



Sinopec Corp. Announces 2009 Annual Results

Beijing, People's Republic of China (PRC) — 29 March, 2010 — China Petroleum & Chemical Corporation (“Sinopec Corp.” or “the Company”) (CH: 600028; HKEX: 386; NYSE: SNP; LSE: SNP) today announced its annual results for year ended 31 December, 2009.

Financial Highlights:

- In accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”), the Company’s operating income was RMB 1,345.05 billion, down 6.9% from the same period in 2008. Net profit attributable to equity holders of the company was RMB 61.26 billion, representing an increase of 109.0% over the same period of last year. Basic earnings per share was RMB 0.707, up 115.5% year-on-year.
- In accordance with the International Financial Reporting Standards (IFRS), the Company’s turnover, other operating revenues and other income amounted to RMB 1,345.05 billion, representing a decrease of 10.0% over the same period in 2008. Net profit attributable to equity holders of the Company was RMB 61.76 billion, up 116.5% over last year. Basic earnings per share was RMB 0.712, up 116.4% year-on-year.
- The Board of Directors recommended a final dividend of RMB 0.11 per share, thus total dividend for the year reached 0.18 per share.
- The Company’s total capital expenditure for the year was RMB110 billion.

Mr. Su Shulin, Chairman of Sinopec, commented: “In 2009, the global financial crisis and intense market competition posed severe challenges to the Company’s production and operations. In particular, the beginning of the year witnessed plummeting price and demand for petroleum and petrochemical products, and a harsh contraction in E&P segment profits, while the refining, petrochemical and marketing businesses were faced with high inventories. Despite the challenges, the Company achieved impressive results by taking a series of proactive measures including vigorous efforts to develop new markets, targeted management for refinement on details, as well as structural adjustments.”

“The E&P business maintained crude output volume with reduced costs and expenses while the price of crude remained sluggish. It increased exploration input and reserve traps, and also invested resources in technological research and development for tertiary oil recovery from challenging reserves. As the international crude price gradually recovered, the E&P segment realized sound returns which enhanced the sustainability of its business. Fully leveraging its capability to accommodate various crude feeds, the refineries maximized refining throughput by running at almost full capacity ever since the second quarter of 2009. In the meantime, the refining segment introduced business process optimization initiatives across several functions, from crude procurement and resource allocation, to inventory and logistics management, and product mix adjustment, thus generating better profits. In the chemicals business, the Company made more efforts to expand the market, and enhanced the integration of R&D throughout the production plan. It also continued to improve customer service and strengthened strategic alliances with key customers. Despite the unfavorable market environment, the majority of chemical plants operated at full capacity since March 2009, delivering excellent performance. Capitalizing on the well-established marketing network, logistics systems and strong brand, the Company’s marketing business successfully expanded its operational scale in an oversupplied domestic market by adopting innovative marketing approaches, flexible promotional programs and customer-oriented after-sales services. In addition, the non-fuel business grew significantly, driving up non-fuel business revenue and realized good operational results.”

“Over the course of the past year, China’s macro economy gradually recovered, and a fuel pricing policy paired with tax and fee reform were implemented in the domestic market. The Company’s four

business segments all achieved satisfactory operating performance, resulting from our effective counter-measures to the economic crisis, as well as from advantages gained from our integrated upstream, midstream and downstream business model. The Company's asset structure and quality have been enhanced, net assets increased by 14.6% compared to that at the end of 2008. In 2009, the Company was successful in fulfilling its role as a corporate citizen paying tax to government at central and local level with a total of RMB 179.05 billion."

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			
	2009	2008	Change	2007
	RMB millions	RMB millions	(%)	RMB millions
Operating income	1,345,052	1,444,291	(6.9)	1,200,997
Operating profit/(loss)	80,202	(28,766)	-	78,083
Profit before taxation	80,076	22,025	263.6	82,817
Net profit attributable to equity shareholders of the Company	61,290	28,445	115.5	55,896
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	61,258	29,307	109.0	56,438
Net cash flow from operating activities	158,796	74,268	113.8	123,629

Items	At 31 December			
	2009	2008	Change	2007
	RMB millions	RMB millions	(%)	RMB millions
Total assets	866,475	763,297	13.5	740,358
Shareholders' equity attributable to equity shareholders of the Company	377,182	329,300	14.5	308,509

