



China Petroleum & Chemical Corporation Announces **2010 Annual Results**

Beijing, People's Republic of China (PRC) — 27 March, 2011 — China Petroleum & Chemical Corporation ("Sinopec Corp." or "the Company") (CH: 600028; HKEX: 386; NYSE: SNP; LSE: SNP) today announced its audited annual results for the full year ended 31 December, 2010.

Financial Highlights:

- In accordance with the PRC Accounting Standards for Business Enterprises (ASBE), the Company's operating income was RMB 1,913.18 billion, up 42.2% from the same period in 2009. Net profit attributable to equity holders of the company and basic earnings per share were RMB 70.71 billion and RMB 0.816 respectively, representing an increase of 12.8% over the same period of last year.
- In accordance with the International Financial Reporting Standards (IFRS), in 2010, the Company's turnover, other operating revenues and other income amounted to RMB 1,913.18 billion, up 42.2% from the same period in 2009. Net profit attributable to equity holders of the Company and basic earnings per share were RMB 71.80 billion and RMB 0.828 respectively, up 13.7% over the same period of last year.
- The Board of Directors recommended a final dividend of RMB 0.13 per share, bringing 2010 full year dividend to RMB 0.21 per share.

Business Highlights

- In 2010, the Company produced 328 million barrels of crude oil, stable compared to the same period last year; and produced 441.4 billion cubic feet of natural gas, representing an increase of 47.6% over the same period last year. The exploration and production segment recorded an operating profit of RMB 47.15 billion for 2010, representing a year-on-year increase of 97.3%.
- In 2010, the company processed 211 million tonnes of crude oil, up 13.2% year-on-year, and produced 124 million tonnes of refined oil products, an increase of 9.4% from the previous year. The refining segment recorded an operating profit of RMB 15.86 billion, declined by 42.4% from 2009.
- Total domestic sales volume of refined oil products reached 140 million tonnes, representing a year-on-year increase of 13.3%. The marketing and distribution segment recorded an annual operating profit of RMB 30.76 billion, up 1.5% over 2009.
- Total sales volume of chemical products for 2010 reached 43.50 million tonnes. Ethylene annual output reached 9.059 million tonnes, up 34.9% over the same period last year. The chemicals segment recorded an operating profit of RMB 15.04 billion for 2010, increased by 8.9% year-on-year.
- Total capital expenditure for 2010 was RMB 113.651 billion.

In 2010, the Company's total turnover, other operating income and other revenues increased by 42.2% year-on-year to approximately RMB1,913.18 billion. Sinopec's operating profit was RMB 105.0 billion, representing an increase of 15.8% over same period of 2009. This mainly attributed to the fast growth of domestic economy, growing demand for petroleum and petrochemical products, and continuous expansion of the Company's operational scale, and the increase in the price of crude oil, oil products and petrochemical products. Profit attributable to equity shareholders of the Company was RMB71.80 billion, up 13.7% compared to 2009. Basic earnings per share were RMB 0.828, up 13.7% over the same period of last year. The Board of Directors recommended a final dividend of RMB 0.13 per share, bringing 2010 full year dividend to RMB 0.21 per share.

All the aforementioned achievements in 2010 showcased the Company's accomplishment of all targets set for the 11th Five-Year Plan. Compared with 2005, the company's total turnover, other operating income and other revenues, increased by 129.8% to approximately RMB1,913.18 billion, total assets increased by 85.2% to RMB995.15 billion; total equity attributable to equity shareholders of the Company increased by 87.45% to RMB419.05 billion. Over the past five years, crude production increased by 17.6% to 328 million barrels, natural gas production increased by 98.9% to 441.4 billion cubic feet; refinery throughput jumped from 140 million tonnes to 211 million tonnes, becoming the 2nd largest refiner globally; total sales of refined oil products went up 41.9% to 149 million tonnes with the Company's self-operated service stations increased to 29,601, which is now the world's 2nd largest network. Ethylene production went up 70.3% to 9,059 thousand tonnes, ranked fourth across the globe. Cumulative corporate tax amounted to RMB705.7 billion, and cumulative dividend to shareholders reached RMB72.0 billion. Sinopec achieved multiple corporate development targets, contributed to the country, created value to shareholders, fulfilled social responsibilities and benefited its staff.

