



Sinopec Corp. Announces FY2010 Interim Results

Beijing, People's Republic of China (PRC) — 22 August, 2010 — China Petroleum & Chemical Corporation (“Sinopec Corp.” or “the Company”) (CH: 600028; HKEX: 386; NYSE: SNP; LSE: SNP) today announced its interim results for six month periods ended 30 June, 2010.

Financial Highlights:

- In accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”), in the first half of 2010, the Company’s operating income was RMB 936.5 billion, up 75.4% from the same period in 2009. Net profit attributable to equity holders of the company was RMB 35.4 billion, representing an increase of 6.7% over the same period of last year. Basic earnings per share was RMB 0.409, up 6.7% over the same period of last year.
- In accordance with the International Financial Reporting Standards (IFRS), in the first half of 2010, the Company’s turnover, other operating revenues and other income amounted to RMB 936.5 billion, up 75.4% from the same period in 2009. Net profit attributable to equity holders of the Company was RMB 35.5 billion, up 6.7% over the same period of last year. Basic earnings per share was RMB 0.409, up 6.7% over the same period of last year.
- In the first half of 2010, the Company’s total capital expenditure was RMB34.796 billion.
- The Board of directors proposed an interim dividend of RMB 0.08 per share.

Business Highlights

- In the first half of 2010, the Company produced 149 million barrels of crude oil, flat from a year earlier; and produced 200.6 billion cubic feet of natural gas, representing an increase of 40.7% over the same period of last year. The Exploration and Production Segment recorded an operating profit of RMB 22.0 billion, representing a year-on-year increase of 299.7%.
- Refinery throughput of crude recorded a year-on-year increase of 16.7% to 101.0 million tonnes. However, the refining segment generated an operating profit of the RMB 5.7 billion, representing a decrease of 71.4% from the same period of last year.
- The total domestic sales volume of oil products reached 68.15 million tonnes, representing a year-on-year increase of 18.1%. The marketing and distribution segment recorded an operating profit of RMB 14.5 billion, representing a year-on-year increase of 15.5%.
- The output of ethylene reached 4.202 million tonnes, up 41.3% over the same period of last year. The total sales of chemical products reached 23.678 million tonnes. The Chemicals Segment recorded an operating profit of RMB 8.3 billion, a decrease of 14.5% from the same period of last year.

Sinopec Corp. said in a statement: “In the first half of 2010, the Chinese economy grew relatively fast, with GDP reaching 11.1% over the same period of last year. The Chinese government raised the ex-factory base price of domestic onshore natural gas and piloted the oil & gas resources tax reform in Xinjiang Autonomous Region. Domestic demand for oil products and chemical products has grown steadily. The Company achieved encouraging operational results thanks to its exposure to upstream, mid-stream and downstream integration, focusing on satisfying customer needs, enhancing the coordination between production, sales and research, and optimizing the product mix in line with market demands.

PRINCIPAL FINANCIAL DATA AND INDICATORS

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

Items	At 30 June 2010	At 31 December 2009	Changes from the end of last year
	RMB millions	RMB millions	(%)
Total assets	920,795	866,475	6.3
Total equity attributable to equity shareholders of the Company	402,930	377,182	6.8
Net assets per share (RMB) (Fully diluted)	4.647	4.350	6.8
Adjusted net assets per share (RMB)	4.568	4.272	6.9

Items	Six month periods ended 30 June		
	2010	2009	Changes over the same period of last year
	RMB millions	RMB millions	(%)
Operating profit	47,986	43,999	9.1
Profit before taxation	48,335	43,768	10.4
Net profit attributable to equity shareholders of the Company	35,429	33,190	6.7
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	34,948	33,285	5.0
Weighted average return on net assets (%)	8.98	9.59	(0.61) percentage points
Basic earnings per share (RMB)	0.409	0.383	6.7
Basic earnings per share (before extraordinary gain and loss) (RMB)	0.403	0.384	5.0
Diluted earnings per share (RMB)	0.403	0.380	6.1
Net cash flow from operating activities	50,055	82,370	(39.2)
Net cash flow from operating activities per share per share (RMB)	0.577	0.950	(39.2)

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

Items	Six month periods ended 30 June		
	2010	2009	Changes over the same period of last year
	RMB millions	RMB millions	(%)
Operating profit	49,775	46,182	7.8
Profit attributable to equity shareholders of the Company	35,460	33,246	6.7
Return on capital employed (%) ^{Note}	6.04	6.39	(0.35) percentage points
Basic earnings per share (RMB)	0.409	0.383	6.7
Diluted earnings per share (RMB)	0.403	0.381	5.8
Net cash generated from operating activities	47,555	79,079	(39.9)
Net cash generated from operating activities per share per share (RMB)	0.548	0.912	(39.9)