Items	For the years ended 31 December			
	2009	2008	Change	2007
	RMB millions	RMB millions	(%)	RMB millions
Basic earnings per share	0.707	0.328	115.5	0.645
Diluted earnings per share	0.702	0.288	143.8	0.645
Basic earnings per share (before extraordinary gain and loss)	0.707	0.338	109.0	0.651
Fully diluted return on net assets (%)	16.25	8.64	7.61 percentage points	18.12
Weighted average return on net assets (%)	17.25	8.86	8.39 percentage points	19.37
Fully diluted return (before extraordinary gain and loss) on net assets (%)	16.24	8.90	7.34 percentage points	18.29
Weighted average return (before extraordinary gain and loss) on net assets (%)	17.24	9.13	8.11 percentage points	19.56
Net cash flow from operating activities per share	1.832	0.857	113.8	1.426

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				
	2009	2008	2007	2006	2005
Turnover, other operating revenues and other income	1,345,052	1,495,148	1,205,860	1,061,588	824,005
Operating income	84,431	26,336	85,496	81,250	71,517
Profit before taxation	80,568	22,116	82,847	79,073	68,090
Profit attributable to equity shareholders of the Company	61,760	28,525	55,914	53,773	43,743
Basic earnings per share (RMB)	0.712	0.329	0.645	0.620	0.505
Diluted earnings per share (RMB)	0.708	0.289	0.645	0.620	0.505
Return on capital employed (%)	11.13	5.15	11.66	12.58	12.50
Return on net assets (%)	16.44	8.70	18.16	20.30	19.31
Net cash generated from operating activities per share (RMB)	1.754	0.767	1.368	1.060	0.903

Unit: RMB millions

Items	For the years ended 31 December				
	2009	2008	2007	2006	2005
Non-current assets	676,562	613,774	556,610	471,413	400,160
Net current liabilities	112,139	121,258	88,772	76,364	32,285
Non-current liabilities	165,570	143,974	134,616	107,815	110,195
Non-controlling interests	23,192	20,653	25,325	22,323	31,174
Total equity attributable to equity	375,661	327,889	307,897	264,911	226,506

shareholders of the Company					
Net assets per share (RMB)	4.333	3.782	3.551	3.055	2.612
Adjusted net assets per share (RMB)	4.254	3.690	3.471	2.982	2.552
Debt/equity ratio*(%)	27.96	27.94	28.10	27.53	31.34

* Debt/equity ratio = long-term loans/(total equity attributable to equity shareholders of the Company+ long-term loans) x 100%

The following table sets forth the operating revenues, operating expenses and operating profit by each segment before elimination of the intersegment transactions for the periods indicated, and the changes from 2008 to 2009.

	Years ended 31 December		Change (%)
	2009	2008	
	RMB millions		
Exploration and Production Segment			
Operating revenues	123,835	196,501	(37.0)
Operating expenses	104,191	129,932	(19.8)
Operating profit	19,644	66,569	(70.5)
Refining Segment			
Operating revenues	703,571	870,703	(19.2)
Operating expenses	680,494	934,338	(27.2)
Operating profit	23,077	(63,635)	-
Marketing and Distribution Segment			
Operating revenues	783,091	816,763	(4.1)
Operating expenses	752,791	778,244	(3.3)
Operating profit	30,300	38,519	(21.3)
Chemicals Segment			
Operating revenues	218,457	253,456	(13.8)
Operating expenses	204,842	266,406	(23.1)
Operating profit	13,615	(12,950)	-
Corporate and others			
Operating revenues	521,869	716,484	(27.2)
Operating expenses	524,074	718,651	(27.1)
Operating profit	(2,205)	(2,167)	1.8

MARKET CONDITION

In early part of 2009, Chinese economy was seriously affected by the deep recession caused by the global financial crisis. The Chinese government implemented a stimulus package to promote the economic growth and carried out proactive fiscal policy and moderately easy monetary policy, thereby giving an impetus to the growth of Chinese economy and maintaining a GDP growth of 8.7%. The Company's business environment underwent significant and profound changes in 2009. At the beginning of the year, petroleum and petrochemical products witnessed a sharp drop in market demand and price on a year-on-year basis. However, the market demand gradually recovered and the price went up accordingly after the first quarter. The international crude oil price rebounded from the bottom. China's domestic market has undertaken reform on refined oil price and tax, which has exerted huge impact to all the business segments.

BUSINESS REVIEW AND PROSPECTS

Exploration and Production Segment

In 2009, the Company further implemented oil-and-gas resource strategy by reducing cost and fees instead of trimming production when oil price was low. The Company produced 42.42 million tones of crude oil and 8.5 billion cubic meters of natural gas, representing an increase of 1.5% and 2% respectively compared to those of last year. Sichuan to Eastern China Gas Transmission Project

started trial operation. Songnan Gas Field with an annual capacity of 1 billion cubic meters was put into operation. Due to substantial decline in crude price, the segment's operating profit was RMB 19.6 billion, a decline of 70.5% over 2008. However, sales of crude oil and natural gas in volume were increased when compared with the same period of last year.