PRINCIPAL FINANCIAL DATA AND INDICATORS

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES ("ASBE")

Items	For the years ended 31 December			
	2010	2009	Change	2008
	RMB millions	RMB millions	%	RMB millions
Operating income	1,913,182	1,345,052	42.2	1,444,291
Operating profit/(loss)	101,352	86,238	17.5	(17,440)
Profit before taxation	102,178	86,112	18.7	33,351
Net profit attributable to equity shareholders of the Company	70,713	62,677	12.8	31,119
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	68,345	61,258	11.6	29,307
Net cash flow from operating activities	171,262	166,009	3.2	87,113

Items	At 31 December			
	2010	2009	Change	2008
	RMB millions	RMB millions	%	RMB millions
Total assets	985,389	886,896	11.1	784,471
Shareholders' equity attributable to equity shareholders of the Company	421,127	380,461	10.7	331,194

Items	For the years ended 31 December			
	2010	2009	Change	2008
	RMB millions	RMB millions	%	RMB millions
Basic earnings per share	0.816	0.723	12.8	0.359
Diluted earnings per share	0.808	0.718	12.5	0.318
Basic earnings per share (before extraordinary gain and loss)	0.788	0.707	11.6	0.338
Fully diluted return on net assets (%)	16.79	16.47	0.32 percentage point	9.40
Weighted average return on net assets (%)	17.43	17.52	(0.09) percentage point	9.65
Fully diluted return (before extraordinary gain and loss) on net assets (%)	16.23	16.10	0.13 percentage point	8.85
Weighted average return (before extraordinary gain and loss) on net assets (%)	16.94	17.24	(0.30) percentage point	9.13
Net cash flow from operating activities per share	1.975	1.915	3.2	1.005

FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

UNIT: RMB MILLIONS

Items	For the years ended 31 December				
	2010	2009	2008	2007	2006
Turnover, other operating revenues and other income	1,913,182	1,345,052	1,495,148	1,205,860	1,061,588
Operating profit	105,004	90,699	38,581	87,320	81,245
Profit before taxation	103,693	86,604	33,442	84,246	79,068
Profit attributable to equity shareholders of the Company	71,800	63,147	31,199	56,168	53,771
Basic earnings per share (RMB)	0.828	0.728	0.360	0.648	0.620
Diluted earnings per share (RMB)	0.820	0.724	0.319	0.648	0.620
Return on capital employed (%)	12.96	11.69	5.94	12.04	12.66
Return on net assets (%)	17.13	16.66	9.46	18.23	20.30
Net cash generated from operating activities per share (RMB)	1.965	1.909	0.997	1.431	1.146

UNIT: RMB MILLIONS

Items	At 31 December				
	2010	2009	2008	2007	2006
Non-current assets	734,925	696,784	634,821	579,953	490,499
Net current liabilities	76,177	114,442	126,570	88,686	77,694
Non-current liabilities	208,380	177,526	156,263	157,613	125,584
Non-controlling interests	31,321	25,876	22,205	25,521	22,318
Total equity attributable to equity shareholders of the Company	419,047	378,940	329,783	308,133	264,903
Net assets per share (RMB)	4.833	4.371	3.804	3.554	3.055

The following table sets forth the operating revenues, operating expenses and operating profit/(loss) from each segment before elimination of the inter-segment transactions for the years indicated, and the percentage change from 2009 to 2010.

	Years ended 31 December		Change
	2010	2009	
	RMB millions		%
Exploration and Production Segment			
Operating revenues	187,145	134,808	38.8
Operating expenses	139,996	110,914	26.2
Operating profit	47,149	23,894	97.3
Refining Segment			
Operating revenues	971,577	703,571	38.1
Operating expenses	955,722	676,063	41.4
Operating profit	15,855	27,508	(42.4)
Marketing and Distribution Segment			
Operating revenues	1,040,698	783,091	32.9
Operating expenses	1,009,938	752,791	34.2
Operating profit	30,760	30,300	1.5
Chemicals Segment			
Operating revenues	327,622	218,457	50.0
Operating expenses	312,585	204,652	52.7
Operating profit	15,037	13,805	8.9
Corporate and others			
Operating revenues	796,789	521,869	52.7
Operating expenses	799,131	524,074	52.5
Operating loss	(2,342)	(2,205)	6.2
Elimination of inter-segment profit	(1,455)	(2,603)	(44.1)

BUSINESS REVIEW AND PROSPECTS

Exploration and Production Segment

In 2010, International crude oil prices fluctuated within an upward range between USD70/barrel to USD95/barrel. The annual average Platts global spot price for Brent crude oil was USD79.47/barrel, representing a year-on-year increase of 29.2%. The price trend of domestic crude was in line with that of the international market. In 2010, the Chinese government adjusted the benchmark wellhead price for domestic onshore natural gas and carried out a reform of oil and gas resource tax in western provinces and cities.

