

CHINA PETROLEUM & CHEMICAL CORP  
Form 6-K  
July 02, 2014

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 6-K

Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
The Securities Exchange Act of 1934

For the month of June, 2014

CHINA PETROLEUM & CHEMICAL CORPORATION  
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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes  No

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-\_\_\_\_\_. )

N/A

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This Form 6-K consists of:

An announcement regarding progress update of marketing business restructuring of China Petroleum & Chemical Corporation (the “Registrant”), made by the Registrant on June 30, 2014.

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**CHINA PETROLEUM & CHEMICAL CORPORATION**  
(a joint stock limited company incorporated in the People's Republic of China with limited liability)  
(Stock Code: 0386)

Progress Update Announcement of the Restructuring of Sinopec's Marketing Business

China Petroleum & Chemical Corporation and its directors of the Board of Directors warrant that there are no false representations, misleading statements or material omissions contained in this announcement and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

Pursuant to a resolution passed at the fourteenth meeting of the fifth session of the Board of Directors (the "Board") of China Petroleum & Chemical Corporation ("Sinopec Corp. " or "Company"), Sinopec Corp. has commenced a reorganization of its refined oil products marketing business (the "Reorganization"). The Company's wholly-owned subsidiary, Sinopec Sales Co., Ltd. ( ) ("Sinopec Sales") will serve as the platform for the Reorganization. It is that after the Reorganization, social and private capital will be introduced to Sinopec Sales through a capital increase of Sinopec Sales (the "Capital Introduction"). The main objectives of the Capital Introduction are, through the introduction of external capital, to promote and optimize the modern enterprise system, to strengthen the operational system and management mechanism in a market-oriented manner, to facilitate the business innovation and vitality, to enhance competitiveness and sustainability of the enterprise, to promote the transformation of Sinopec Sales from a refined oil products supplier into an integrated services provider and to build the trust of consumers and satisfy the needs of the general public as a lifestyle services provider.

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Thus far, Sinopec Sales has completed the relevant audits and valuations in relation to the Capital Introduction. The introduction to Sinopec Sales and the work plan for the Capital Introduction are announced as follows:

I INTRODUCTION TO SINOPEC SALES

i. General Overview

Established in 1985, Sinopec Sales is principally engaged in the purchasing, allotment, distribution, settlement and optimization of refined oil products (gasoline, diesel and jet fuel) resources produced by Sinopec Corp. and its affiliates.

In April 2014, Sinopec Corp. commenced the reorganization of its marketing business, and injected all the 31 provincial subsidiaries and their long-term equity investments as well as all businesses, assets, personnel of Sinopec Fuel Oil Sales Corporation Limited, Sinopec (Hong Kong) Limited, and Sinopec (Hong Kong) Aviation Fuel Limited into Sinopec Sales.

As of the date of this announcement, Sinopec Sales has a registered capital of RMB 20 billion as a limited liability company (wholly-owned by its legal person) and is 100% owned by Sinopec Corp. Its business scope includes storage and logistics, retail sales, direct sales and distribution of petroleum products such as refined oil, natural gas and fuel oil, etc., as well as development and operation of non-fuel business (such as convenience stores and car services, etc.).

ii. Business Overview

Unless otherwise specified, the business performance information of Sinopec Sales in 2013, the four months ended 30 April 2013 and the four months ended 30 April 2014 are calculated post-Reorganization on a pro forma basis, and the relevant operational information is as follows:

	For the four months ended 30 April 2014	For the four months ended 30 April 2013	2013
Total sales volume of refined oil products (million tonnes)	57.55	57.29	179.79
Total domestic sales volume of refined oil products (million tonnes)	52.90	52.95	165.22
Retail sales (million tonnes)	36.94	36.27	113.32
Total number of service and CNG/LNG stations under Sinopec brand	30,233	30,555	30,351
Self-operated stations	30,220	30,542	30,338
Total sales volume of natural gas (billioncubic meters)	0.436	0.294	1.003
Transaction volume from non-fuel business billion RMB	4.757	4.302	13.287

1. Refined oil products sales business

Sinopec Sales has adopted a business model of purchasing refined oil products from Sinopec Corp. and third parties, and conducting retail and direct sales and distribution of refined oil products to domestic and international customers through its retail and distribution network.

