html/xncjh.html

China Gas (NYSE: 0384)

China Gas Holdings Limited (stock code: 384) is a natural gas services operator listed on the main board of The Hong Kong Stock Exchange Limited. It engages principally in the investment, operation and management of city gas pipeline infrastructure, distribution of natural gas and LPG to residential, commercial and industrial users, construction and operation of oil stations and gas stations, and development and application of natural gas and LPG related technologies in China.

http://www.chinagasholdings.com.hk/siteen/gsjj/index.html

China Gas - FINANCIAL INFORMATION OF ZHONGRAN INVESTMENT LIMITED - FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2014 – 29/10/2014

This is a voluntary announcement made by the Company.

Reference is made to the announcements of the Company dated 16 June, 17 June and 27 August 2014in relation to the underwriting agreement for the issue of short-term financing notes by Zhongran Investment Limited (中燃投資有限公司) (''Zhongran Investment''), a wholly-owned subsidiary of the Company, in the People's Republic of China (''PRC''). Pursuant to the applicable rules and regulation sin the PRC, the unaudited financial statements for the nine months ended 30 September 2014 of Zhongran Investment (''Unaudited Quarterly Financial Information'') were published on the websites of Shanghai Clearing House (上海清算所網) (http://www.shclearing.com), and China Money(中國貨幣網) (http://www.chinamoney.com.cn) respectively on 29 October 2014.

Set out below are the key unaudited financial figures of Zhongran Investment for the nine monthsended 30 September 2014 as included in the Unaudited Quarterly Financial Information:

	Nine months ended 30/9/2014 **Renminbi**
Total assets	21,048,701,865.24
Total liabilities	11,518,306,487.74
Owner's equity	9,530,395,377.50
Revenue	8,180,455,388.01
Profit for the period	1,452,125,532.06
Net increase in cash and cash equivalents	435,174,338.41
Cash and cash equivalents at the end of the period	2,555,532,981.20

The Unaudited Quarterly Financial Information and the key unaudited financial figures disclosed in this announcement were prepared in accordance with the PRC generally accepted accounting principles,prepared on the basis of the unaudited management account and have not been reviewed or audited by the Company's auditors. Those financial information are only those of Zhongran Investment and do not give a complete view of the operational and financial status of the Group.

Investors and shareholders of the Company should not place undue reliance on the afore said information and are advised to exercise caution in dealing in the Company's shares.

By order of the Board

China Gas Holdings Limited

http://www.chinagasholdings.com.hk/uploadfiles/20141030094828120.pdf

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2014

1. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain investment properties and financial instruments which are measured at revalued amounts or fair values, as appropriate. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2014.

In the current interim period, the Group has applied, for the first time, certain new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period. The application of the above new or revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. Segment Information

The Group's reportable and operating segments under HKFRS 8 are: sales of piped gas, gas connection, sales of liquefied petroleum gas ("LPG"), sales of coke and gas appliance, Fortune Gas Investment Holdings Limited ("Fortune Gas") and Zhongyu Gas Holdings Limited ("Zhongyu Gas"), in which the Group's chief operating decision maker reviewed the result of Zhougyu Gas being shared by the Group under equity method of accounting. Segment information for the six months ended 30 September 2014 and 2013 about these businesses is presented below.

4. Taxation

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group had no assessable profit for either period. Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction. The taxation charge of the PRC Enterprise Income Tax for the current and prior periods have been made based on the Group's estimated assessable profits calculated at the prevailing tax rates in accordance with the relevant income tax laws applicable to the subsidiaries in the PRC.

5. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

6. Movements in Investment Properties and Property, Plant and Equipment

Investment properties of the Group were fair valued by the professional valuers at 30 September 2014. The resulting increase in fair value of investment properties of HK$4,396,000 has been recognised directly in the condensed consolidated statement of profit or loss and other comprehensive income. During the period, the Group acquired property, plant and equipment at a total cost of approximately HK$2,275,212,000 of which property, plant and equipment with carrying amount of approximately HK$603,023,000 were acquired through acquisition of businesses. During the period, property, plant and equipment with a carrying amount of HK$5,451,000 were disposed of or written off by the Group, resulting in a loss on disposal of HK$4,295,000.

7. Trade and Other Receivables

Other than certain major customers with good repayment history which the Group allows a longer credit period or settlement on an instalment basis, the Group allows an average credit period of 30–180 days to its trade customers. The following is an aged analysis of trade receivables net of impairment losses presented based on invoice date at the end of reporting period:

8. Bank and Other Borrowings

During the period, the Group obtained new bank and other borrowings of approximately HK$5,174,123,000 of which approximately HK$1,912,184,000 is repayable within one year. The loans bear interest at 0.75% to 7.53% per annum. The proceeds were used to repay bank and other borrowing and finance capital expenditure and general working capital of the Group.

9. Acquisition of Businesses

(i) In April 2014, the Group acquired 100% equity interest of 宜黃縣通達管道燃氣有限公司, ("宜黃通達") at a consideration of RMB23,000,000. 宜黃通達 is engaged in the business of natural gas. The goodwill of HK$6,277,000 arising on the acquisition of 宜黃通達 is attributable to the anticipated profitability of its natural gas business. The initial accounting for this acquisition has been determined provisionally, awaiting the receipt of professional valuations in relation to certain underlying assets and liabilities of the acquire. During the period, 宜黃通達 contributed to the Group's revenue and loss of HK$214,000 and HK$484,000 respectively.

(ii) In April 2014, the Group acquired 90% equity interest of 瑞川新能(北京)投資有限公司 ("瑞川新能") at a consideration of RMB432,000,000. 瑞川新能 is engaged in investment holding business. The goodwill of HK$434,859,000 arising on the acquisition is attributable to the anticipated profitability of its investment business. The initial accounting for this acquisition has been determined provisionally, awaiting the receipt of professional valuations in relation to certain underlying assets and liabilities of the acquire. During the period, 瑞川新能 contributed to the Group's profit of HK$1,996,000.

(iii) In May 2014, the Group acquired 100% equity interest of 十堰武當山特區中燃城市燃氣有限公司 ("十堰武當 山") at a consideration of RMB25,524,000. 十堰武當山 is engaged in natural gas business. The goodwill of HK$17,780,000 arising on the acquisition is attributable to the anticipated profitability of its natural gas business and CNG supply to vehicles. The initial accounting for this acquisition has been determined provisionally, awaiting the receipt of professional valuations in relation to certain underlying assets and liabilities of the acquire. During the period, 十堰武當山 contributed to the Group's revenue and loss of HK$874,000 and HK$684,000 respectively.

(iv) In June 2014, 富地柳林燃氣有限公司 ("富地柳林") ceased to be a joint venture of the Group and become a subsidiary as the Group's effective interest was increased from 50% to 70% due to the additional capital injection. 富地柳林 is engaged in the business of exploration and production of coal bed methane. The initial accounting for this business combination has been determined provisionally, awaiting the receipt of professional valuations in relation to certain underlying assets and liabilities. The amount of gain on deemed disposal of a joint venture of HK$198,625,000 was determined provisionally and recognized in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 September 2014.

10. Capital Commitments

As at 30 September 2014, the Group has capital commitments in respect of the acquisition for property, plant and equipment and construction materials for property, plant and equipment contracted for but not provided in the financial statements amounting to HK$115,239,000 (31 March 2014: HK$87,804,000) and HK$131,225,000 (31 March 2014: HK$170,810,000), respectively.

16. Pledge of Assets

The Group pledged certain property, plant and equipment and prepaid lease payments having a net carrying amount of approximately HK$229,128,000 and nil (31 March 2014: HK$262,215,000 and HK$16,328,000), investment properties having a carrying value of HK$59,500,000 (31 March 2014: HK$58,800,000), pledged inventory of HK$155,696,000 (31 March 2014: HK$155,696,000), pledged bank deposits of HK$120,947,000 (31 March 2014: HK$250,748,000) and certain subsidiaries pledged their equity investments in other subsidiaries to banks to secure loan facilities granted to the Group as at 30 September 2014.

17. Related Party Transactions

The Group entered into the following transactions with related parties that are not members of the Group:

(i) During the period, the Group received interest income for total amount of HK$5,159,000 (six months ended 30 September 2013: HK$5,043,000) from an associate.

(ii) During the period, the Group received interest income for total amount of HK$1,769,000 (six months ended 30 September 2013: nil) from a joint venture.

(iii) During the period, the Group paid interest expense for total amount of HK$216,000 (six months ended 30 September 2013: HK$198,000) to a non-controlling interest of a subsidiary.

(iv) During the period, the Group received management income for total amount of HK$4,501,000 (six months ended 30 September 2013: nil) from a shareholder of joint venture.

v) During the period, the Group purchased gas for total amount of HK$18,903,000 (six month ended 30 September 2013: nil) from a joint venture.

(vi) During the period, the Group sold gas for total amount of HK$33,803,000 (six month ended 30 September 2013: nil) to a joint venture.

INTERIM DIVIDEND

The Directors resolved the payment of HK2.2 cents per share as interim dividend for the six months ended 30 September 2014 (six months ended 30 September 2013: HK2.2 cents per share). The interim dividend will be paid on or about 30 January 2015, Friday to shareholders whose names appear on the register of members of the Company on the date of 21 January 2015, Wednesday.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 19 January 2015, Monday to 21 January 2015, Wednesday, both days inclusive, during which period no transfers of shares of the Company will be registered for the purpose of determining entitlement to the interim dividend.

In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 pm on 16 January 2015, Friday.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group, a gas operator and service provider, is primarily engaged in the investment, construction and operation of city gas pipeline infrastructure facilities, gas terminals, storage and transportation facilities, gas logistics systems, transmission of natural gas and liquefied petroleum gas ("LPG") to residential, industrial and commercial customers, construction and operation of natural gas refilling stations for vehicles and vessels as well as the development and application of technologies relating to petroleum, natural gas and LPG in China.

Business Review

Financial & Operational Highlights

For the six months ended 30 September 2014, turnover of the Group amounted to HK$15,588,121,000 (six months ended 30 September 2013: HK$10,461,324,000), an increase of 49.0% over the same period last year. Gross profit (including LPG business) amounted to HK$3,154,308,000 (six months ended 30 September 2013: HK$2,477,033,000), an increase of 27.3% over the same period last year. Overall gross profit margin was 20.2% (six months ended 30 September 2013: 23.7%).

Profit before tax for the period amounted to HK$2,440,289,000 (six months ended 30 September 2013: HK$1,835,185,000), an increase of 33.0% over the same period last year. Profit after tax amounted to HK$1,956,924,000 (six months ended 30 September 2013: HK$1,484,676,000), an increase of 31.8% over the same period last year. Profit attributable to shareholders increased by 31.0% to HK$1,680,120,000 (six months ended 30 September 2013: HK$1,282,895,000).

Overall net profit margin was 12.6% (six months ended 30 September 2013: 14.2%). Earnings per share amounted to HK33.56 cents (six months ended 30 September 2013: HK27.41 cents), an increase of 22.4% over the same period last year. Total assets and net assets of the Group as at 30 September 2014 reached HK$48,452,198,000 and HK$19,769,006,000 respectively (HK$45,264,629,000 and HK$18,157,012,000 as at 31 March 2014 respectively). Bank balances and cash as at 30 September 2014 were HK$6,075,531,000 (HK$6,704,647,000 as at 31 March 2014).

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review
(Continued) New Projects Expansion

As at 30 September 2014, the Group has secured 243 city piped gas projects (with exclusive concession rights), 13 longdistance natural gas pipeline projects, 434 compressed/ liquefied natural gas ("CNG/LNG") refilling stations for vehicles, 1 natural gas development project, 2 coal bed methane development projects and 98 LPG distribution projects in 24 provinces (including autonomous regions and municipalities). From 1 April 2014 to 30 September 2014, the Group also secured 6 new city piped gas projects and 1 new longdistance natural gas pipeline project locating in Hebei Province, Heilongjiang Province, Hunan Province, and Jiangxi Province:

As at 30 September 2014, the connectable urban population covered by the Group's gas projects increased to 84,759,000 (approximately 25,586,000 households), an increase of 21.1% over the same period last year.

Gas Business Review

The Group's gas business is divided into two segments, namely natural gas segment and LPG segment, which cater for the needs of different customer groups and require different market development strategies. The performance of each segment for the six months ended 30 September 2014 is discussed below.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review
(Continued) Natural Gas Business

As an operator and service provider mainly focusing on natural gas supply, the Group has, through its rapid development in the past 13 years, well established a unique operating and management system that suits it best in the gas industry in China. With constant optimisation, such system has proven to contribute positively towards the enhancement of management efficiency and operating results of the Group.

Construction of Piped Natural Gas Networks

City natural gas pipeline networks are the foundation of the Group's gas supply. By constructing its networks with urban arterial and branch pipelines, the Group connects natural gas pipelines with its residential as well as industrial and commercial customers, from whom connection fees and gas usage fees are charged.

As at 30 September 2014, the Group supplied piped natural gas in 168 operating cities and had constructed intermediate and arterial pipeline networks of 52,411 km in length with 226 processing stations (city-gate stations).

Natural Gas Users

Natural gas customers of the Group are mainly classified into residential customers, industrial and commercial customers, and CNG/LNG refilling stations for vehicles.