In 2010, the company further implemented its oil-and-gas resource strategy. In exploration business, Sinopec enhanced its integrated geological research, increased exploration investment, optimized

its exploration scheme, promoted the integration of exploration and development, and consolidated its resource base through exploration of trapped reserves. New discoveries were made following the exploration of Tarim Basin's Maigaiti Slope, Tahe Oilfield, and Jiyang Depression. The marine-facies natural gas exploration in southeast and west Sichuan made further progress. In development and production, Sinopec focused on enhancing reserve development ratio, oil recovery rate and single-well output rate. The Company also intensified its efforts in making technological breakthroughs and capacity building, and steadily increased oil and gas production. The Sichuan-to-Eastern China Gas Transmission Project has been operating smoothly since it was put into operation, with a substantial increase in production of natural gas. In 2010, the Company produced 328 million barrels of crude oil, similar to last year; and produced 441.4 billion cubic feet of natural gas, representing an increase of 47.6% over the same period of last year.

Sinopec took the first step in "Going Global" by successfully completing the overseas upstream asset injection of Angola Block 18 from the parent company.

In 2010, the operating revenues of this segment were RMB 187.15 billion, up 38.8% over 2009. This was mainly attributable to the significant increase in crude oil price as well as the jump in natural gas sales volume following the commercial production of the Puguang Gas Field. In 2010, 43.88 million tonnes of crude oil and 11.06 billion cubic meters of natural gas were sold, representing a year-on-year increase of 0.2% and 57.4% respectively. The average realized selling prices of crude oil and natural gas were RMB 3,406 per tonne and RMB 1,174 per thousand cubic meters, respectively, representing increases of 38.2% and 22.4% respectively year-on-year. In 2010, the E&P business recorded an operating profit of RMB 47.15 billion, an increase of 97.3% over the previous year.

Summary of Operations of Exploration and Production Segment

	2010	2009	2008	Change from 2009 to 2010 (%)
Crude oil production (mmbbls)	327.85	327.62	322.02	0.1
Including: China	302.18	301.15	296.80	0.3
Africa	25.67	26.47	25.22	(3.0)
Natural gas production (bcf)	441.39	299.01	293.07	47.6
	As at 31 December, 2010	As at 31 December, 2009	As at 31 December, 2008	Changes at the end of the report period compared with that at the end of the last year (%)
Total oil and gas production (mmboe)	401.42	377.45	370.87	6.4
Proved reserve of crude oil (mmbbls)	2,888	2,920	2,961	(1.1)
Proved reserve of natural gas (bcf)	6,447	6,739	6,959	(4.3)
Proved reserve of crude oil and natural gas (mmboe)	3,963	4,043	4,121	(1.9)

Note: 1. it includes 100% of production and reserve of SSI.

2. For crude oil produced in China, 1 tonne=7.1 barrels; for natural gas, 1 cubic meter=35.31 cubic feet; for crude oil produced in Africa, 1 tonne=7.27 barrels.

Refining Segment

In 2010, domestic demand for refined oil products maintained relatively strong. Domestic oil product supply was sufficient at the beginning of the year, but became tight in the latter half, particularly in the fourth quarter due to strong demand for diesel. According to official statistics, the domestic apparent consumption of oil products throughout the year (including gasoline, diesel and kerosene) reached 230 million tonnes, a year-on-year increase of 11.4%.

In 2010, the company adhered to market-oriented principles and strived to ensure product mix was adjusted timely and appropriately. Refineries maintained high utilization rates. Sinopec further reduced costs and improved efficiency through optimizing resources, operations, and management. The Company successfully introduced new capacities and completed a company-wide gasoline quality upgrading to GB III Standard. In addition, Sinopec effectively eased the diesel shortage in the fourth quarter by timely increasing diesel oil production. In 2010, refinery throughput amounted to 211 million tonnes, representing a year-on-year increase of 13.2%, and produced 124 million tonnes of refined oil products, up 9.4% from the previous year.

In 2010, the operating revenues of refining business totaled RMB 971.57 billion, representing an increase of 38.1% over 2009. This was mainly attributable to the price-up of refined products and

increased sales volume. The refining margin was down 12.7% to RMB 290.5 per tonne, as the increase in crude oil price was much greater than that of the sales price of refined products. The unit refining cash operating cost was RMB139.7 per tonne, up 2.7% year-on-year, primarily due to the increase in prices of power, fuels and auxiliary materials. The operating profit of the segment for the year totaled RMB 15.86 billion, declined by 42.4% from the previous year.