Sinopec Sales enjoys a dominant position in the domestic refined oil products sales market:

• **Largest oil products supplier in China:** in 2013, the total sales volume of refined oil products of Sinopec Sales reached 180 million tonnes, of which domestic sales were 165 million tonnes, representing a market share of over 60%;

• **Most extensive domestic refined oil products retail and distribution network:** as of the end of 2013, Sinopec Sales owned a total of 30,351 service stations and CNG/LNG stations under the Sinopec brand, of which 30,338 are self-operated.

Extensive refined oil products storage and logistic facilities: as of the end of 2013, Sinopec Sales had a total length of 10,108 kilometers of pipelines in operation and owned 393 oil depots with a total storage capacity of 15.64 million cubic meters; and

- Large base of loyal customers across China: as of the end of 2013, a total of 108 million Sinopec fuel cards have been issued to approximately 80 million card holders.

2. Non-fuel business

Leveraging its nationwide retail network, Sinopec Sales engages in the development of its non-fuel business, which is currently primarily comprised of convenience store operation, an e-commerce platform (“EJoy365.com”), car services, and advertising etc. As of the end of 2013, Sinopec Sales owned 23,431 convenience stores operating under the “Easy Joy” brand. In 2013 and the four months ended 30 April 2014, the transaction volume from of the non-fuel business reached RMB 13.287 billion and RMB 4.757 billion, respectively.

iii. Financial Data

PricewaterhouseCoopers Zhong Tian LLP has audited the financial statements of Sinopec Sales (post-Reorganization) for the four months ended 30 April 2014 and the year ended 31 December 2013, prepared under PRC Accounting Standards for Business Enterprises, and issued the standard unqualified audit report.

In 2013, Sinopec Sales generated operating income of RMB 1,498.6 billion, with RMB 25.1 billion of net profit attributable to equity holders of Sinopec Sales; for the four months ended 30 April 2014, it generated operating income of RMB 476.4 billion, with RMB 7.7 billion of net profit attributable to equity holders of Sinopec Sales.

The relevant financial information is as follows:

1. Key consolidated income statement items for the four months ended 30 April 2014 and for the year ended 31 December 2013

Unit: RMB million

	For the four months ended 30 April 2014	2013
Operating income	476,424	1,498,628
Less:		
Operating costs	447,719	1,410,128
Sales taxes and surcharges	735	2,508
Selling expenses	11,537	35,919
Administrative expenses	4,839	14,395
Financial expenses — net	218	975
Asset impairment (reversals) / losses	(16 )	75
Add:		
Investment income	378	991
of which, investment income from associates and JVs	252	794
Operating profit	11,770	35,619
Add:		
Non-operating income	200	512
Less:		
Non-operating expenses	903	1,151
Profit before taxation	11,067	34,980
Less:		
Income tax expense	3,021	9,035
Net profit	8,046	25,945
Attributable to equity holders of Sinopec Sales	7,705	25,056
Minority interests	341	889

## 2. Key consolidated balance sheet items at 30 April 2014 and 31 December 2013

Unit: RMB million

	At 30 April 2014	At 31 December 2013
<b>Current assets</b>		
Cash at bank and on hand	5,051	2,890
Bills receivable	2,975	2,772
Accounts receivable	11,592	8,401
Prepayments	1,234	1,464
Other receivables	51,959	39,714
Inventories	51,609	53,659
Non-current assets due within one year	755	443
Other current assets	1,237	4,816
<b>Total current assets</b>	<b>126,412</b>	<b>114,159</b>
<b>Non-current assets</b>		
Financial assets available for sale	99	82
Held-to-maturity investments	6	6