Residential Customers

During the period, the Group completed natural gas connection for 958,548 new residential households, an increase of approximately 12.7% over the same period last year, and the average piped gas connection fee for residential customers was RMB2,607 per household. As at 30 September 2014, the number of accumulated connected residential users of the Group was 11,265,543, an increase of approximately 17.4% over the same period last year, representing 44.0% of the total number of connectable customers. The Group's overall penetration rate, though rising constantly, remains low when compared to the 70% penetration rate in developed markets. It is expected that the number of new residential users subscribing to the Group's services will increase steadily in the future, and will generate stable gas connection income to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued) Natural Gas Business
Industrial and Commercial Customers

The Chinese Government has been encouraging high energy consumption and high emission industries to replace highlypolluting coal and oil with natural gas, a clean energy, to strengthen energy conservation and emission reduction. The State Council of China promulgated Action Plan on Prevention and Control of Air Pollution (《大氣污染防治行動 計劃》) in September 2013. According to the Plan, China will make efforts to rectify small coal-fired boilers and accelerate the construction of central heating systems and "coal-to-gas" conversion projects. By

2017, coal-fired boilers with efficiency of and lower than 10 tons of steam per hour will be eliminated for the cities at and above prefecture level, and coal-fired boilers with efficiency lower than 20 tons of steam per hour will be stopped building. The State Council of China also released Circular on Several Opinions on a Long-term Mechanism for Ensuring the Stable Supply of Natural Gas (《保 障天然氣穩定供應長效機制若干意見的通知》) in April 2014 to secure the availability of 112 billion cubic meters of natural gas by 2020 to meet the demand from "coal-to-gas" conversion projects. In the coming three to five years, coalto-gas conversion projects will be developed quickly, capturing this opportunity will substantially facilitate and enhance the Group's natural gas sales to industrial users and for the winter heating consumption. Industrial and commercial customers have higher demand for natural gas and lower operating cost for unit gas sales as compared with residential customers. As such, in addition to fulfilling the demand of residential customers for natural gas, the Group speeded up gas connections for industrial and commercial customers. As the implementation of the Group's "hub-satellite cities" development strategy continues, the Group expects to secure more piped natural gas projects in industrialised cities, economic development zones and industrial parks. These new projects will become one of the Group's major drivers for natural gas sales growth in the future. During the period, the Group newly connected 300 industrial customers and 4,684 commercial customers, the former of which were mainly in industries such as petrochemicals, ceramics, building materials, metallurgy and glass.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued) Natural Gas Business
Industrial and Commercial Customers

As at 30 September 2014, the total numbers of industrial customers and commercial customers acquired and connected by the Group were 3,014 and 64,163 respectively, an increase of approximately 25.2% and 17.7% respectively over the same period last year. The average connection fee for industrial customers and commercial customers was RMB348,846 and RMB54,824 per customer respectively. During the period, the Group recorded gas connection income of HK$2,245,845,000, an increase of approximately 14.3% over the same period last year, accounting for approximately 14.4% of the Group's total turnover for the period.

CNG/LNG Refilling Stations

Given the advocacy of energy conservation and emission reduction by Government policies, and the gradual easing of shortage of natural gas supply, natural gas, as a clean energy, has become a preferred choice for vehicle and vessel fuels. Based primarily on CNG refilling stations and secondarily on LNG ones, the Group stepped up efforts in the development and construction of CNG/LNG refilling stations for vehicles and vessels to expand the Group's market share in the natural gas refilling business. During the period, the Group added 55 new CNG refilling stations and 26 LNG refilling stations for vehicles. As at 30 September 2014, the Group owns 434 natural gas refilling stations, including 350 CNG refilling stations for vehicles and 84 LNG refilling stations for vehicles, an increase of 93.8% in the total number of stations over the same period last year. During the period, natural gas volume for vehicles accounted for 10.5% of the Group's total natural gas volume, an increase of approximately 40.3% over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued) Sale of Natural Gas

During the period, the Group sold a total of 4,085,874,811 m3 of natural gas primarily through city piped gas network and long-distance natural gas pipelines, an increase of 16.8% over the same period last year, of which 2,784,312,082 m3 were sold through city piped gas network, an increase of 31.1% over the same period last year, and 1,301,562,730 m3 were sold through long-distance natural gas pipelines, a decrease of 5.2% over the same period last year. During the period, the volume of gas sold through long-distance natural gas pipelines decreased. It was

mainly because some industrial users took advantage of the summer season to execute its annual production equipment maintenance, such as downstream users of Changmeng Pipeline in Mongolia.

In addition, due to the structural adjustment on end users of the Chongqing Changnan Pipeline, natural gas supply to industrial users stopped and it is now delivering shale gas produced by Sinopec in Sichuan, and the shale gas production takes time to increase. The group expects that the gas sale volume from long-distance natural gas pipelines will increase moderately in the second half of the fiscal year. At the same time, the Group's new pipelines were still under construction or under initial stage of operation, such as Huanggang-Daye Pipeline in Hubei Province with an annual designed capacity of 1.85 billion m3 , Liaoyang Pipeline with an annual designed capacity of 1 billion m3 and Cangzhou Pipeline in Hebei with an annual designed capacity of 4 billion m3 .

These new long-distance pipelines will contribute significant long-distance natural gas sales increase to the Group once they complete construction and commence operation. During the period, 519,923,045 m3 of natural gas were sold to residential customers, accounting for approximately 12.7% of the Group's total sales of natural gas, 2,723,236,763 m3 to industrial customers, accounting for approximately 66.6% of the Group's total sales of natural gas, 415,152,946 m3 to commercial customers, accounting for approximately 10.2% of the Group's total sales of natural gas and 427,562,057 m3 to vehicle users, accounting for approximately 10.5% of the Group's total sales of natural gas. During the period, the Group recorded natural gas sales of HK$4,982,513,000, accounting for approximately 32.0% of the Group's total turnover, and income from natural gas sales increased by approximately 20.0% over the same period last year.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued) Sale of Natural Gas

The core business of the Group is piped natural gas supply. However, for some projects in areas such as Fushun where piped natural gas is not yet accessible, piped coal gas or LPG blended with air is sold as a transitional fuel. During the period, a total of 107,060,932 m3 of piped coal gas and airblended LPG was sold. However, with the availability of upstream natural gas to these cities, the sale of transitional fuels by the Group is expected to decrease gradually.

Selling Price of Natural Gas During the period, the average selling price (pre-tax) of the Group's natural gas was RMB2.41 per m3 for residential customers, RMB2.69 per m3 for industrial customers, RMB2.92 per m3 for commercial customers, and RMB3.26 per m3 for CNG/LNG vehicle users. With the staged commencement of operation of the WestEast Gas Pipeline No. 2, China-Myanmar natural gas pipeline and coastal natural gas terminals, imported natural gas quickly took up a higher proportion of China's natural gas supply, and as a result, increase in natural gas prices became inevitable. In order to regulate natural gas prices, guarantee natural gas supply, promote energy saving and emission reduction, and increase utilisation rate of resources, National Development and Reform Commission (the "NDRC") issued the "Notice of the NDRC on Adjusting the Natural Gas Prices" (the "Notice") on 28 June 2013.

The natural gas prices were to be adjusted stage by stage and great efforts were to be made to achieve full adjustment by the end of 2015 for the purpose of allowing the natural gas prices to be completely determined by the market mechanism. The Notice categorised natural gas into existing gas volume and incremental gas volume.

From 10 July 2013 on, the price of incremental gas volume was adjusted in one step to reach reasonable price relations with such alternative energies as fuel oil and liquefied petroleum gas (with the weight of 60% and 40%). Under the phased adjustment, the price of existing gas volume was increased twice each by no more than RMB0.4 per m3 on 10 July 2013 and 1 September 2014, and would be adjusted up to the same level as that of incremental gas volume by 2015 finally.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued) Selling Price of Natural Gas

Subsequent to the implementation of the natural gas price adjustment scheme, the Group proactively communicated with local governments where our projects are located, and with industrial and commercial customers as well as vehicle users. A price pass-through mechanism was then initiated, so as to effectively transfer the two price adjustments to downstream customers.

Reasonable adjustment to natural gas price is conducive to the orderly import of natural gas, and is able to drive up domestic natural gas production volume substantially and alleviate natural gas supply shortage effectively, as well as to benefit the long-term healthy development of natural gas industry in China.

Liquefied Petroleum Gas Business

The Group currently owns 8 LPG terminals and 98 LPG distribution projects.

During the period, the Group sold 1,153,000 tons of LPG (including 755,000 tons of wholesale sales volume and 398,000 tons of retail volume), an increase of 49.8% over the same period last year. Revenue amounted to approximately HK$7,608,787,000 (for the six months ended 30 September 2013: HK$4,148,538,000), an increase of approximately 83.4% over the same period last year. During the period, gross profit was HK$465,788,000 (for the six months ended 30 September 2013: HK$231,604,000). Operating profit was HK$188,944,000 (for the six months ended 30 September 2013: HK$12,966,000). Contractual sales accounted for more than 60% of the total wholesale volume for the period, enabling the Group to avoid to some extent the negative impacts caused by the volatility of the global LPG price and to mitigate the operational risks associated with the LPG wholesale business.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review
(Continued)Liquefied Petroleum Gas Business

With LPG becoming more popular in townships and villages and its long and stable utilisation amongst industrial and commercial markets, China's LPG industry meets a rare development opportunity, especially in the rapid growth of the petrochemical synthesis and processing sector where LPG is being used as a raw material. The Group will fully utilise its LPG terminals, storage facilities and fleets of vehicle and vessel to boost overseas and domestic purchases of LPG, and in turn gradually increase utilisation rate of midstream LPG resources. In addition, the Group will capitalise the advantage of its integrated business chain by putting in place a central procurement system for its downstream retail business, so as to lay out a proper deployment over its gas source procurement, storage resources and market coverage and reach an effective synergy between the wholesale segment and retail segment, which will maximise the profit margin of the whole production chain.

Value-added Services for End Users With the continuous increase in the penetration rate of gas projects, our customer base has been rapidly expanding. Currently, the Group provides more than 11 million residential households and 67,000 industrial and commercial customers with piped natural gas services, and 6 million residential households with bottled LPG. With the gradual expansion of the customer network, the benefits of provision of value-added services are enormous.

Therefore, the development of end-user value-added services is not only conducive to raising the profitability of our business, but also provides customers with better social services in our society. Currently, the Group's project companies are actively pursuing revenue generation through value-added advertising, sales of gas appliances, and cooperation with domestic reputable insurance companies to develop the city gas insurance services market. In addition, after years of market research and technological innovation, the Group will develop diversified energy

projects, by comprehensive utilisation of natural gas, major customers are provided with highly efficient comprehensive energies, various needs of customers in heating, electricity and cooling will be satisfied.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued) Human Resources

A team of excellent employees is vital to the success of a corporation. Adhering to the management concept of "people come first", the Group sticks to the philosophy of "cultivating talents within the Group while recruiting potential talents from outside" with regard to personnel training and team building. Through the establishment of a recruitment and internal training mechanism, the Group has created a platform for knowledge exchange and sharing of experience among our staff. The Group constantly upgrades the professionalism and competence of our staff at all levels, and recruits talents and retains capable staff by enhancing job satisfaction and providing attractive remuneration packages. As at 30 September 2014, the Group had approximately 37,000 employees in total. More than 99.9% of the Group's employees are based in China. Employee remuneration is determined with reference to the qualifications and experience of individual staff and according to the prevailing industry practice in the respective regions of operation. Apart from basic salary and pension fund contributions, selected employees may be rewarded with discretionary bonuses, merit payments and share options depending on the Group's financial results and their respective performance.

Financial Review

For the six months ended 30 September 2014, turnover of the Group amounted to HK$15,588,121,000 (six months ended 30 September 2013: HK$10,461,324,000), an increase of 49.0% over the same period last year. Gross profit (including LPG business) amounted to HK$3,154,308,000 (six months ended 30 September 2013: HK$2,477,033,000), an increase of 27.3% over the same period last year. Overall gross profit margin was 20.2% (six months ended 30 September 2013: 23.7%). Profit after tax was HK$1,956,924,000 (six months ended 30 September 2013: HK$1,484,676,000), an increase of 31.8% over the same period last year.

Operating Expenses

Operating expenses (including selling and distribution costs and administrative expenses) increased by 30.6% from approximately HK$883,666,000 for the same period last year to approximately HK$1,153,842,000 due to business growth of the Group during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued) Financial Review

Finance Costs For the six months ended 30 September 2014, finance costs decreased by 7.3% from approximately HK$335,045,000 for the same period last year to approximately HK$310,518,000, which was mainly due to the adoption of more effective management measures on interest margin and liquidity by the Group during the period.

Income Tax Expenses

For the six months ended 30 September 2014, income tax expenses increased 37.9% to HK$483,365,000 (2013: HK$350,509,000). The increase in taxation expenses was mainly due to increase in assessable profit as a result of business growth.

Liquidity The principal business of the Group generates steady cash flow. Coupled with an effective and well-established capital management system, the Group is able to maintain stable and healthy operations. As at 30 September 2014, total assets of the Group amounted to HK$48,452,198,000, an increase of approximately 7.0% over that as at 31 March 2014.

Cash on hand was HK$6,075,531,000 (31 March 2014: HK$6,704,647,000). The Group had a current ratio of approximately 1.27 (31 March 2014: 1.13). After deducting the total borrowings of HK$1,933,300,000 in relation to LPG trade financing, the Group's current ratio was approximately 1.53.

The net gearing ratio was 0.62 (31 March 2014: 0.57), as calculated on the basis of the net borrowings of HK$12,319,590,000 (total borrowings of HK$20,328,421,000 less the borrowings of HK$1,933,300,000 in relation to LPG trade financing, and bank balance and cash of HK$6,075,531,000) and net assets of HK$19,769,006,000 as at 30 September 2014. The Group has always been adopting a prudent financial management policy. The majority of available cash of the Group has been placed with credible banks as demand and time deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued) Financial Review
Financial Resources

The Group has long-standing relationships with Chinese (including Hong Kong) and overseas banks. As the Group's principal cooperating bank, China Development Bank provided the Group with loan facilities including a long-term credit facility of RMB20 billion under a term of up to 15 years and a loan facility of US$420 million, giving a strong financial support to the Group's project investments and stable operations. In addition, the Group also received long-term credit support from major domestic and overseas banks such as Asian Development Bank, Industrial and Commercial Bank of China, China Construction Bank, The Netherlands Development Finance Company, Bank of Taiwan, Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Malayan Banking Berhad, Bank of Communications and Agricultural Bank of China. As at September 2014, over 30 banks had extended syndicated loans and credit facilities to the Group and most of the syndicated loans were of term over five years with an average maturity of seven years. Bank loans are generally used to fund the working capital requirements and project investments of the Group. As at 30 September 2014, bank loans and other loans of the Group amounted to HK$20,328,421,000, of which HK$1,933,300,000 were LPG trade facilities. The operating and capital expenditures of the Group are financed by operating cash income, bank borrowings, revolving credit facilities and development financial loans. The Group currently has sufficient funding to satisfy its future capital expenditures and working capital requirements.

Foreign Exchange

No significant foreign exchange risk is expected as the Group's cash, borrowings, income and expenses are settled in Hong Kong dollars, RMB and US dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

(Continued) Financial Review
Charge on Assets

As at 30 September 2014, the Group pledged certain property, plant and equipment and prepaid lease payments with net carrying values of HK$229,128,000 and nil (31 March 2014: HK$262,215,000 and HK$16,328,000) respectively, investment properties with net carrying value of HK$59,500,000 (31 March 2014: HK$58,800,000), pledged inventory of HK$155,696,000 (31 March 2014: HK$155,696,000), pledged bank deposits of HK$120,947,000 (31 March 2014: HK$250,748,000) and certain subsidiaries pledged their equity investments in other subsidiaries to banks to secure loan facilities as at 30 September 2014.