Summary of Operations of Refining Segment

	2010	2009	2008	Change from 2009 to 2010 (%)
Refinery throughput (million tonnes)	211.13	186.58	173.73	13.2
Gasoline, diesel, and kerosene production (million tonnes)	124.38	113.69	107.36	9.4
including: Gasoline (million tonnes)	35.87	34.43	29.65	4.2
Diesel (million tonnes)	76.09	68.86	69.74	10.5
Kerosene (million tonnes)	12.42	10.39	7.99	19.5
Light chemical feedstock (million tonnes)	35.00	26.87	23.12	30.3
Light products yield (%)	75.79	75.54	74.75	Up 0.25 percentage point
Refining yield (%)	94.83	94.53	94.05	Up 0.30 percentage point

Note: 1. Refinery throughput includes natural gas condensates and heavy oil throughput. The data of 2008 and 2009 were adjusted retrospectively. For unit conversion of refinery throughput, 1 tonne=7.35 barrels.

2. The operation data include 100% of the production of the joint venture.

Marketing and Distribution Segment

In 2010, Sinopec continued to strengthen its concept of customer-oriented services and enhanced quality management. It also enlarged the scale of its marketing operations by providing high quality oil products to its customers. The Company also effectively eased diesel shortage situations in different regions by various means to cope with the sudden increase in diesel demand in the fourth quarter of last year. The Company's non-fuel business was also substantially increased. Total domestic sales volume of refined oil products reached 140 million tonnes with a year-on-year increase of 13.3%.

In 2010, the operating revenues of this segment totaled RMB 1,040.70 billion, up 32.9% year-on-year. However, due to the increase of 35.1% crude procurement cost, the operating profit of this segment was RMB 30.76 billion, up 1.5% year-on-year.

Summary of Operations of Marketing and Distribution Segment

	2010	2009	2008	Change from 2009 to 2010 (%)
Total domestic sales volume of oil products (million tonnes)	140.49	124.02	122.98	13.3
Including: Retail (million tonnes)	87.63	78.90	84.10	11.1
Direct sales (million tonnes)	32.40	25.61	19.63	26.5
Wholesale (million tonnes)	20.47	19.52	19.25	4.9
Average annual throughput per station (tonne/station)	2,960	2,715	2,935	9.0

	Ended at December 31,2010	Ended at December 31,2009	Ended at December 31,2008	Changes at the end of the report period compared with that at the end of the last year (%)
Total number of service stations under Sinopec brand	30,116	29,698	29,279	1.4
including: Number of company-operated service stations	29,601	29,055	28,647	1.9
Number of franchised service stations	515	643	632	(19.9)

Chemicals Segment

The domestic demand for chemical products in the first quarter of 2010 extended the recovery trends seen in 2009, and saw strong growth in the latter half of the year. According to the Company's statistics, the domestic apparent consumption of synthetic resin, synthetic fiber and synthetic rubber saw a year-on-year increase of 9.4%, 12.9% and 11.8% respectively, while the domestic apparent consumption of ethylene equivalent increased by 11.8% year on year. Domestic chemical product

prices bottomed in the second quarter and rallied gradually later in the year.

In 2010, Sinopec further strengthened the integration among production, sales, and R&D in line with market demand. By continuing to pay close attention to production and management optimization, the Company took full advantage of newly added ethylene production capacity and also ensured safe operation of its plants at a full production rate and high utilization rate. Sinopec also enhanced its supply chain management and pushed forward new product development and adjusted its product mix. Additionally, it adhered to the concept of “putting the customer first”, and took full advantage of its centralized sales management and sold all finished products. The output of ethylene reached 9.059 million tonnes, with a year-on-year increase of 34.9%, and the total volume sales of chemical products reached 43.50 million tonnes.

The annual operating revenues of the chemicals business were RMB 327.6 billion, representing an increase of 50.0% over 2009. This was mainly attributable to the substantial increase in sales volume and also in sales price. The operating expenses of this segment increased 52.7% over 2009. The operating profit was RMB 15.04 billion, increased by 8.9% over 2009.

Summary of Production of Major Chemical Products

Unit: thousand tonnes

	2010	2009	2008	Change from 2009 to 2010 (%)
Ethylene	9,059	6,713	6,289	34.9
Synthetic resin	12,949	10,287	9,643	25.9
Synthetic rubber	967	884	834	9.4
Synthetic fibre monomer and polymer	8,864	7,798	7,264	13.7
Synthetic fibre	1,393	1,302	1,260	7.0
Urea	1,223	1,752	1,649	(30.2)

Note: The operation data include 100% of the production of the joint venture.