Note: Return on capital employed = operating profit x (1 - income tax rate)/capital employed

Items	At 30 June 2010	At 31 December 2009	Changes from the end of last year
	RMB millions	RMB millions	(%)
Total assets	929,476	877,842	5.9
Total equity attributable to equity shareholders of the Company	401,440	375,661	6.9
Net assets per share (RMB)	4.630	4.333	6.9
Adjusted net assets per share (RMB)	4.551	4.254	7.0

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 changes between the first half of 2010 and the first half of 2009.

	Six month periods ended 30 June		Change
	2010	2009	(%)
	RMB millions		
Exploration and Production Segment			
Operating revenues	81,478	46,176	76.5
Operating expenses	59,489	40,675	46.3
Operating profit	21,989	5,501	299.7
Refining Segment			
Operating revenues	463,863	301,864	53.7
Operating expenses	458,177	281,966	62.5
Operating profit	5,686	19,898	(71.4)
Marketing and Distribution Segment			
Operating revenues	492,786	317,770	55.1
Operating expenses	478,336	305,262	56.7
Operating profit	14,450	12,508	15.5
Chemicals Segment			
Operating revenues	153,057	90,792	68.6
Operating expenses	144,713	81,031	78.6
Operating profit	8,344	9,761	(14.5)
Corporate and others			
Operating revenues	419,555	195,426	114.7
Operating expenses	420,249	196,912	113.4
Operating profit	(694)	(1,486)	-

BUSINESS REVIEW AND PROSPECTS

Exploration and Production Segment

In exploration, the Company made new discoveries in oil and natural gas exploration in Tarim Basin, southeastern and western Sichuan. In development and production, the Company enhanced development rates, recovery rates and single-well productivity. The Sichuan-to-Eastern China Gas Pipeline Project has achieved stable operation and the Company's natural gas production grew significantly over the same period last year. In the first half of this year, the Company produced 149 million barrels of crude oil, flat from a year earlier, and produced 200.6 billion cubic feet of natural gas, a significant increase of 40.7% over the same period of last year.

In the first half of 2010, operating revenues of the segment were RMB 81.5 billion, up 76.5% over the first half of 2009. Under the market condition featured by significantly increased crude oil prices, the Company achieved an operating profit of RMB 22.0 billion, a strong increase of 299.7% over the first half of 2009. The average realized selling price of crude oil and natural gas were RMB 3,422 per tonne and RMB 1,059 per thousand cubic meters respectively, representing an increase of 89.3% and 10.2% respectively over the same period of 2009.

Summary of Operations of Exploration and Production Segment

	Six month periods ended 30 June		
	2010	2009	Changes
			(%)
Crude oil production (mmbbls) ^{Note}	149.19	149.12	0.05
Natural gas production (bcf) ^{Note}	200.55	142.51	40.7
Newly added proved reserve of crude oil (mmbbls)	129.86	137.74	(5.7)
Newly added proved reserve of natural	48.22	(131.64)	-

gas (bcf)			
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	Six month periods ended 30 June		
	At 30 June 2010	At 31 December 2009	Changes (%)
Proved reserve of crude oil (mmbbls)	2,801	2,820	(0.7)
Proved reserve of natural gas (bcf)	6,586	6,739	(2.3)

Note: Crude oil production is converted at 1 tonne = 7.1 barrels, and natural gas production is converted at 1 cubic meter = 35.31 cubic feet

Refining Segment

In the first half of 2010, the Company focused on timely adjustment of the product mix in response to the changing market. Refineries maintained high utilization rate, resulting in production increase of both jet fuel and light chemical feedstock. At the same time, the Company further reduced costs and improved efficiency through optimizing resources, operations and management. Sinopec Corp. put revamping and expansion facilities into operation in an effort to accelerate the improvement of oil products quality. Leveraging its brand power, the Company stepped up its marketing efforts in promoting lubricants, asphalt and petroleum coke, etc. In the first half of this year, the refinery throughput reached 101 million tonnes, up 16.7% from the same period last year.

The operating revenues of this segment totaled RMB 463.9 billion, a year-on-year increase of 53.7%. This was mainly attributable to the increased sales volume and price of its refined products. However, the operating profit of the segment was down 71.4% to RMB 5.7 billion, as the increase in crude oil price was much greater than that of the sales price of refined products.