Capital Commitments

The Group has capital commitments in respect of the acquisition of property, plant and equipment and construction materials contracted but not provided for in the financial statements as at 30 September 2014 amounting to HK$115,239,000 (31 March 2014: HK$87,804,000) and HK$131,225,000 (31 March 2014: HK$170,810,000) respectively, and such commitments would require the utilisation of the Group's cash on hand and external

borrowings. The Group has undertaken to acquire shares in certain Chinese enterprises and set up Sino-foreign joint ventures in China.

http://www.chinagasholdings.com.hk/uploadfiles/20141216101952648.pdf

ChemChina Guilin Rubber Co Ltd

Established on January 20, 2006, renamed on January 19, 2009, it consisted of two legal entities: Shuguang Rubber Industry Research & Design Institute and ChemChina Guilin Rubber Co Ltd., ChemChina Guilin Rubber Co Ltd. Is the China National Tire & Rubber Corp's member company.

The company has six major entities including large engineering tire, engineering tire, aviation tire, all-steel heavy duty radial tire, remodeled tire, rubber products, and one national rubber research institute. It can supply airplanes, large engineering machinery, heavy-duty vehicles and SPVs, while earning recognition as the scientific leader in high-end tires. Its in-house developed all-steel huge radial tire obtained support from a national scientific and technological support project. It has contributed to the breakdown of a foreign monopoly. Rubber products have been produced by its subsidiary company to boost Shenzhou-6 and Shenzhou-7 aviation. Its legal entity, Shuguang Rubber Industry Research & Design Institute, is the sole special tire research institute and the parent organization of the national aviation tire standardization technology committee, special chemical tires engineering center, special chemical tire quality supervision and inspection center, and Guangxi tire engineering research center and the only domestic tire manufacturer that maintains compliance with Federal Aviation Administration.

http://www.chemchina.com.cn/en/kjcx/kjpt/cxqy/dsp/webinfo/2012/04/1336633911928830.htm

Introduction

China National Chemical Corporation (ChemChina) is a state-owned enterprise established by reorganizing the subsidiary companies under the former Ministry of the Chemical Industry, People's Republic of China. It is the largest enterprise in China's chemical industry, ranking 265th among the Fortune 500 companies. In 2013 it registered total assets of RMB272.5 billion and sales revenue of RMB244 billion.

ChemChina, laying strategic importance on "traditional chemicals, advanced materials", sees its main business made up of six sectors: advanced chemical materials and specialty chemicals, basic chemicals, oil processing, agrochemicals, tire & rubber products and chemical equipment.

ChemChina, a national innovation-oriented enterprise, operates production and R&D bases in 140 countries and regions across the world, and boasts a full-fledged marketing network. Specifically, it has six strategic business units (SBUs), two directly affiliated units, 112 production and operation enterprises, six overseas enterprises, 24 research institutes and design academies. Moreover, it controls nine A-share listed companies.

Currently, ChemChina is implementing the 12th Five-year Plan. Upholding the concepts of "New Science, New Future", it is accelerating industrial restructuring. In the future, ChemChina will form a business layout of "3+1", namely: materials science, life science, environmental science plus basic chemicals on its way to become a top-notch chemical company in the world.

http: w.chemch//ww ina.com.cn/en/gywm/jtjj/A601601web_1.htm

China National Petroleum Corporation (NYSE:CNPZ)

About PetroChina

PetroChina Company Limited ("PetroChina") is the largest oil and gas producer and distributor, playing a dominant role in the oil and gas industry in China. It is not only one of the companies with the biggest sales revenue in China, but also one of the largest oil companies in the world. PetroChina was established as a joint stock company with limited liabilities by China National Petroleum Corporation under the Company Law and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies on November 5th, 1999. The American Depositary Shares (ADS) and H shares of PetroChina were listed on the New York Stock Exchange on April 6, 2000 (stock code: PTR) and the Stock Exchange of Hong Kong Limited on April 7, 2000 (stock code: 857) respectively. It was listed on Shanghai Stock Exchange on November 5, 2007 (stock code: 601857).

Since the foundation, PetroChina has established and improved standard corporate governance structure, in accordance with the applicable laws and regulations including the Company Law and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas and the Articles of Association. The shareholders' meeting, the Board of Directors and the Supervisory Committee of the Company can operate independently and effectively in accordance with the Articles of Association.

PetroChina commits itself to becoming an international energy company with strong competitiveness and one of the major producers and distributors of petroleum and petrochemical products in the world. It engages in wide range of activities related to oil and natural gas, including: exploration, development, production and marketing of crude oil and natural gas; refining, transportation, storage and marketing of crude oil and oil products; the production and marketing of primary petrochemical products, derivative chemicals and other chemicals; transportation of natural gas, crude oil and refined oil, and marketing of natural gas.

PetroChina, under the guidance of the concept of scientific development, is dedicated to implementing three strategies of resources, markets and internationalization. PetroChina is committed to accelerating the transformation of economic growth, improving the self-innovation capacity, establishing long-efficient mechanism of safety, environmental protection and energy conservation and creating a harmonious enterprise, in order to transform itself to an international energy company with strong competitiveness.

China National Petroleum Corporation (CNPC) is the sole sponsor and controlling shareholder of PetroChina. It is a large petroleum and petrochemical corporate group, established in July 1998, in accordance with Plan for the Organizations Structure Reform of the State Council. CNPC is a large state-owned enterprise managed by the investment organs authorized by the state and State-owned Assets Supervision and Administration Commission.

Company's Registered Chinese Name : 中国石油天然气股份有限公司
Company's English Name : PetroChina Company Limited
Company Secretary : Wu Enlai

http://www.petrochina.com.cn/ptr/gsjj/gsjs_common.shtml

CNPC at a Glance

China National Petroleum Corporation (CNPC) is an integrated international energy company.

Based in China, we have oil and gas assets and interests in 38 countries in Africa, Central Asia-Russia, America, the Middle East, Asia-Pacific, and other regions.

CNPC is China's largest oil and gas producer and supplier, as well as one of the world's major oilfield service providers and a globally reputed contractor in engineering construction, with businesses covering petroleum exploration & production, natural gas & pipelines, refining & marketing, oilfield services, engineering construction,

petroleum equipment manufacturing and new energy development, as well as capital management, finance and insurance services.

- Crude output: 113.67 million tons per year in China
- Natural gas output: 95.46 billion cubic meters per year in China
- Crude oil production: 54% of China's total
- Natural gas production: 75% of China's total
- Crude runs: 150.16 million tons per year in China
- Domestic service stations: 20,386
- Domestic pipelines: 79,054 kilometers, including 18,132 kilometers for crude oil (70% of China's total), 50,836 kilometers for natural gas (78% of China's total) and 10,086 kilometers for refined products (47% of China's total)

http://www.cnpc.com.cn/en/ourbusinesses/ourbusinesses.shtml

China National Offshore Oil Corporation (NYSE:CEO)

Company Profile

China National Offshore Oil Corporation ("CNOOC"), the largest offshore oil & gas producer in China, is a state-owned company operating directly under the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China. Headquartered in Beijing, founded in 1982, CNOOC has evolved from an upstream oil & gas company to an international energy company with promising core businesses and a complete industrial chain.

Now, CNOOC businesses cover the main segments of oil & gas exploration and development, engineering & technical services, refining and marketing, natural gas and power generation, and financial services. The company's overseas businesses cover 40 countries and regions, the percentages of overseas oil and gas output and revenue exceed 40%, with the localization rate of overseas employees reaching 86%.

During the year of 2014, CNOOC's ranking in the Fortune Global 500 rose to 79, which were 14 places higher than that in 2013. Standard & Poor's and Moody's continue to rate the company with credit ratings of AA- and Aa3, the highest for a Chinese corporation.

CNOOC has been making great efforts to bolster its business development in line with China's New Silk Road Program while implementing the company's Second Leap Forward Development Strategy. Striving toward the goal of building a world-class energy company, CNOOC will continue to focus on the transformation of economic development pattern, the industry structural adjustment and the improvement of development quality and efficiency.

http://www.cnooc.com.cn/col/col6141/index.html

CNOOC Limited Announces Key Operational Statistics for Q3 2015

Hong Kong, October 28, 2015) CNOOC Limited (the "Company", NYSE: CEO, SEHK: 00883, TSX: CNU) today announced its key operational statistics for the third quarter of 2015.

In the third quarter, the Company achieved a total net production of 127.5 million barrels of oil equivalent (BOE), representing a significant increase of 23.8% year over year (yoy). Net production from offshore China reached 83.3 million BOE, a 28.2% yoy increase, primarily due to the production contribution from newly commenced projects in Bohai and the Eastern South China Sea. Meanwhile, net production from overseas rose 16.5% yoy to 44.3 million BOE, mainly because of maintenance at the Buzzard oilfield during the same period last year and new production from the Golden Eagle project in the U.K. North Sea.

During the period, the Company made 3 new discoveries and drilled fourteen successful appraisal wells in offshore China. The Caofeidian 6-4 structure was successfully appraised and proved to be a mid-sized oilfield, which represents a significant breakthrough after several years of oil and gas exploration in western Bohai. The new discovery of Liuhua 21-2 further demonstrated the exploration potential of Baiyun Sag in Pearl River Mouth basin and is expected to be developed jointly with adjacent oil structures in the area, including Liuhua 20-2. In the third quarter, the Luda 10-1 oilfield comprehensive adjustment project commenced production, while other projects progressed smoothly.

In the third quarter, the unaudited oil and gas sales revenue of the Company reached approximately RMB36.25 billion, representing a decline of 32.3% yoy. The Company's average realized oil price declined by 50.7% yoy to US$48.84 per barrel, while the average realized natural gas price declined by 3.0% yoy to US$6.41 per thousand cubic feet.

Facing a low oil price environment, the Company continued to lower costs and enhance efficiency, in addition to decreasing its full-year capital expenditures. During the period, the Company reduced its capital expenditures by 44.0% yoy to approximately RMB14.75 billion.

Mr. Li Fanrong, CEO of the Company commented, "In the third quarter, the Company made smooth progress in overall business, including exploration, development and production. Our cost controls and enhanced efficiency measures were executed effectively and achieved remarkable results as we aimed to proactively respond to the impact of low oil prices. Meanwhile, we are confident that we will achieve our production and operation targets for the year."

Notes to Editors:

More information about the Company is available at http://www.cnoocltd.com.

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This press release includes "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus or financial results. The words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company's expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Group can complete on schedule pursuant to their terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People's Republic of China. For a description of these and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the 2014 Annual Report on Form 20-F filed on 22 April 2015.

Consequently, all of the forward-looking statements made in this press release are qualified by these cautionary statements. The Company cannot assure that the results or developments anticipated will be realised or, even if substantially realised, that they will have the expected effect on the Company, its business or operations.

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China Oilfield Services Ltd. (NYSE: 601808)

Company Profile

China Oilfield Services Limited (COSL) is an integrated oilfield service solution provider with nearly 50 years of experience in offshore operation. COSL listed in both shanghai and the HK Stock Exchange (601808.SS/2883.HK).With its four major business segments of geophysical services, drilling services, well services and marine & transportation services covering the exploration, development and production phases of oil and gas industry, COSL is an all-round offshore oilfield service company with integrated functions and bundled service chain in China and even in the world.

COSL possesses the largest fleet of offshore oilfield services facilities in China. To the end of 2013 , COSL operated 40 drilling rigs of which 30 are jack-up drilling rigs and 10 are semi-submersible drilling rigs, 2 accommodation rigs and 4 module rigs. In addition, COSL also owns and operates the largest and most diverse fleets in offshore China, including 69 working vessels and 3 oil tankers, 4 chemical carriers,7 seismic vessels,2 OBC teams, 7 surveying vessels, and a vast array of modern facilities and equipment for logging, drilling fluids, directional drilling, cementing and well work-over services, including FCT （Formation Characteristic Tool）, FET（Formation Evaluation Tool）, LWD （Logging-While-Drilling） and ERSC （ELIS Rotary Sidewall Coring Tool）, etc.

COSL can provide customers with operation services for a single business and integrated package & turnkey services as well. COSL's services not only cover offshore China but also extend to Southeast Asia, Australia, Middle East, America, North Africa, and North Europe etc.

COSL employees always adhere to the international QHSE standards and commit themselves to providing first-class services for customers. COSL has obtained the International Safety Management (ISM) certifications, and the QHSE Management System certificates issued by DNV in compliance with ISO9001, ISO14001 and OHSAS18001 standards.

With the concept “ALWAYS DO BETTER”, COSL will endeavor to provide safe, high-quality, high-efficiency, and valued services for domestic and international customers to realize win-win with shareholders, customers, employees and partners and head towards being one of the world's top-notch oilfield service companies.

http://www.cosl.com.cn/data/html/english/channel_113.html

China Oilfield Services Limited 2015 Third Quarterly Report

In the first three quarters of 2015, due to the impact from the fact that the global oil price continued to fluctuate at a low level, oil companies greatly cut the investment size and the oilfield services industry remained weak. The utilization rate of the large equipment and service price of the Group decreased therefore as compared with the same period last year. During the first three quarters of 2015, revenue of the Group amounted to RMB17,996.5 million, representing a decrease of 27.5% as compared with the same period last year. Although the expansion of the scale of equipment led to the increase of depreciation cost by RMB271.0 million as compared with the same period last year, the Group adjusted its strategiesin a timely manner, further enhanced the lean management, strictly controlled the cost and cut down unnecessary expenses, which led to decrease in the Group’s operating costs and administrative expenses to a certain extent. During the first three quarters, the Group’s net profit amounted to

RMB1,289.8 million, representing a decrease of 80.4% as compared with RMB6,569.4 million for the same period last year.

The basic earnings per share were RMB0.26, representing a decrease of 81.2% as compared with the same period last year. As of 30 September 2015, the Group's total assets amounted to RMB94,948.4 million, representing an increase of 9.3% as compared with the beginning of the year. The total liabilities amounted to RMB48,230.2 million, including the issue of USD1 billion Euro Medium Term Notes, and representing an increase of 21.9% as compared with the beginning of the year. The shareholders' interests amounted to RMB46,718.2 million, representing an increase of 1.3% as compared with the beginning of the year.