CAPITAL EXPENDITURE

In 2010, the Company's capital expenditure was RMB 113,651 million. The capital expenditure for exploration and production segment was RMB 52,680 million, which was mainly used for exploration, development and capacity construction of key oilfields including Tahe, Shengli and Angola Block 18 and gas fields in Puguang and Erdos, as well as for pipeline construction of the Sichuan-to-Eastern China Gas Project. The capital expenditure for refining segment was RMB 20,015 million, which was mainly used for improving the adaptation of low-grade crude oil processing, upgrading oil products quality, construction of the crude oil terminal, and transmission system. The capital expenditure for the marketing and distribution segment was RMB 26,168 million. This was used for construction and acquisition of service stations and CNG stations in key areas such as freeways, tier one cities, and newly developed areas, further accelerating the construction of pipelines and oil depots as well as improving the sales network of refined products. The capital expenditure for chemicals segment was RMB 12,894 million, with which the ethylene projects in Tianjin and Zhenhai were completed and Wuhan ethylene and Yanshan butyl rubber projects were progressed well. The capital expenditure for corporate and others was RMB 1,894 million, which was used for the construction of scientific research facilities and information-based projects.

ENERGY SAVING AND EMISSION REDUCTION

Sinopec is committed to a sustainable approach to its business, community, and the environment, and promotes a universal HSE management system. It advocates the principle of safety first, and focuses on prevention and addressing the root cause of any potential issues. Sinopec promotes energy savings and emissions reduction and fosters a low-carbon economy. A wide range of efforts have been made to reduce emissions of CO₂ in order to promote cleaner production. Compared with the same period of 2009, energy consumption dropped by 0.24%. Additionally, industrial water demand decreased 2%, total volume of COD from its major pollutants dropped by 2.1%, and its total volume of sulfur dioxide emission dropped by 6.9%. Industrial water recycle ratio remained at 95% in 2010. The Company successfully met the goals set for the “Eleventh Five-Year Plan” on energy saving and emissions reduction.

BUSINESS PROSPECTS

Looking into the next five years, Sinopec will continue to implement a sustainable development approach amid complex situations at home and abroad. We aim to leverage our strengths while minimizing and addressing weaknesses. We will continue to implement our strategies on resource provision, market expansion, integration and international operations. We aim to shift the pattern of development and step up our restructuring initiatives. In order to enhance our competitiveness and commercial performance, we will expand resource sourcing and deepen market, capitalizing on the synergy from our integrated business model. We are also committed to the development of alternative energy and further globalization. We are confident to develop Sinopec into an international energy and chemical enterprise with strong core business and quality assets which owns advanced technologies and excellent management. The Company will also be financially sound and attractive and internally competitive.

Sinopec has estimated a set of operational targets by the end of 2015, which include: domestic crude production of 43.5 to 45 million tonnes/year; gas production of 20 to 24 billion cubic meters/year; crude processing capacity of 275 to 295 million tonnes/year; domestic sales of refined oil product of over 170 million tonnes/year, of which over 80% are expected to be from direct sales; production of refined oil products of 160 million tonnes/year; ethylene production capacity reaching 12.5 to 13.5 million tonnes/year; and total sales of chemical products to reach 55 to 60 million tonnes/year. In the meantime, Sinopec will accelerate its overseas business expansion and strengthen its international operations.

2011 is the first year of the Twelfth Five-Year Plan period. Capital expenditure for 2011 is projected to be around RMB 124.1 billion, primarily for E&P projects, Shandong LNG project, Changling and Beihai refinery revamping and upgrading, as well the construction and upgrading of new service stations, Wuhan ethylene and Zhongyuan coal-to-olefin projects, crude and product pipeline projects and logistics system. In short, we aim to take solid advancement in the first of the next five years. In 2011, the Company plans to produce 45.59 million tonnes of crude oil and 14.1 bcm of natural gas, process 222 million tonnes of crude, produce 132 million tonnes of refined oil products, sell 147 million tonnes of refined oil products in domestic market and produce 9.85 million tonnes of ethylene.

About Sinopec Corp.

China Petroleum & Chemical Corporation (“Sinopec Corp.”) is a large scale integrated energy and chemical company with upstream, midstream and downstream operations. Its principal business includes: exploring, developing, producing and trading crude oil and natural gas; producing, storing, transporting and distributing and marketing petroleum products, petrochemical products, synthetic fiber, fertilizer and other chemical products. Sinopec Corp. is China’s largest manufacturer and supplier of petroleum products and major petrochemical products. It is the second largest producer of crude oil in China. Its refining capacity and ethylene capacity rank No.2 and No.4 globally. The Company has the largest sales and distribution network of oil products and chemical products, its service stations is now 2nd largest in the world.

For additional information about Sinopec Corp., please visit the Company’s website at www.sinopec.com.cn

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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