Summary of Operations of Exploration and Production Segment

	2009	2008	2007	Change from 2008 to 2009 (%)
Crude oil production (mmbbls)	301.15	296.80	291.67	1.5
Natural gas production (bcf)	299.01	293.07	282.59	2.0
Newly added proved reserve of crude oil (mmbbls)	280.19	114.02	20.67	145.7
Newly added proved reserve of natural gas (bcf)	78.38	921.60	3,756.67	(91.5)
Proved reserve of crude oil (mmbbls)	2,820	2,841	3,024	(0.7)
Proved reserve of natural gas (bcf)	6,738.70	6,959.31	6,330.81	(3.2)
Proved reserve of oil and gas (mmboe)	3,943	4,001	4,079	(1.4)

Refining Segment

In 2009, capitalizing on the advantage of achievements made from crude oil adaptive upgrading and revamping, the Company expanded its throughput, with refineries running at full capacity since the second quarter. The Company adjusted the product mix by increasing the proportion of gasoline and jet fuel. It also actively promoted sales of asphalt, LPG and petroleum coke and expanded the contracts of processing client-supplied materials. Construction of refining facilities and quality upgrading of Fujian and Tianjin refining and chemical integration projects were completed and brought into production. In 2009, the Company processed 183 million tonnes of crude oil and produced 113.69 million tonnes of refined oil products, up 6.7% and 5.9% from the previous year respectively. Thanks to the implementation of new oil products pricing mechanism and relevant tax reform, and a series of operational measures including the adjustment of product structure, optimization of production program, and high capacity utilization rate, operating profit of refining business recorded RMB23.1 billion, an significant increase of RMB86.7 billion over an operating loss of RMB 63.6 billion last year.

Summary of Production and Operations of Refining Segment

	2009 年	2008 年	2007 年	Change from 2008 to 2009 (%)
Refinery throughput (million tonnes)	182.62	171.14	164.00	6.7
Gasoline, diesel and kerosene production (million tonnes)	113.69	107.37	98.28	5.9
Of which: Gasoline (million tonnes)	34.43	29.65	26.55	16.1
Diesel (million tonnes)	68.86	69.74	63.41	(1.3)
Kerosene (million tonnes)	10.39	7.99	8.32	30.0
Light chemical feedstock (million tonnes)	26.87	23.12	24.00	16.2
Light products yield (%)	75.54	74.75	74.48	0.79 percentage point
Refinery yield (%)	94.53	94.05	93.95	0.48 percentage point

Note: 1. The data of 2008 was restated for the acquisition of Qingdao Petrochemical.

2. Refinery throughput is converted at 1 tonne to 7.35 barrels.

Marketing and Distribution

Capitalizing on the well-established marketing network, logistics systems and strong brand, the Company's marketing business successfully expanded its operational scale by adopting innovative

marketing approaches, flexible promotional programs and customer-oriented after-sales service, in response to the severe competition in the domestic oil products market. Total number of service stations reached 29,698. Meanwhile, the Company widely encouraged the use of IC cards and substantially increased non-fuel business, with accumulated total IC card in issue reached 37.13 million and total number of Yijie convenience shop reached 12 thousand. In 2009, the Company sold 124 million tonnes of refined oil products, a slight increase over 2008, while the segment's operating profit recorded RMB 30.3 billion, a decline of 21.3% over 2008.

Summary of Operations of Marketing and Distribution Segment

	2009	2008	2007	Change from 2008 to 2009 (%)
Total domestic sales volume of refined oil products (million tonnes)	124.02	122.98	119.39	0.8
Of which: Retail volume (million tonnes)	78.90	84.10	76.62	(6.2)
Direct sales volume (million tonnes)	25.61	19.63	20.17	30.5
Wholesale volume (million tonnes)	19.52	19.25	22.60	1.4
Average annual throughput per station	2,715	2,935	2,697	(7.5)
Total number of service stations	29,698	29,279	29,062	1.4
Of which: Company-operated	29,055	28,647	28,405	1.4
Franchised	643	632	657	1.7

Chemicals

In 2009, the Company made tremendous efforts to explore the market, strengthen the integration among production, sales and research, improve customer services and establish the strategic alliances with major clients. The main chemical production facilities operated at full capacity since March amid the unfavorable market circumstances. Fujian ethylene project was completed and put into production. Tianjin ethylene project achieved mechanical completion. In 2009, the Company produced 6.713 million tonnes of ethylene with a year-on-year increase of 6.7%, and sold 40.8 million tonnes of chemical products. The Chemicals Segment achieved operating profit of RMB 13.6 billion, and increased of RMB26.6 billion over 2008.