As of 30 September 2015, the operating days of drilling rigs of the Group amounted to 8,878 days, representing a decrease of 1,419 days or 13.8% as compared with the same period last year. The operating days of jack-up rigs amounted to 6,987 days, representing a decrease of 612 days, which was mainly attributable to the increase of 438 days in the operating period of "HYSY932", "Gulf Driller I" and "Kai Xuan I" that started operation last year; the increase of 1,393 standby days; and ③increase of 343 operating days due to decrease in repairs. The operating days of semi-submersible drilling rigs amounted to 1,891 days, representing a decrease of 807 days, which was mainly attributable to ①increase of 109 operating days for "COSLProspector"; ②increase of 866 standby days; and ③ decrease of 50 operating days due to increase in repairs.

Affected by the increasing number of days spent on stand-by, the available day utilization rate of the drilling rigs during the period fell 19.6 percentage points to 77.4% while the calendar day utilization rate fell 17.2 percentage points to 74.9% as compared with the same period last year.

The operating days of two accommodation rigs in the North Sea amounted to 426 days, representing a decrease of 10 days as compared with the same period last year. The calendar day utilization rate amounted to 78.0%, representing a decrease of 1.9 percentage points. During the period, the operating days of five module rigs operating in the Gulf of Mexico amounted to 1,218 days, representing an increase of 150 days as compared with the same period last year, which was mainly attributable to the increase of one more additional module rig. The calendar day utilization rate amounted to 89.2%, representing a decrease of 8.6 percentage points as compared with the same period last year. As of 30 September 2015, the fleet of the self-owned vessels had operated a total of 18,004 days, representing an increase of 238 days as compared with the same period last year, mainly attributable to the increase in operation volume from increase of vessels.

The calendar day utilization rate decreased by 3.7 percentage points to 89.7% as compared with the same period last year. The leased vessels had operated a total of 10,730 days during the period, representing a decrease of 2,016 days as compared with the same period last year. In terms of well services, the workload and services prices of the main business lines both fell due to the low market demand.

In terms of the geophysical and surveying services, the workload for 2D collection remained stable, representing an increase of 1.7% as compared with the same period last year. The workloads for 3D collection, 2D and 3D data processing fell due to the less promising industry prosperity. The 3D collection business decreased by 39.7% as compared with the same period last year, the 2D data processing business decreased by 19.8% while the 3D data processing business decreased by 6.7% as compared with the same period last year.

3. Significant Events

3.1 Disclosure as to and reasons for, material changes in major accounting items and financial indicators of the Company

Reasons for key accounting items changed over 30% are as follows:

1. Assets impairment losses

For the nine months ended 30 September 2015, the Group recognized assets impairment losses of RMB1,276.0 million, representing an increase of RMB1,037.3 million or 434.6% from RMB238.7 million for the same period last year. This was mainly attributable to (1) provision of goodwill impairment losses of RMB923.2 million for the market impact during the period, and provision of fixed asset impairment losses of RMB67.4 million for individual asset in Norway as well as the provision for certain bad debts and inventory falling price reserves; and (2) provision of asset impairment losses of RMB151.3 million for four chemical carries under marine support services, the provision for asset impairment loss of RMB7.9 million for well services equipments in Libya. Also, the provision of bad debt reserves for certain accounts receivables and inventory falling price reserves for the same period last year.

2. Investment income

For the nine months ended 30 September 2015, investment income of the Group amounted to RMB232.8 million, representing a decrease of RMB131.8 million or 36.1% from RMB364.6 million for the same period last year. This was mainly attributable to decrease in the profits of the joint venture due to the market impact, leading to decrease of RMB102.2 million in investment income from joint ventures and the decrease of RMB29.6 million in investment income from the wealth investment products subscribed during the period.

3. Operating profit

For the nine months ended 30 September 2015, the operating profit of the Group amounted to RMB1,600.0 million, representing a decrease of RMB5,879.6 million or 78.6% from RMB7,479.6 million for the same period last year. This was mainly attributable to the facts that (1) as affected by the market, the workload and service price both fell, resulting in decrease of RMB6,818.4 million in the operating income as compared with the same period last year; (2) the asset impairment loss recognized during the period increased by RMB1,037.3 million as compared with the same period last year; (3) the investment income recognized during the period decreased by RMB131.8 million as compared with the same period last year; and (4) although the increase in number of equipment resulted in an increase in depreciation cost, the Group reduced the variable costs through lean management and by strict control of the purchase, production and administration expenses.

4. Non-operating expenses

For the nine months ended 30 September 2015, the non-operating expenses of the Group amounted to RMB45.7 million, representing an increase of RMB20.8 million or 83.5% from RMB24.9 million for the same period last year, which was mainly attributable to the increase of RMB9.6 million in the losses from disposal of fixed assets.

5. Total profits

For the nine months ended 30 September 2015, the total profits of the Group amounted to RMB1,650.8 million, representing a decrease of RMB5,887.0 million or 78.1% from RMB7,537.8 million for the same period last year, due to the same reasons for changes in the operating profits and the non-operating expenses.

6. Income tax expenses

For the nine months ended 30 September 2015, the income tax expenses of the Group amounted to RMB361.0 million, representing a decrease of RMB607.3 million or 62.7% from RMB968.3 million for the same period last year, which was mainly attributable to the decrease in the total profits due to the impact from the market.

7. Net profits

For the nine months ended 30 September 2015, the net profits of the Group amounted to RMB1,289.8 million, representing a decrease of RMB5,279.6 million or 80.4% from RMB6,569.4 million for the same period last year, due to the same reasons for changes in the total profits and the income tax expenses.

8. Basic earnings per share

The basic earnings per share of the Group for the nine months ended 30 September 2015 amounted to RMB0.26, representing a decrease of RMB1.12 or 81.2% from RMB1.38 for the same period last year, which was mainly attributable to the decrease in the profits for the period.

9. Cash on hand and at bank

As at 30 September 2015, the cash on hand and at bank of the Group amounted to RMB13,395.5 million, representing an increase of RMB6,616.1 million or 97.6% from RMB6,779.4 million as at the beginning of the year, which was mainly to attributable to the USD1 billion of Euro Medium Term Notes issued at the end of July 2015.

10. Notes receivable

As at 30 September 2015, notes receivable of the Group amounted to RMB18.5 million, representing a decrease of RMB2,757.3 million or 99.3% from RMB2,775.8 million as at the beginning of the year. This was mainly attributable to the receipt of cash upon maturity of the notes.

11. Accounts receivable

As at 30 September 2015, accounts receivable of the Group amounted to RMB10,346.8 million, representing an increase of RMB3,116.4 million or 43.1% from RMB7,230.4 million as at the beginning of the year. This was mainly because of the extension of the internal review process of certain customers before payment.

12. Interests receivable

As at 30 September 2015, the interests receivable of the Group amounted to RMB6.4 million, representing a decrease of RMB14.5 million or 69.4% from RMB20.9 million as at the beginning of the year. This was mainly because of interests received upon maturity.

13. Dividends receivable

As at 30 September 2015, the dividends receivable of the Group amounted to RMB32.5 million, representing a decrease of RMB52.7 million or 61.9% from RMB85.2 million as at the beginning of the year. This was mainly attributable to the dividends received during the period that were distributed by the joint ventures.

14. Deferred tax assets

As at 30 September 2015, the deferred tax assets of the Group amounted to RMB2.3 million, representing a decrease of RMB9.7 million or 80.8% from RMB12.0 million as at the beginning of the year, which was mainly due to the payment of the expenses accrued in previous years during the period resulting in the reversal of the deductible temporary difference.

15. Other non-current assets

As at 30 September 2015, other non-current assets of the Group amounted to RMB1,617.6 million, representing a decrease of RMB695.5 million or 30.1% from RMB2,313.1 million as at the beginning of the year. This was

mainly attributable to the payments for the construction of drilling rigs, marine vessels and geophysical vessels transferred to construction in progress according to progress.

16. Tax payables

As at 30 September 2015, the tax payables of the Group amounted to RMB455.1 million, representing a decrease of RMB234.0 million or 34.0% from RMB689.1 million as at the beginning of the period, which was mainly attributable to the decrease in the amount of work and service prices which led to the decrease in revenue, business tax and enterprise income tax.

17. Non-current liabilities due within 1 year

As at 30 September 2015, the non-current liabilities of the Group due within 1 year amounted to RMB5,685.0 million, representing an increase of RMB1,867.6 million or 48.9% from RMB3,817.4 million as at the beginning of the year. This was mainly because USD354.0 million of loans were repaid during the period and USD893.7 million were about to mature within 1 year.

18. Other current liabilities

As at 30 September 2015, other current liabilities of the Group amounted to RMB612.1 million, representing an increase of RMB495.1 million or 423.2% from RMB117.0 million as at the beginning of the year. This was mainly because of the compensation from the compensation agreement between the Group and Statoil Petroleum AS with respect to the cancellation of the service contract of COSLPioneer.

19. Bond payable

As at 30 September 2015, bond payable of the Group amounted to RMB14,123.2 million, representing an increase of RMB6,558.9 million or 86.7% from RMB7,564.3 million as at the beginning of the year, which was mainly attributable to the issuance of USD1 billion of Euro Medium Term Notes at the end of July 2015.

20. Other comprehensive income

As at 30 September 2015, other comprehensive income of the Group amounted to RMB-432.2 million, representing an increase of RMB394.7 million from RMB-826.9 million as at the beginning of the year, which was mainly attributable to movement in foreign exchange rates.

21. Non-controlling interests

As at 30 September 2015, the Group's non-controlling interests were RMB92.2 million, representing an increase of RMB42.7 million or 86.3% from RMB49.5 million as at the beginning of the year, which was mainly due to the profits from PT.SAMUDAR TIMUR SANTOSA during the period.

22. Net cash flows from operating activities

For the nine months ended 30 September 2015, the Group's net cash inflows from operating activities amounted to RMB3,832.1 million, representing a decrease of RMB3,073.0 million or 44.5% as compared with the same period last year. This was mainly due to shrinking demands in the oilfield market and the decrease of RMB3,866.1 million in cash received from sales of goods and rendering of service during the period.

23. Net cash flows from investing activities

For the nine months ended 30 September 2015, the net cash outflows from the Group's investing activities amounted to RMB2,260.5 million, representing a decrease of RMB5,373.0 million or 70.4% as compared with the same period last year. This was mainly due to the fact that the cash paid for acquisition of other investments (including the fixed deposits at bank maturing over three months and purchase of monetary fund products)

during the period decreased by RMB8,529.7 million, cash received from returns on investment decreased by RMB3,581.7 million, and cash outflows from other investing activities decreased by a total of RMB425.0 million as compared with the same period last year.

24. Net cash flows from financing activities

For the nine months ended 30 September 2015, the Group's net cash inflows from financing activities amounted to RMB4,947.3 million while the net cash outflows of the Group from financing activities amounted to RMB182.6 million during the same period last year; this was mainly because that 276,272,000 H shares were placed last year while there were no such financing activities during the period, and so the cash received from absorbing investments decreased by RMB4,573.4 million. Meanwhile, the cash received from borrowings increased by RMB3,668.2 million due to the securing of new short-term loans during the period, and the USD1 billion Euro Medium Term Notes issued during the period added RMB6,070.4 million to the cash received from bond issuance. In addition, the cash paid for dividend distribution increased by RMB238.6 million as compared with the same period last year; cash for repayment of debts increased by RMB6.4 million as compared with the same period last year and cash paid for interests decreased by RMB209.7 million as compared with the same period last year.

25. Movement in foreign exchange rates during the period resulted in increase of RMB61.8 million in cash and cash equivalents.

3.2 Significant events and analysis on their effects and solutions

√Applicable □Not applicable

On 30 July 2015, COSL Singapore Capital Ltd., a wholly owned subsidiary of the Company, successfully completed the issue of: (1) US$500 million five-year Euro Medium Term Notes with a coupon of 3.5% per annum, and (2) US$500 million ten-year Euro Medium Term Notes with a coupon of 4.5% per annum. The Company provided guarantee for the issue of the above medium term notes.

Please refer to the related announcements on the website of Shanghai Stock Exchange (www.sse.com.cn), the website of the Stock Exchange of Hong Kong Limited (www.hkex.com.hk), the website of the Company (www.cosl.com.cn), the China Securities Journal, the Shanghai Securities, the Securities Times, and the Securities Daily for details published on 24 July 2015 and 31 July 2015 by the Company.

3.4 Profit warning on anticipation of possible loss against accumulated net profit from the beginning of the financial year to the end of the next reporting period or significant changes in profit as compared with that of the corresponding period of last year and the reasons therefore

√Applicable □Not applicable

For the first three quarters of 2015, as the global oilfield service industry was experiencing the continuous downturn, the net profit attributable to the shareholders of the Company decreased by 80.9% as compared with the same period last year. As of the third quarter of 2015, the influence of declining demand from oilfield service market had become further more obvious. Coupled with the impact of the regular seasonal factors of the fourth quarter on the operation of the Company, it is estimated that the annual net profit for the year 2015 will decrease substantially as compared with that of the year 2014.

http://www.cosl.com.cn/data/upload/month_201510/1029h2e.pdf

PetroChina (the publicly traded wing of CNPC) (NYSE: PTR)

About PetroChina

PetroChina Company Limited ("PetroChina") is the largest oil and gas producer and distributor, playing a dominant role in the oil and gas industry in China. It is not only one of the companies with the biggest sales revenue in China, but also one of the largest oil companies in the world. PetroChina was established as a joint stock company with limited liabilities by China National Petroleum Corporation under the Company Law and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies on November 5th, 1999. The American Depositary Shares (ADS) and H shares of PetroChina were listed on the New York Stock Exchange on April 6, 2000 (stock code: PTR) and the Stock Exchange of Hong Kong Limited on April 7, 2000 (stock code: 857) respectively. It was listed on Shanghai Stock Exchange on November 5, 2007 (stock code: 601857).

Since the foundation, PetroChina has established and improved standard corporate governance structure, in accordance with the applicable laws and regulations including the Company Law and the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas and the Articles of Association. The shareholders' meeting, the Board of Directors and the Supervisory Committee of the Company can operate independently and effectively in accordance with the Articles of Association.

PetroChina commits itself to becoming an international energy company with strong competitiveness and one of the major producers and distributors of petroleum and petrochemical products in the world. It engages in wide range of activities related to oil and natural gas, including: exploration, development, production and marketing of crude oil and natural gas; refining, transportation, storage and marketing of crude oil and oil products; the production and marketing of primary petrochemical products, derivative chemicals and other chemicals; transportation of natural gas, crude oil and refined oil, and marketing of natural gas.

PetroChina, under the guidance of the concept of scientific development, is dedicated to implementing three strategies of resources, markets and internationalization. PetroChina is committed to accelerating the transformation of economic growth, improving the self-innovation capacity, establishing long-efficient mechanism of safety, environmental protection and energy conservation and creating a harmonious enterprise, in order to transform itself to an international energy company with strong competitiveness.

China National Petroleum Corporation (CNPC) is the sole sponsor and controlling shareholder of PetroChina. It is a large petroleum and petrochemical corporate group, established in July 1998, in accordance with Plan for the Organizations Structure Reform of the State Council. CNPC is a large state-owned enterprise managed by the investment organs authorized by the state and State-owned Assets Supervision and Administration Commission.

Company's Registered Chinese Name : 中国石油天然气股份有限公司
Company's English Name : PetroChina Company Limited
Company Secretary : Wu Enlai

http://www.petrochina.com.cn/ptr/gsjj/gsjs_common.shtml

PetroChina Records Profit in First Half of 2016

Adheres to Principle of Steady Development
Reforms and Innovations Boost Quality and Profitability

2016-08-24

24 August, 2016, Beijing – PetroChina Company Limited ("PetroChina" or "the Company", HKSE: 0857; NYSE: PTR; SSE: 601857) today announced that the Company mitigated the impact of the plunge in oil and natural gas prices on its profitability, maintained stable and controllable production and operations, achieved improved financial results month-by-month and recorded profit on an overall basis in the first half of 2016. Its achievement took place amid a

challenging environment arising from further slump in international oil prices, weak domestic demand for oil and gas and intensified market competition in the first half of 2016. During the period, the Company faced the most difficult period for its production and operation since its listing, with the realized crude oil price and natural gas price decreasing by 36.5% and 24.5% compared to the same period in 2015, respectively. Under such circumstances, the Company proactively adapted to the "New Normal" of economic development, adhered to the guiding principle of steady development, and continued to improve quality and profitability through reforms and innovations. As a result, the Company achieved satisfactory results relative to its international peers, outperforming most of them in some major indicators such as oil and gas output and natural gas reserves.

As of 30 June 2016, based on the International Financial Reporting Standards, the Company recorded profit from operations of RMB34.54 billion and net profit attributable to shareholders of the Company of RMB 531million, signaling that profit from operations was declining at a lower rate than the fall in oil prices. Of the operational indicators, capital expenditures decreased by approximately 46% compared with historical highs, with the investment structure further emphasizing quality and profitability. The major cost indicators continuously trended downward, resulting in the oil and gas lifting cost per unit falling more than 10% compared with the same period in 2015. The product structure was optimized according to market demand, reducing the diesel-to-gasoline ratio to 1.42 from 1.75 for the same period in 2015. Remarkable results were achieved in broadening revenue sources, reducing costs and improving profitability. The Company maintains a healthy financial position with the debt-to-asset ratio decreasing by 0.2 percentage point compared with the beginning of the period, with free cash flow remaining stable and increasing by about RMB22.7 billion compared with the same period in 2015 to RMB29.9 billion.

Exploration and Production

In the first half of 2016, the Company emphasized quality and profitability in its oil and gas exploration and development business. The domestic exploration business focused on key basins and scalable and profitable reserves, strengthened comprehensive geological research, and endeavoured to achieve breakthroughs in engineering technologies. In terms of oil exploration, six discoveries were made in the Junggar Basin and Tarim Basin, indicating large-scale reserves at the levels of 100 million tons or 10 million tons of original oil in place. In terms of natural gas exploration, several reserve zones with over 100 billion cubic meters of gas resources each were discovered in the Tarim Basin and other regions. In its overseas oil and gas exploration, the Company focused on seeking quality reserves which can be quickly recovered, and achieved breakthroughs and progress in several regions. In terms of development and production, the Company planned its production based on the trends of international oil prices and production efficiency, adjusted crude oil production plans in a timely manner, and continued to optimize its production plans as well as output structure. The Company reduced production lines and workloads with low margin or no profitability, supporting production stimulation measures. In the first half of 2016, crude oil output from domestic operations was 385.3 million barrels and domestic marketable natural gas output was 1,528.4 billion cubic feet. Oil and gas equivalent output from overseas operations reached 108.1 million barrels. The oil and gas equivalent output exceeded half of the full-year target in the first half of 2016, accounting for 14.4% of the Company's total oil and natural gas equivalent output.

In the first half of 2016, the domestic exploration and production segment stepped up efforts to broaden revenue sources, reduce costs and improve efficiency. It adopted a number of measures to vigorously control and reduce losses, resulting in effective control of investments and costs. The overseas businesses established a mechanism linking costs and oil prices, so as to respond to market changes and oil price fluctuations in a timely and effective manner, as well as to maintain the stable and effective growth of the business. Under the adverse impact of depressed international oil prices, the Exploration and Production segment recorded a loss from operations of RMB2, 419 million.

Refining and Chemicals

For the Refining and Chemicals segment in the first half of 2016, the Company carried out overall planning in terms of managing profitability, markets and resources. It also allocated more resources to the refining and chemical integrated complex and more profitable enterprises. The Company also increased its chemical production workload, accelerated the research and development, production and sales of new products, and strengthened optimization of

resources allocation and product logistics, with the workload of its key refinery and high-margin chemical plants maintained at high levels. The Company processed 483.4 million barrels of crude oil, and produced 43.436 million tons of refined products. The output of chemical products rose 13.4% over the same period in 2015 to 11.811 million tons, with the proportion of high-margin refinery products such as high-octane gasoline and aviation fuel up 11.6 percentage points, and that of profitable chemical products such as synthetic resin up 7.6 percentage points. Sixteen major technical and economic indicators – including refining comprehensive energy consumption, fuel and power energy consumption in ethylene production– performed better compared with the same period in 2015. The Company optimized resources allocation and product logistics in chemical product sales, with 16 new products achieving mass production and sales. In the first half of 2016, the main facilities of Yunnan Petrochemical entered the trial run stage, while the quality upgrading project of the national standard V gasoline and diesel proceeded as planned.

In the first half of 2016, the Refining and Chemicals segment focused on the principles of market-orientation and profitability, and continued to strengthen product structure as well as control of costs and expenses. As a result, the segment profitability significantly improved, boosting the overall profitability of the Company. During the reporting period, the Refining and Chemicals segment recorded a profit from operations of RMB27.474 billion, representing an increase of RMB22.817 billion over the same period in 2015. Of this, the refining business recorded a profit from operations of RMB21.425 billion, representing an increase of RMB 15.875 billion over the same period in 2015. The chemical business achieved a turnaround and recorded a profit from operations of RMB6.049 billion, representing an improvement of RMB6.942 billion compared with a loss from operations of RMB893 million over the same period in 2015.

Marketing

In the first half of 2016, the Marketing segment actively coped with slowing demand growth for refined oil products. It capitalized on the market trend, strengthened the links between production, transportation and sales, and optimized resources allocation and logistics. The Company continued to enhance its sales capabilities to end customers, fully implemented themed promotions, and conducted integrated marketing of refined products, fuel cards, non-oil business and lubricants on a regular basis. The Company improved the management of stations with low efficiency and low sales and adopted a new payment method on a trial basis. The Company strived to increase the operating quality of its international trading operations by focusing on synergies, taking advantage of its overseas oil and gas operation centres, and vigorously exploring the high-end and high-profit markets. The Company sold a total of 76.31million tons of gasoline, kerosene and diesel in the first half of 2016. Of this, petrol pump sales increased by 395,000tons,. The Company expanded its quality marketing channels by various means, adding 245 new service stations and reconstructing or expanding 47 stations. Annual retail capacity increased by 1.5 million tons.
In the first half of 2016, the domestic business of the Marketing segment controlled its costs and expenses, explored the market through various channels, and implemented target-specific marketing strategies, with the non-oil business becoming a new growth point, making a positive contribution to the Company's overall profitability. For international trading, the Company optimized the import of oil and gas resources and expanded the export of self-refined products, achieving a continuous growth in exporting volume. The Marketing segment recorded a profit from operations of RMB4.609 billion, representing an increase of 65.6% over the same period in 2015.

Natural Gas and Pipeline

In the first half of 2016, the Company's Natural Gas and Pipeline segment proactively responded to rapid changes in the market, and coordinated the utilization of its peak-shaving capabilities. It optimized the operations of the domestic gas and imported gas business and maintained the overall balance of production, transportation, sales and storage. In particular, facing lower-than-expected market demand in the second quarter, the Company put more efforts in the marketing of natural gas, optimized the monthly operational plan of imported gas, increased the storage of gas, made headway in its market expansion and adopted flexible sales tactics in the high-end market and to some of its users under direct supply. At the same time, the Company proactively developed power plant projects in Guangdong, Shandong and Northeast China region as new users, and explored the Caofeidian and regional markets in Southern Hebei. The Company also promoted new users to commence production. These measures led to increased sales and stable profitability. In the first half of the year, the Company sold 66.05 billion cubic meters of natural gas in domestic market, representing an increase of 10.6% over the same period in 2015. The construction of various key

projects made steady progress. The Guigang-Yulin and Jintan-Liyang gas pipeline projects were completed and put into operation. The construction of the East Section of the Third West-East Gas pipeline was basically completed, while some projects such as Yunnan refined products pipeline proceeded as planned. The construction of the second China-Russia Oil Pipeline has commenced.

In the first half of the year, facing obvious fall in natural gas prices, the Company's Natural Gas and Pipeline segment optimized the allocation of resources, reduced comprehensive purchase costs, stepped up marketing efforts, and improved the marketing efficiency and profitability of the pipeline network. The Natural Gas and Pipeline segment recorded a profit from operations of RMB11, 431 million. Of this, the segment recorded a net loss of RMB8, 006 million on the sale of imported pipeline gas and LNG, narrowing the loss by RMB2,620 million over the same period in 2015.

Outlook for the Second Half of 2016

In the second half of this year, the demand and supply of the domestic and international oil and gas market is not expected to undergo significant change. However, after the proactive response in the first half of the year, the Company has improved its efficiency and profitability. It has started a favourable trend with steady development and is expanding continuously. The Company will further enhance its analysis and assessment of the situation, and capture the opportunities arising from the implementation of country's major strategies such as supply-side structural reforms and the "The Belt and Road Initiative". The Company endeavours to keep a foothold on the gas and oil business, focus on improving quality and efficiency, promote reformation and innovation, as well as take advantage of its integrated business model covering all businesses along the industry chain. Meanwhile, the Company will proactively promote the "Ethos of Hard Work" and "Three Truths and Four Cardinals" of the "Daqing Spirit", striving to achieve all the targets for the year, as well as to promote its high-quality and steady development.

Additional information on PetroChina is available at the Company's website:
http://www.petrochina.com.cn

Issued by PetroChina Company Limited

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http://www.petrochina.com.cn/ptr/xwxx/201608/9b071c58fcc24a56bb22590b78b9b8e6.shtml

Sinochem Group (NYSE: SNP)

Chairman's Message

Sinochem Group is a company with high influence on petroleum, fertilizer and chemical industries both within and outside. Through over six decades of development, we have all along committed ourselves to serving China's economic development and social progress. Since late 1990s, we have promoted the corporate culture of "creating value and pursuing for excellence" to enhance the profitability and sustainability under the market economy, unswervingly implemented the management reform, adhered to the market-oriented strategies and carried out an overall transformation of the corporate value, business models, management mechanism, operating system and staff, evolving from an old-fashioned state-owned international trading company on the verge of bankruptcy without the government's favorable support into an innovative, scientifically-managed and competitive modern enterprise full of vigor and vitality.

At present, Sinochem has entered a crucial stage which presents us with great opportunities as well as challenges. We will continue to push forward the transformation, accelerate our strategic realignment, further consolidate our market positions of the core businesses, seek mutual benefits with our customers and clients, bring more value to our shareholders and make more contributions to the nation and the community.

Hope our website can become a conduit for in-depth understanding and mutual communication. Let's join our hands to create the glorious future!

http://www.sinochem.com/g710.aspx

Corporate Profile

Sinochem Group was founded in 1950. Its predecessor was China National Chemicals Import and Export Corporation, which was China's largest trading firm. Sinochem Group is the key state-owned enterprise under the supervision of State Owned Assets Supervision and Administration Commission of the State Council (SASAC). Sinochem's headquarter is located in Beijing.

Sinochem's core businesses span over energy, agriculture, chemicals, real estate and financial service. It is one of China's four state oil companies, China's biggest agricultural input company (fertilizer, seed and agrochemicals), China's leading chemical service company. It also exerts strong influence in real estate and non-banking financial service sector. As a global conglomerate with market orientation, Sinochem's quality product and service is relevant to many aspects of mass economy and people's well being. Its brand enjoys high reputation and acknowledgement around the world.

Sinochem currently owns more than 300 subsidiaries inside and outside China. It controls several listed companies including Sinochem International (SH, 600500), Sinofert (HK, 00297) and Franshion Properties (HK, 00817), and is the largest shareholder of Far East Horizon (HK, 03360). In June 2009, Sinochem Group established Sinochem Corporation as the vehicle for potential group IPO.

Sinochem Group is China's earliest entrant in Fortune Global 500 and has entered the list for 25 times, ranking 105th in 2015. Through years of strategic transformation and management overhaul, Sinochem has maintained a sustainable, healthy and rapid development. Sinochem has been rated by SASAC as "top A corporate performance" for 11 consecutive years and 3 consecutive tenures, and it has been listed in "World's Most Admired Companies" by Fortune for 2 consecutive years, both ranking the first in Trading Industry List.

Sinochem's vision is to become a respectable company with global influence, making fortune to all the stakeholders and the society. Our 50,000 employees will follow the doctrine of "Creating Value, Pursuing Excellence", shoulder social responsibility as corporate citizen, and adopt scientific development approach to realize sustainable business potency.

http://www.sinochem.com/g704.aspx

History

China Import Co., Ltd.

On March 10, 1950, in an aim to unify domestic trade, fulfill the set target of the import & export volume, lead the domestic market, strike a balance between supply and demand, and boost the recovery and development of domestic production, the central government made a decision to set up a national level foreign trade company under the leadership of the Trade Ministry. The predecessor of Sinochem-- China National Import Corporation was formally established.