Summary of Production of Major Chemical Products

Unit: thousand tonnes

	2009	2008	2007	Change from 2008 to 2009 (%)
Ethylene	6,713	6,289	6,534	6.7
Synthetic resin	10,287	9,643	9,660	6.7
Synthetic rubber	884	834	800	6.0
Synthetic fiber monomer and polymer	7,798	7,264	8,018	7.4
Synthetic fiber	1,302	1,260	1,417	3.3
Urea	1,752	1,649	1,565	6.2

Note: 100% production of ethylene joint ventures was included.

CAPITAL EXPENDITURE

In 2009, the Company's total capital expenditure registered RMB 110 billion, among which RMB 51.55 billion was used in E&P Segment, RMB15.47 billion in Refining Segment, RMB 16.28 billion in Marketing & Distribution, RMB 25.20 billion in Chemicals Segment, and RMB 1.51 billion mostly for corporate headquarters and others.

ENERGY SAVING AND EMISSION REDUCTION

In 2009, the Company maintained safe production and made impressive achievement in reducing energy consumption and emission, with energy consumption per RMB 10,000 output lowered by 1.14%, industrial water consumption decreased by 3.3%; COD in waste water declined by 3.6%; sulfur dioxide discharge fell by 14%; and the recycling rate of industrial water stood around 95%.

BUSINESS PROSPECTS

With the recovery of the world economy, demands for oil products in international market is expected to rebound and grow with oil price likely exceeding that of 2009. As the basis of Chinese economic recovery is further strengthened, the policies of stimulating domestic demands and improving people's quality of life will continue to take effect, hence demands for petroleum, natural gas and chemical products at home country are expected to grow steadily. However, due to the addition of external capacity in refining and chemical production, competition in the market will remain fierce.

The Company will continue to promote the integration of exploration and development. Research and study on exploration deployment in newly discovered western fields (mainly Tahe) will be accelerated. The Company will continue to push forward the exploration and development of coal seam gas and shale gas. In terms of development, the Company will make efforts to enhance recovery rate and single-well productivity. It will stress design optimization and construction management of development scheme, and good organization of key capacity buildup. Efforts will be put forth to ensure safe production and stable operation of Puguang Gas Field and Sichuan to Eastern China Gas Transmission Project. Management of overseas oil fields will also be improved. In 2010, the Company plan to produce 42.55 million tonnes of crude oil and 12 billion cubic meters of natural gas.

Capitalizing on the advantage of achievements made from crude oil adaptive upgrading and revamping, the Company will optimize procurement and allocation of crude oil, so as to reduce crude oil cost. The Company will optimize production organization and operation and comprehensively reinforce management efficiency by further enhancing economic and technical indicators. Greater efforts will be exerted on product mix adjustment and output growth of gasoline and light chemical feedstock. The Company will improve the sales of lubricant, asphalt and petroleum coke by leveraging its brand advantages. In 2010, the Company plans to process 203 million tonnes of crude oil and produce 121 million tonnes of refined oil products.

The Company will rapidly respond to market changes, timely adjust marketing strategy and strive to enlarge operating scale. Greater efforts will be made to reinforce and expand end market, and increase the market share of jet fuel and fuel oil. To build a stronger market network, the Company will continue to optimize the location, boosting sales of individual gas station. Meanwhile, non-fuel business will be actively accelerated. In 2010, the Company plans to sell 129 million tonnes of refined oil products in domestic market.

Adopting a market-oriented approach and centering on profitability, the Company will exert great efforts to organize production and expand the market. Particular emphasis will be laid on key projects including Fujian, Tianjin and Zhenhai ethylene projects to ensure that these projects progress well and will be commissioned smoothly. The Company will promote the development of new products and adjust product mix to increase the proportion of marketable and high value-added products. In 2010, the Company plans to produce 8.69 million tonnes of ethylene.

About Sinopec Corp.

Sinopec Corp. is the first Chinese company that has been listed in Hong Kong, New York, London and Shanghai. The Company is an integrated energy and chemical company with upstream, midstream and downstream operations. The principal operations of Sinopec Corp. and its subsidiaries include: exploring, developing, producing and trading crude oil and natural gas; processing crude oil into refined oil products; producing, trading, transporting, distributing and marketing refined oil products; and producing and distributing chemical products. Based on 2009 turnover, Sinopec Corp. is the largest listed company in China. The Company is one of the largest crude oil and petrochemical companies in China and Asia. It is also one of the largest gasoline, diesel and jet fuel and other major chemical products producers and distributors in China and Asia.

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

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