China Import & Export Co., Ltd.

On Jan. 8, 1951, the preparation team for China National Import & Export Co was set up. The staff of the company came from China National Import Corp and its subsidiaries in North China. On Feb. 13, entrusted by the Trade Ministry, China National Import & Export Co took on the responsibility to oversee the import & export business of some Hong Kong institutions. When it was put into operation on March 1, the main task of the company was to tear down the blockade and trade embargo imposed by the West, and conduct trade with capitalist countries.

China National Chemicals Import & Export Co., Ltd.

On Jan. 1, 1961, after restructuring of MOFTEC's affiliated administrative units and enterprises, China National Import & Export Co was changed into China National Chemicals Import & Export Corp.

China National Chemicals Import & Export Corp.

On June 12, 1965, in order to communicate more efficiently and conveniently with foreign merchants and related domestic institutions, MOFTEC decided to standardize the names of foreign trade companies. On July 16, China National Import & Export Co was changed into China National Import & Export Corp.

Sinochem Group

On Nov. 10, 2003, since the former name of Sinochem was neither able to exemplify the market positioning and value of the company, nor the future development trend, Sinochem changed its name from China National Chemicals Import & Export Corporation to Sinochem Corporation with the approval of the State Assets Administration and Supervision Commission and the State Industry and Commerce Administration.

http://www.sinochem.com/g697.aspx

Sinopec (China Petroleum Corporation) (NYSE: SNP)

About Sinopec Group

China Petrochemical Corporation (Sinopec Group) is a super-large petroleum and petrochemical enterprise group, established in July 1998 on the basis of the former China Petrochemical Corporation. Sinopec Group is a state-owned company solely invested by the state, functioning as a state-authorized investment organization in which the state holds the controlling share. Headquartered in Beijing, Sinopec Group has a registered capital of RMB 231.6 billion. The board chairman of Sinopec Group is its legal representative.

Sinopec Group executes the investor rights over related state assets owned by its full subsidiaries, controlled companies and share-holding companies. These rights include receiving returns on assets, making major decisions and appointing management teams. The Group operates, manages and supervises state assets according to related laws, and shoulders the corresponding responsibility of maintaining and increasing the value of state assets. China

Petroleum and Chemical Company (Sinopec Corp.), controlled by Sinopec Group, issued H-shares and A-shares at overseas and home respectively in October 2000 and August 2001 and was listed on stock markets in Hong Kong, New York, London and Shanghai.

Sinopec Group's key business activities include: industrial investment and investment management; the exploration, production, storage and transportation (including pipeline transportation), marketing and comprehensive utilization of oil and natural gas; the production, marketing, storage and transportation of coal; oil refining; the storage, transportation ,wholesale and retail of oil products; the production, marketing, storage, transportation of petrochemicals, natural gas chemicals, coal chemicals and other chemical products; the exploration, design, consulting, construction and installation of petroleum and petrochemical engineering projects; the overhaul and maintenance of petroleum and petrochemical equipments; the research and development, manufacturing and marketing of electrical and mechanical equipments; the production and marketing of electricity, steam, water and industrial gas; the research, development, application and consulting services of technology, e-business, information and alternative energy products; the import and export of self-support and agent commodity and technology; foreign project contracting, invite bidding, labor export; the international storage and logistics business.

http://spc.sinopec.com/spc/Under-Maintenance.shtml

Sinopec Achieves Operating Profit RMB35.1 Billion in 1H2016

Integrated Value Chain Exerts Greater Benefits, Downstream Businesses Ensures Profit Stability

BEIJING, Aug. 28, 2016 /PRNewswire/ -- China Petroleum & Chemical Corporation ("Sinopec" or the "Company") (HKEX: 386; SSE: 600028; NYSE: SNP) today announced its interim results for the six months ended 30 June 2016.
Financial Highlights：

- In accordance with the International Financial Reporting Standards (IFRS), the Company's operating profit was RMB 35.1 billion, representing a decline of 13.3% from the same period last year. Profit attributable to equity shareholders of the Company was RMB 19.9 billion. Basic earnings per share were RMB 0.165.

- In accordance with China Accounting Standards for Business Enterprises ("ASBE"), the Company's operating profit was RMB 34.3 billion, representing a decrease of 12.9% over the same period of 2015. Net profit attributable to the equity shareholders of the Company was RMB 19.3 billion. Basic earnings per share were RMB 0.159

- In accordance with IFRS, the Company's liability-to-asset ratio was 43.46%, representing a decrease of 1.98 percentage points compared with the end of last year, the lowest level since its listing. The Company's cash and cash equivalents increased by RMB 4.1 billion as compared to the beginning of this year. The Company's cash flow and financial position further improved.

- The Board of Directors declared an interim dividend of RMB0.079 per share, which was in line with payout ceiling set out in the Articles of Association.

Business Highlights：

The first half of 2016 saw weak global economic recovery. China's GDP grew by 6.7% year on year. The oil products pricing mechanism was further improved and the floor on refined oil price was established. Domestic apparent consumption of refined oil products was up 4.4% year on year. Gasoline and kerosene consumption remained growth momentum, while diesel consumption declined further, showing continuous divergence in the consumption mix of oil products. Domestic consumption of major chemicals continued to grow. Ethylene equivalent consumption increased by 1.7% when compared with the first half of 2015. Chemical prices dropped amid the decline in feedstock prices, but chemical products margin maintained at high levels.

- Exploration and Production: the Company effectively optimised exploration and development activities. Its continuing efforts in exploration paid off with major discoveries in a number of regions. It attached great importance to the development of natural gas and actively expanded shale gas business. As for production operation, the Company strengthened cost discipline, substantially reduced low-efficiency and high-cost oil production, and increased natural gas production. This segment realized an operating loss of RMB 21.9 billion in the first half of 2016 but continued to generate cash inflow from operating activities.

- Refining: the Company adjusted its product mix in response to sharp increase of throughput from other refineries and abundant market supply. The Company further optimised its oil product mix by increasing the production of gasoline, kerosene and light chemical feedstock with a further decline in diesel-to-gasoline ratio. In the first half of 2016, this segment realised an operating profit of RMB 32.6 billion, representing an increase of 113% year on year. The refining margin was RMB 514.4 per tonne, representing an increase of 47.9% year on year.

- Marketing and Distribution: the Company coordinated and optimised internal and external resources and took full advantage of the synergies between its fuel and non-fuel businesses, achieving growth in their total business volume and retail transactions despite ample fuel supply and strong competition in the market. In addition, the Company adjusted marketing efforts by increasing the retail operation of premium products with high-octane numbers. Non-fuel business sustained rapid development with transaction amount significantly increased by 43% year on year. This segment's operating profit was RMB 15.8 billion, representing an increase of RMB 600 million years on year.

- Chemicals: the Company continued to adjust the structure of its feedstock, products and facilities. The Company further lowered the feedstock cost for ethylene, strengthened the integration among production, sales, product R&D and customer needs. The proportion of performance polymer and differentiated products further increased. The Company maintained low inventory operation and implemented differentiated marketing strategy. Total transaction of chemical products increased by 8.3% year on year. This segment's operating profit in the first half of 2016 stabilized at RMB 9.7 billion.

Mr. Wang Yupu, Chairman of Sinopec, said, "In the first half of 2016, the Company spared no effort to expand its markets, optimise its operations, control costs, adjust asset structure and manage risks. Focusing on the growth of quality and profitability, the Company emphasised on structural adjustment, deepening reform, innovation-driven strategy and strengthening coordination of all aspects of work. Looking ahead into the second half of 2016, China's economic growth is expected to remain steady, which will drive the growth of domestic demand for refined oil products and petrochemical products. We will remain focused on implementing the development plan for 2016 through 2020—transforming the pattern of growth, adjusting asset structure, upgrading asset quality and promoting sustainable growth to achieve superior business results."

Business Review

Exploration and Production

To address the challenges of low oil prices, the Company optimised exploration and production activities in the first half of this year and achieved satisfactory results. Its continuing efforts in exploration paid off with major discoveries in the Tahe of Xingjiang Autonomous Region, Beibu Gulf of the Guangxi, and the Yin-E Basin in Inner Mongolia Autonomous Region and new nature gas findings in west Sichuan and the Erdos Basin. A strong focus was placed on the development of natural gas. Phase Two shale gas development project in Filing Shale Gas field further facilitated its shale gas development. Production in the first half of 2016 was 218.99 million barrels of oil equivalent, of which domestic crude production was 128.38 million barrels, overseas crude production was 25.79 million barrels, and total gas production was 388.69 billion cubic feet. In production, The Company strengthened cost discipline, reduced high-cost oil production, and increased natural gas production.

In the first half of 2016, operating revenues of the segment were RMB 52.5 billion, representing a decrease of 25.4% year on year. This was mainly due to lower sales prices of crude oil and decreased city-gate price of natural gas

which was adjusted by the Chinese government in November 2015. In the first half of 2016, the oil and gas lifting cost was RMB 744 per tonne, representing a decrease of 3.6% year on year mainly due to the Company's strict control over costs and expenses.

Exploration and Production: Summary of Operations			
	Six-month period ended 30 June		Changes
	2016	2015	(%)
Oil and gas production (mmboe)	218.99	232.95	(5.99)
Crude oil production (mmbbls)	154.17	174.07	(11.43)
China	128.38	147.47	(12.95)
Overseas	25.79	26.60	(3.05)
Natural gas production (bcf)	388.69	353.26	10.03

Refining

In the first half of this year, the Company adjusted its product mix in response to sharp increase of throughput from independent refineries and ample market supply. The Company further optimised its oil product mix by increasing the production of gasoline, kerosene and light chemical feedstock and decreasing the ratio between diesel and gasoline, reduced its crude purchasing costs, moderately increased refined oil products export and pressed ahead with oil products standards upgrading. Centralized marketing of the lubricant, LPG and asphalt businesses helped enhance the profitability of those products. In the first half of 2016, the Company processed 116 million tonnes of crude oil and produced 73.26 million tonnes of refined oil products, with production of gasoline and kerosene up by 3.74% and 3.36%, respectively, from levels in the first half of 2015.

In the first half of 2016, operating revenues of the segment were RMB 397.0 billion, representing a decrease of 18.3% year on year. This was mainly attributable to sharply decreased prices of products.

In the first half of 2016, the refining margin (defined as sales revenues less crude oil and refining feedstock costs and taxes other than income tax, divided by the throughput of crude oil and refining feedstock) was RMB 514.4 per tonne, representing an increase of 47.9% year on year. The change was mainly attributable to refining segment's efforts in advancing oil products quality upgrading, optimising product mix, increasing high-value-added products yield and expanding the market to increase the profitability of other refined oil products. In the first half of 2016, the segment realised an operating profit of RMB 32.6 billion, representing an increase of RMB 17.3 billion years on year.

Refining: Summary of Operations			
	Six-month period ended 30 June		Changes
	2016	2015	(%)
Refinery throughput (million tonnes)	115.90	118.89	(2.51)
Gasoline, diesel and kerosene production (million tonnes)	73.26	74.75	(1.99)
Gasoline (million tonnes)	28.03	27.02	3.74
Diesel (million tonnes)	32.93	35.82	(8.07)
Kerosene (million tonnes)	12.30	11.90	3.36
Light chemical feedstock production (million tonnes)	19.37	19.07	1.57
Light yield (%)	76.61	76.69	(0.08) percentage points
Refining yield (%)	94.75	94.98	(0.23) percentage points

Note: Includes 100% of production of domestic joint ventures.

Marketing and Distribution

In the first half of 2016, the Company coordinated and optimised resources and took full advantage of the synergy between its fuel and non-fuel businesses, achieving growth in both total business volume and retail sales despite ample fuel supply and strong competition in the market. In addition, the Company adjusted marketing efforts by increasing the retailing of premium products with high-octane numbers. The Company further improved its product pipeline network, accelerated the building of service stations and optimised marketing network. The total sales volume of refined oil products in the first half of 2016 was up by 4.5% from the corresponding period last year to 97.17 million tonnes, of which domestic sales accounted for 86.51 million tonnes, up by 3.1%. Non-fuel business transaction was up by 43% from the first half of 2015 to 18.5 billion yuan owing to Internet+ marketing promotions and other measures.

In the first half of 2016, the operating revenues of the segment were RMB 501.0 billion, decreased by 11.4 % year on year. This was mainly due to declined prices of gasoline and diesel. The Company has actively expanded the sales volume, which has partially offset the effect of the declined prices. In the first half of 2016, due to higher retail ratio of high-value-added and high octane number oil products and more external resources, the margin of oil product sales was increased. The segment's operating profit was RMB 15.8 billion, representing an increase of RMB 600 million years on year.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Changes
	2016	2015	(%)
Total sales volume of refined oil products (million tonnes)	97.17	92.97	4.52
Total domestic sales volume of refined oil products (million tonnes)	86.51	83.92	3.09
Retail (million tonnes)	59.65	58.19	2.51
Direct sales and Wholesale (million tonnes)	26.86	25.73	4.39
Annualised average throughput per station (tonne/station)	3,889	3,816	1.91

	As of 30 June 2016	As of 31 December 2015	Change from the end of last year（%）
Total number of Sinopec-branded service stations	30,688	30,560	0.42
Company-operated	30,675	30,547	0.42

Chemicals

In the first half of this year, the Company continued to adjust the structure of its feedstock, products and facilities to address market changes and maximize profit. The Company further lowered the feedstock cost for ethylene, strengthened the integration among production, sales, product R&D and customer needs, and continuously optimised operations of its manufacturing facilities, which has achieved great results. Ethylene production for the first half of 2016 was 5.478 million tonnes, up by 0.38% from the corresponding period last year. The Company strengthened the R&D, production and marketing capability of new higher value products, with the specialty performance polymer reaching 58% and the differential ratio of synthetic fiber reaching 83.2%. At the same time, the Company held firm to its strategies of low inventories and differentiated marketing. In the first half of 2016, total chemicals sales volume increased by 8.3% from the corresponding period last year to 32.82 million tonnes.

In the first half of 2016, operating revenues of the chemicals segment were RMB 149.2 billion, representing a decrease of 11.0% year on year, which was mainly due to declined chemical products prices year on year. In the first

half of 2016, the operating expenses of the segment were RMB 139.5 billion, representing a decrease of 11.5% year on year, which was mainly due to continuous optimisation of raw materials mix and efforts to reduce production costs. The segment's operating profit in the first half of 2016 was RMB 9.7 billion, representing a decrease of 3.8% year on year.

Major Chemical Products: Summary of Operations	Unit of production: 1,000 tonne		
	Six-month period ended 30 June		Changes
	2015	2014	(%)
Ethylene	5,478	5,457	0.38
Synthetic resin	7,500	7,476	0.32
Synthetic fiber monomer and polymer	4,672	4,322	8.10
Synthetic fiber	637	638	(0.16)
Synthetic rubber	411	453	(9.27)

Note: Includes 100% of production of domestic joint ventures.

Health, Safety and the Environment

Work safety has always been at the core of its operations and the Company continued to strengthen its safety management in the first half of 2016. The Company conducted special work to reduce safety risks in its oil and gas pipelines and tank farms, put protective measures in place to cope with strong rainfall and bad weather, and realised safe production on general.

The Company strengthened its green and low-carbon strategy by intensifying its work in environmental protection, energy conservation and emissions control. The Company continued to advance its energy performance contract model and energy management system, defined the projects of its Energy Efficiency Doubling initiative, and completed its Clear Water, Blue Sky program. In the first half of 2016, energy intensity was down by 0.69%, chemical oxygen demand in discharged waste water was down by 7.88%, ammoniac nitrogen emissions were down by 3.96%, sulfur dioxide emissions were down by 6.88%, and NOx emissions were down by 3.02% from levels in the corresponding period last year, and all hazardous chemicals, discharged water, gas, and solid waste were properly treated.

Capital Expenditures

To address the changing business environment in the first half of 2016, the Company improved the decision-making mechanism for investments and focused on managing investment return and increasing growth quality and efficiency. Total capital expenditures were 13.474 billion yuan. Capital expenditures for the exploration and production segment were 5.168 billion yuan, mainly for Phase Two of shale gas development in Fuling, the LNG terminals in Guangxi and Tianjin, and Phase Two of the Jinan-Qingdao gas pipeline. Capital expenditures for the refining segment were 2.774 billion yuan, mainly for gasoline and diesel quality upgrading and refinery optimisation projects. Capital expenditures for the marketing and distribution segment were 2.61 billion yuan, mainly for renovations of service stations, refined oil products pipelines and depots and safety projects. Capital expenditures for the chemicals segment were 2.44 billion yuan, mainly for feedstock and product optimization projects and coal chemical projects of East Ningxia project and Zhongtianhechuang project. Capital expenditures for corporate and others were482 million yuan, mainly for R&D facilities and IT application projects.

Business Prospects

China's economic growth is expected to be steady in the second half of 2016, which will drive the growth of domestic demand for refined oil products and petrochemical product. The consumption mix of oil products shall continue to change, and demand for chemical products shall be gradually going for more high-end products. Yet over-supply in the international oil market is likely to persist, and international oil prices will stay at a low level. The competitiveness of naphtha based chemicals as feedstock will remain strong. Against this background, The Company will spare no

effort to expand its markets, optimise its operations, control costs, adjust asset structure and manage risks with the following focuses in each business segment:

The Company will maintain the level of input intensity in exploration and optimise planning of its exploration program to achieve high efficiency. For oil products, the Company will strengthen phased exploration and reservoir evaluation for oil projects to increase the quality of new projects and apply refined management over existing projects. For natural gas, the Company will speed up key capacity building projects, optimise production and sales, intensify reservoir assessment in west Sichuan and Northeast China, and press ahead with development of Fuling Shale Gas field. In the second half of 2016, the Company plan to produce 147 million barrels of crude oil, of which domestic production will account for 125 million barrels and overseas production will account for 22 million barrels. The Company plan to produce 421.2 billion cubic feet of natural gas during the period.

The Company will base its refining facility utilisation rates on market conditions, allocate crude resources and refining throughput according to profit margins and regional conditions, optimise its product slate to increase high-value-added products, and emphasise technology R&D. The Company will continue to lower the diesel-to-gasoline ratio, upgrade the refilled oil products" quality, increase clean fuel production and expand the sales volume of lubricants, LPG and asphalt. The Company plan to process 120 million tonnes of crude in the second half of the year.

The Company will focus on both sales volume and profits in marketing and distribution business, with profits as priority goals of operation. The Company will redouble efforts to expand its markets, increase its retail volume, optimise its sales structure, develop its automotive gas business by building and operating more CNG/LNG stations, and promote its non-fuel businesses by improving operations of convenience stores, adding new and specialty products and innovating its business model, and shall facilitate its transformation into a modern, comprehensive service provider. The Company plan to sell 84 million tonnes of refined oil products in the domestic market in the second half of the year.

The Company will further optimise its chemical feedstock structure to further reduce cost of feedstock, and operations and intensify profit analysis and evaluation of its product value chain and facilities. Contribution to profit margins will determine the slate of production and utilisation of facilities, and the Company will strengthen optimisation of product mix, produce more new and high-value-added products in accordance with market demand. The Company will strengthen the development and application of new products, and upgrade three major synthetic materials. The Company will also make further improvements to the marketing network and customer services by providing its customers with value-added services and integrated solutions. The Company plan to produce 5.56 million tonnes of ethylene in the second half of 2016.

In the second half of the year, The Company will remain focused on implementing the development plan for 2016 through 2020—transforming the pattern of growth, adjusting asset structure, upgrading asset quality and promoting sustainable growth to achieve superior business results.

Appendix: Key financial data and indicators

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH ASBE

Principal accounting data			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB million	2015 RMB million	
Operating income	879,220	1,041,131	(15.6)
Net profit attributable to equity shareholders of the Company	19,250	24,456	(21.3)
Net profit attributable to equity shareholders of the Company	18,290	23,431	(21.9)

after deducting extraordinary gain/loss items			
Net cash flows from operating activities	76,112	67,095	13.4
	At 30 June 2016 RMB million	At 31 December 2015 RMB million	Change from the end of last year(%)
Total equity attributable to equity shareholders of the Company	692,934	677,538	2.3
Total assets	1,432,624	1,447,268	(1.0)

Principal financial indicators			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB	2015 RMB	
Basic earnings per share	0.159	0.203	(21.7)
Diluted earnings per share	0.159	0.203	(21.7)
Basic earnings per share after deducting extraordinary gain/loss items	0.151	0.194	(22.2)
Weighted average return on net assets (%)	2.81	3.80	(0.99) percentage points
Weighted average return on net assets after deducting extraordinary gain/loss items (%)	2.67	3.65	(0.98) percentage points

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH IFRS

Principal accounting data			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB million	2015 RMB million	
Operating Profit	35,108	40,496	(13.3)
Net profit attributable to owners of the Company	19,919	25,423	(21.6)
Net cash generated from operating activities	76,112	67,095	13.4
	At 30 June 2016 RMB million	At 31 December 2015 RMB million	Change from the end of last year (%)
Equity attributable to owners of the Company	691,642	676,197	2.3
Total assets	1,432,624	1,447,268	(1.0)

Principal financial indicators			
Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2016 RMB	2015 RMB	

Basic earnings per share	0.165	0.211	(21.8)
Diluted earnings per share	0.165	0.211	(21.8)
Return on capital employed (%)	3.18	3.52	(0.34) percentage points

The following table sets forth the operating revenues, operating expenses and operating profit/(loss) by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage changes between the first half of 2016 and the first half of 2015.

	Six-month periods ended 30 June		Changes
	2016	2015	
	RMB million		(%)
Exploration and Production Segment			
Operating revenues	52,509	70,401	(25.4)
Operating expenses	74,438	72,227	3.1
Operating (loss)/profit	(21,929)	(1,826)	1,100.9
Refining Segment			
Operating revenues	396,969	485,735	(18.3)
Operating expenses	364,381	470,415	(22.5)
Operating (loss)/profit	32,588	15,320	112.7
Marketing and Distribution Segment			
Operating revenues	500,969	565,638	(11.4)
Operating expenses	485,192	550,450	(11.9)
Operating (loss)/profit	15,777	15,188	3.9
Chemicals Segment			
Operating revenues	149,186	167,644	(11.0)
Operating expenses	139,508	157,588	(11.5)
Operating (loss)/profit	9,678	10,056	(3.8)
Corporate and others			
Operating revenues	312,816	415,790	(24.8)
Operating expenses	312,394	415,014	(24.7)
Operating (loss)/profit	422	776	(45.6)
Elimination of inter-segment profit/(loss)	(1,428)	982	-

About Sinopec Corp.

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fibre, fertiliser and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

Sinopec sets 'fuelling beautiful life' as its corporate mission, puts 'people, responsibility, integrity, precision, innovation and win-win' as its corporate core values, pursues strategies of value-orientation, innovation-driven development, integrated resource allocation, open cooperation, and green and low-carbon growth, and strives to achieve its corporate vision of building a world leading energy and chemical company.

Disclaimer

This press release includes "forward-looking statements". All statements, other than statements of historical facts that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future

(including but not limited to projections, targets, reserve volume, other estimates and business plans) are forward-looking statements. Sinopec Corp.'s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to the price fluctuation, possible changes in actual demand, foreign exchange rate, results of oil exploration, estimates of oil and gas reserves, market shares, competition, environmental risks, possible changes to laws, finance and regulations, conditions of the global economy and financial markets, political risks, possible delay of projects, government approval of projects, cost estimates and other factors beyond Sinopec Corp.'s control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

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SOURCE China Petroleum & Chemical Corporation

http://www.prnewswire.com/news-releases/sinopec-achieves-operating-profit-rmb351-billion-in-1h2016-300319081.html

Shenhua Group Corporation Ltd (NYSE: SHGCLZ)

Company Overview

China Shenhua Energy Company Limited, exclusively initiated by Shenhua Group Corporation Limited (hereinafter referred to as Shenhua Group), was incorporated in Beijing, China on November 8, 2004. H shares and A shares of China Shenhua were listed respectively on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in June 2005 and October 2007.

China Shenhua is a world-leading coal-based integrated energy company. Its main business includes production and sales of coal, railway and port transportation of coal-related materials, as well as power generation and sales. China Shenhua, with the largest coal reserves, is largest coal supplier and vendor in China. The Company's coal business has become the model of large-scale, high-efficient, and safe production mode in China’s coal industry.

http://www.shenhuachina.com/cs/sh_china_en/PAGE1382683238727/sh_china_en_ED.html

Business Overview

China Shenhua is a world-leading coal-based integrated energy company. Its main business includes production and sales of coal, railway and port transportation of coal-related materials, as well as power generation and sales.

China Shenhua, with the largest coal reserves, is largest coal supplier and vendor in China. The Company's coal business has become the model of large-scale, high-efficient, and safe production mode in China’s coal industry.In 2009, the commodity coal output of China Shenhua amounted to 210.3 million tons, up by 13.2% on a year-on-year basis; the coal sales volume realized 254.3 million tons, up by 9.3% on a year-on-year basis.

http://www.shenhuachina.com/cs/sh_china_en/PAGE1382683238817/sh_china_en_ED.html

2015 Interim Report 2015

Directors' Report

Board Discussion and Analysis on Operations during the Reporting Period

Summary of Operations

In the first half of 2015, by actively exploring new markets and stabilising existing markets externally, and enhancing the structure of the Company and stringently controlling costs internally, China Shenhua fully unleashed the advantages of integrated operation and effectively adapted to the evolving market. According to the IFRSs, in the first half of 2015, the Group recorded profit attributable to equity holders of the Company of RMB13,068 million (first half of 2014: RMB22,775 million), and basic earnings per share of RMB0.657/share (first half of 2014: RMB1.145/share), representing a year-on-year decrease of 42.6%.

1. Analysis on principal business

- Analysis on the Changes in the Items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Cash Flows

I. Revenue The Group recorded revenue of RMB87,783 million in the first half of 2015 (first half of 2014: RMB129,197 million), representing a year-on-year decrease of 32.1%. The main reasons for such change are as follows:

II. 1 the impact of factors such as demand from downstream industries and weather, resulting in a year-on-year decrease of 24.2% in the Group's sales of coal to 177.8 million tonnes (first half of 2014: 234.6 million tonnes); and the average sales price of commercial coal was RMB316.0 per tonne (first half of 2014: RMB368.4 per tonne), representing a year-on-year decrease of 14.2%;

III. 2 being affected by factors such as increase of power generation by non-fossil fuels, the power output dispatch of the Group in the first half of 2015 was 93.62 billion kwh (first half of 2014: 99.38 billion kwh), representing a year-on-year decrease of 5.8%; average power tariff was RMB343.2/mwh (first half of 2014: RMB360.0/mwh), representing a year-on-year decrease of 4.7%;

IV. a decrease in the volume of material trading business.

(2) Cost of sales

The cost of sales of the Group in the first half of 2015 amounted to RMB59,391 million (first half of 2014: RMB89,101 million), representing a year-on-year decrease of 33.3%, of which:

I. the cost of coal purchased from third parties decreased by 63.3% year-on-year to RMB9,673 million (first half of 2014: RMB26,324 million), which was mainly attributable to the decrease in the purchasing price of coal and the year-on-year decrease of the sales volume of the coal purchased from third parties;

II. the cost of materials, fuel and power amounted to RMB7,130 million (first half of 2014: RMB9,007 million), representing a year-on-year decrease of 20.8%, which was mainly attributable to the year-on-year decrease in the sales volume of coal and power output dispatch;

III. transportation charges decreased by 22.9% year-on-year to RMB6,064 million (first half of 2014: RMB7,864 million), which was primarily driven by the decrease in the transportation volume of commercial coal;

IV. taxes and surcharges increased by 63.8% year-on-year to RMB3,061 million (first half of 2014: RMB1,869 million), which was mainly attributable to the fact that coal price adjustment fund and mineral resources compensation fee were accounted for by the Group as resource tax as a result of the resource tax reform. The relevant amounts were adjusted from “others” to “taxes and surcharges” for accounting.

V. other costs decreased by 43.7% year-on-year to RMB14,423 million (first half of 2014: RMB25,631 million), which was mainly attributable to the fall in volume in the material trading business.

(3) Selling, general and administrative expenses

The selling, general and administrative expenses of the Group in the first half of 2015 amounted to RMB4,447 million (first half of 2014: RMB4,010 million), representing a year-on-year increase of 10.9%, which was mainly attributable to the year-on-year increase of expensed research and development expenditure and the increase in depreciation and amortization resulting from the operation of the self-developed informatization system.

(4) Other gains and losses

Other losses of the Group in the first half of 2015 amounted to RMB434 million (first half of 2014: RMB256 million), representing a year-on-year increase of 69.5%, which was mainly attributable to the provisions for impairment loss of the power generation equipment and related machines owned by Beijing Thermal due to its closure.As at the end of the reporting period, no provision for decrease in the price of coal inventory was made as the cost of the Group’s coal inventory was lower than its net realizable value.

(5) Interest income

The interest income of the Group in the first half of 2015 amounted to RMB410 million (first half of 2014: RMB293 million), representing a year-on-year increase of 39.9%, which was mainly attributable to the increase in interest income from deposits and profit from loans made to external parties.

(6) Finance costs

The finance costs of the Group in the first half of 2015 amounted to RMB2,039 million (first half of 2014: RMB1,915 million), representing a year-on-year increase of 6.5%, which was mainly attributable to the increase in interest expense and net exchange loss for loans denominated in Japanese Yen.

(7) Net cash inflow generated from operating activities

The net cash inflow generated from operating activities of the Group in the first half of 2015 amounted to RMB30,911 million (first half of 2014: RMB32,081 million), representing a year-on-year decrease of 3.6%, of which net cash inflow generated from operating activities of Shenhua Finance Company amounted to RMB9,575 million (first half of 2014: RMB1,659 million). Net cash inflow generated from operating activities of the Group excluding the effect of Shenhua Finance Company amounted to RMB21,336 million (first half of 2014: RMB30,422 million), representing a year-on-year decrease of 29.9%, which was mainly attributable to the decrease in net cash inflow caused by yearon-year decrease in profits for the period.

(8) Net cash outflow from investing activities

The net cash outflow from investing activities of the Group in the first half of 2015 amounted to RMB11,623 million (first half of 2014: RMB18,257 million), representing a year-on-year decrease of 36.3%, which was mainly attributable to decrease in cash paid for acquisition and construction of long-term assets.

(9) Net cash outflow from financing activities

The net cash outflow from financing activities of the Group in the first half of 2015 amounted to RMB3,653 million (first half of 2014: net cash inflow of RMB11,311 million), representing a year-onyear decrease of 132.3%, which was

mainly attributable to the smaller scale of debt financing yearon-year and the payment of final dividend of A Shares for 2014 during the reporting period.

(10) Research and development expenditure

The total research and development expenditure of the Group in the first half of 2015 amounted to RMB260 million, which was mainly attributable to the technological research of the Group on areas such as further strengthening the clean use of coal as well as on green mining, heavy-loaded railways and ultra-low emission of coal-fired generators. The research and development expenditure is in line with the Group's strategic principle of promoting the development of clean energy, which allows the Group to enhance its core competitiveness and its ability to maintain sustainable growth.

2. Others

I. Details on material changes in the composition of profit or source of profit of the Company

The major changes in the composition of profit of the Group during the reporting period are detailed as follows: the proportion of the profit from operations of the coal segment decreased substantially while that of the power segment increased substantially.

Based on the profit from operations of all business segments before elimination on consolidation under the International Financial Reporting Standards, the percentages of the profit from operations attributable to the coal, power, transportation and coal chemical segments of the Group changed to 31%, 42%, 25% and 2% respectively in the first half of 2015 from 45%, 28%, 24% and 3% in the first half of 2014.

II. Analysis on the progress of financing and major asset restructuring matters of the Company

On 20 January 2015, China Shenhua Overseas Capital Company Limited, a wholly-owned subsidiary of Shenhua Hong Kong Limited, a wholly-owned subsidiary of the Company, completed the issuance of US dollar notes in the amount of US$1.5 billion. Such notes were offered to professional investors in accordance with Regulation S under the U.S. Securities Act and listed on The Hong Kong Stock Exchange. Net proceeds from this issuance of notes were approximately US$1.48 billion, which would be mainly used for the repayment of loans of overseas subsidiaries, approved overseas projects and other uses in compliance with applicable rules.

III. Elaboration on the Company's progress of operation plans

For the Company's progress of development strategies, please refer to the section headed "Chairman's Statement".

For the progress of operation plans in 2015, please refer to "Summary of Operations" in this section.

Analysis on Operating Results by Business Segment, Product or Region

2. Operating Results of Principal Business by Business Segment and Product

1. Coal Segment

I. **Overview of production and operations**

In the first half of 2015, the Company persevered in being market-oriented and timely optimised its mix of products to increase the proportion of coal products with high added value in order to achieve maximum efficiency. Research and development of technologies were emphasised to improve production efficiency and reduce operating costs. The Company implemented coal quality management measures, enhanced refined management and promoted the standard operation procedures for specific posts.

Promotion of the "Digital Mine" projects has been carried out to build the Shenhua clean coal brand so as to further enhance the competitiveness of its coal products. In the first half of 2015, commercial coal production of the Company amounted to 139.4 million tonnes (first half of 2014: 155.0 million tonnes), representing a year-on-year decrease of 10.1%. Commercial coal production of Shendong Mines (including Jinjie Mine) and Zhunge'er Mines amounted to 87.2 million tonnes and 28.8 million tonnes respectively, representing a year-on-year decline of 7.9% and 4.0%. Commercial coal production of Baorixile Mines, Shengli Mines and Baotou Mines reached 11.8 million tonnes, 6.7 million tonnes and 2.9 million tonnes respectively, representing a year-on-year decrease of 15.1%, 22.1% and 54.7%.

In the first half of 2015, the coal segment of the Group accomplished total footage of advancing tunnels of 302,000 meters, representing a year-on-year decrease of 5.3%. Specifically, Shendong Mines recorded total footage of advancing tunnels of 290,000 meters, representing a year-on-year decrease of 4.9%; and Baotou Mines recorded total footage of advancing tunnels of 12,000 meters, representing a year-on-year decrease of 14.3%.

II. Coal sales

The Company adopted a market-oriented pricing strategy, timely adjusted product structure, actively explored new markets and new customers. Due to the influence of market demand and other factors, coal sales of the Company in the first half of the year amounted to 177.8 million tonnes (first half of 2014: 234.6 million tonnes), representing a year-on-year decrease of 24.2%. The weighted average sales price of coal was RMB316.0 per tonne (first half of 2014: RMB368.4 per tonne), representing a year-on-year decrease of 14.2%.

a) By sales types

In the first half of 2015, domestic coal sales of the Company amounted to 175.4 million tonnes (first half of 2014: 226.9 million tonnes), representing a year-on-year decrease of 22.7% and accounting for 98.7% of the total coal sales. The decrease is mainly affected by factors such as demand from downstream industries and weather, as well as the downward adjustment of trading coal sales by the Company. In the first half of 2015, the seaborne sales volume of self-produced coal and purchased coal in respect of the Company's domestic sales amounted to 97.3 million tonnes (first half of 2014: 118.6 million tonnes), representing a year-on-year decline of 18.0 % which was less than the decrease in the Company's domestic sales of coal for the same period.

In the first half of 2015, sales volume of the Company to the top five domestic coal customers was 15.2 million tonnes, representing 8.7 % of domestic sales, while the sales volume to our biggest customer was 4.3 million tonnes, representing 2.5% of domestic sales. The top five domestic coal customers were mainly fuel companies and power generation companies. The coal sales business of each mine area of the Group is mainly coordinated by Shenhua Trading Group, with the majority of the coal products sold by the Company being thermal coal.

b) By internal and external customers

In the first half of 2015, the percentage of the Company's coal sales volume to external customers fell to 77.8% from 80.8% year-on-year. The Company adopted unified pricing policies in coal sales to internal power segment, coal chemical segment and external customers.

III. Production safety

In the first half of 2015, the Company continued to strengthen safety supervision and inspection, made solid progress on the construction of the intrinsic safety system, carried out educational and precautionary activities on production safety and enhanced contingency plans for production safety accidents so as to consolidate the foundation of safety management. During the reporting period, the fatality rate per million tonnes of raw coal production of the Company was zero.

IV. Environmental protection

In the first half of 2015, the Company focused on the special tasks of implementing energysaving and environmental protection, seriously managed the environmental issues and advanced the environmental protection and compliance work of construction projects.

The Company's overall energy consumption for raw coal production was 2.34 kg of standard coal/ tonne. In order to implement the requirements on air pollution control in the Beijing-Tianjin-Hebei region, the Company and local authorities in areas such as Cangzhou City and Baoding City have entered into cooperation agreements on clean coal supply to increase the sales of Shenhua's clean coal.

V. Progress of projects

At the end of the reporting period, the initial working face of the Guojiawan Mine was ready for joint trial operation. The application for the exploration rights of Xinjie Mines was in smooth progress.

VI. Coal resources

As at 30 June 2015, the Group had actual coal resources amounting to 24,513 million tonnes and recoverable coal reserve amounting to 15,866 million tonnes under the PRC Standard; and the Group's marketable coal reserve amounted to 8,282 million tonnes under the JORC Standard.

In the first half of 2015, the Company's exploration expenses (which were incurred before the conclusion of feasibility study and represented the expenses related to exploration and evaluation of coal resources) amounted to approximately RMB10 million (first half of 2014: RMB13 million), which was mainly included the relevant exploration expenses of Watermark Project in Australia. In the first half of 2015, the Company's relevant capital expenditure of coal mine development and exploration amounted to approximately RMB1,363 million (first half of 2014: RMB2,588 million), which was mainly attributable to the development expenditure of Guojiawan Mines, Qinglongsi Mines and Taigemiao Mines, as well as the coal exploration expenditure of various mines including Shendong Mines and Shengli Mines.

VII. Unit production cost of self-produced coal

In the first half of 2015, unit production cost of self-produced coal in the coal segment was RMB117.0/tonne (first half of 2014: RMB127.2/tonne), representing a year-on-year decrease of 8.0%. The main reasons for the above changes are as follows:Unit production cost of self-produced coal In the first half of 2015, unit production cost of self-produced coal in the coal segment was RMB117.0/tonne (first half of 2014: RMB127.2/tonne), representing a year-on-year decrease of 8.0%. The main reasons for the above changes are as follows:

1) costs of raw materials, fuel and power amounted to RMB20.4/tonne (first half of 2014: RMB24.8/tonne), representing a year-on-year decrease of 17.7%. This decrease was mainly due to the decrease in footage of advancing tunnels and decrease in prices of fuel and electricity;

2) personnel expenses amounted to RMB17.1/tonne (first half of 2014: RMB14.2/tonne), representing a year-on-year increase of 20.4%. This increase was mainly due to the decrease in sales volume of coal;

3) maintenance fee amounted to RMB8.2/tonne (first half of 2014: RMB8.4/tonne), representing a year-on-year decrease of 2.4%;

4) depreciation and amortisation amounted to RMB21.1/tonne (first half of 2014: RMB19.3/ tonne), representing a year-on-year increase of 9.3%, which was mainly due to the decrease in sales volume of coal;

5) other costs amounted to RMB50.2/tonne (first half of 2014: RMB60.5/tonne), representing a year-on-year decrease of 17.0%. The decrease was mainly due to the price adjustment fund and mineral resources

compensation fee being accounted for in “taxes and surcharges“ as resource tax as a result of the resource tax reform and decrease in mining engineering expenses and open-cut mine stripping expenses.

Other costs consist of the following three components: (1) expenses directly related to production, including coal washing, selecting and processing expenses and mining engineering expenses, accounting for 64%; (2) auxiliary production expenses, accounting for 12%; (3) land requisition and surface subsidence compensation, environmental protection expenses, fees levied by local government, etc., accounting for 24%. Excluding the influence of resource tax reform, the unit production cost of self-produced coal of the Company increased by 1.5% year-on-year.

VIII. Analysis on cost of coal purchased from third parties

The Company’s coal purchased from third parties includes coal purchased from the surrounding areas of the self-owned mines and railways, domestic trading coal, imported and re-exported coal. In the first half of 2015, costs of coal purchased from third parties amounted to RMB9,673 million (first half of 2014: RMB26,324 million), representing a year-on-year decrease of 63.3%, which was mainly due to the decrease in the sales volume and purchasing price of the coal purchased from third parties.

The sales volume of coal purchased from third parties was 39.5 million tonnes (first half of 2014: 80.8 million tonnes), representing a year-on-year decrease of 51.1%, and its proportion to total sales volume of coal of the Company decreased to 22.2% from 34.4% in the first half of 2014, of which the sales volume of domestic trading coal decreased by 8.5 million tonnes, or 53.5%; and the sales volume of imported coal decreased by 4.4 million tonnes, or 100.0%.

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Zhejiang Hengyi Group Co., Ltd

About Us

Founded on October 18, 1994, Zhejiang Hengyi Group Co., Ltd. is the pioneer of modern enterprise system in Zhejiang. It was the first business group under modern enterprise system to be approved by the provincial government upon the establishment of Company Law in China. Today, Hengyi is a large modern private enterprise with highly integrated industrial chain and complementing core and secondary businesses. Hengyi’s core businesses are PTA (Purified Terephthalic Acid) manufacturing, polyester spinning and chemical fiber elasticizing. The company is also involved in secondary businesses such as financial investment and international trading. As the largest supplier of textile raw material in China, Hengyi now has over 20 billion Yuan of total assets and 7000 employees. It has been ranked as one of the Top 500 Enterprises in China and one of the Top 100 Enterprises in Zhejiang province for many years.

Hengyi people are focused and persistent at pursuing excellence. Setting the strategic objective as "consolidating and enhancing the competitive power of the core business", Hengyi continues to increase its capability in chemical fibre industry and broaden its product range along the petrochemicals value chain.

Hengyi has always been a pioneer. It was the first private enterprise to enter polyester melting direct spinning and again the first private enterprise to enter PTA manufacturing in China. It has built a caprolactam plant, which has a production line that has the largest capacity for a single CPL line in the world.

Hengyi people hold the innovation banner high and continue to strengthen the company’s capability in research and development. We believe in the power of business in creating innovation. In 2003, Hengyi established a state-level postdoctoral research center and became the first private enterprise to have a state-level enterprise technology center in China. Our large capacity polyester plant equipment serialization project won National Award for Science and Technology Progress. Hengyi has also been awarded as the Chinese Textile Technical Innovation Model Enterprise and Zhejiang Management Innovation Model Enterprise.

As a company with the National Quality Management Advanced Unit honor, Hengyi considers quality a cornerstone for success. Throughout the company's history, Hengyi makes great efforts in raising product quality, enforcing clean production environment, and managing the company with great attention to details. Our core product "Hengyi" polyester filament yarn has won the title of Famous Chinese Brand and is listed as a National Inspection-Free Product.

http://www.hengyi.com/en/company.asp

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