Summary of Operations of Refining Segment

	Six month periods ended 30 June		
	2010	2009	Changes (%)
Refinery throughput (million tonnes) Note 1	101.45	86.90	16.7
Gasoline, diesel and kerosene production (million tonnes)	60.52	54.04	12.0
Including: Gasoline (million tonnes)	17.77	16.99	4.6
Diesel (million tonnes)	36.72	32.40	13.3
Kerosene (million tonnes)	6.03	4.64	30.0
Light chemical feedstock (million tonnes)	17.15	12.04	42.4
Light products yield (%)	75.60	74.94	0.66 percentage points
Refinery yield (%)	94.65	93.84	0.81 percentage points

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

Note 2: 100% production of joint ventures was included.

Marketing and Distribution

In the first half of 2010, with enhanced marketing initiatives, the Company strengthened and grew sales to end-market customers in face of strong market competition caused by strong supply in the domestic market. The Company made timely adjustment of its marketing strategy and managed to enlarge the scale of its marketing operations. Sales volume of jet fuel and fuel oil was increased. The Company also improved its customer service system in an effort to increase direct sales. To enhance its marketing network and further boost service station business, the Company further improved the location of its oil depots, accelerated refurbishment of stations, and focused on its non-fuel business.

Sinopec Corp. has actively fulfilled its social responsibilities by ensuring oil products supply for the earthquake relief work at Yushu of Qinghai Province, the rescue and rehabilitation work in areas of Southern China with serious draught and flood damage, and supplied clean fuel for the Expo 2010 Shanghai, and the summer harvest and planting season. In the first half of this year, the Company's total domestic sales volume of oil products reached 68.15 million tonnes, representing an increase of 18.1% compared with the same period of last year.

Marketing and distribution segment achieved an operating revenue of RMB 492.8 billion, up 55.1% year-on-year, and an operating profit of RMB 14.5 billion, up 15.5% year-on-year.

Summary of Operations of Marketing and Distribution Segment

	Six month periods ended 30 June		
	2010	2009	Changes (%)
Total domestic sales volume of refined oil products (million tonnes)	68.15	57.71	18.1
Including: Retail sales (million tonnes)	41.70	37.43	11.4
Direct sales (million tonnes)	15.70	11.44	37.2
Wholesale (million tonnes)	10.75	8.83	21.7
Average annual throughput per station (tonne/station)	2,841	2,596	9.4

	At 30 June 2010	At 31 December 2009	Increase/decrease at the end of the reporting period over that of the last year (%)
	Total number of service stations	29,950	29,698
Including: Number of company-operated service stations	29,357	29,055	1.0
Number of franchised service stations	593	643	(7.8)

Chemicals

In the first half of 2010, the Company adjusted its business operations in line with market demand. By continuing to pay close attention to production management, the Company also ensured safe operation of its plants at a high utilization rate. The Company pushed forward new product development and adjusted its product mix to produce more value-added products that are well received by the market. To further develop the strategic cooperation formed with key customers, the Company provided additional technical services and enhanced integration among production, sales and R&D to create more value for customers. The Company sold all finished products including the extra volumes produced from the expanded capacity after the start-up of ethylene projects in Fujian, Tianjin and Zhenhai. In the first half of this year, the output of ethylene reached 4.202 million tonnes, representing an increase of 41.3% compared with the same period of last year, and the total sales of chemical products reached 23.678 million tonnes.

In the first half of 2010, operating revenue of the chemicals segment grew 68.6% year-on-year to RMB 153.1 billion. As the difference between the price of the chemical product and the unit cost of feedstock was narrowed substantially, the operating profit declined by 14.5% over the corresponding period of last year to RMB 8.3 billion.

Summary of Production of Major Chemical Products

Unit: 1,000 tonnes

	Six month periods ended 30 June		
	2010	2009	Changes (%)
Ethylene	4,202	2,973	41.3
Synthetic resin	6,088	4,738	28.5
Synthetic fiber monomer and polymer	4,275	3,721	14.9
Synthetic fiber	676	629	7.5
Synthetic rubber	485	409	18.6
Urea	932	892	4.5

Note: 100% production of joint ventures was included.

CAPITAL EXPENDITURE

In the first half of 2010, the Company's total capital expenditure was RMB 34.796 billion. The capital

expenditure for exploration and production segment was RMB 15.348 billion, which was mainly used for exploration of crude oil & natural gas resources and key capacity-building projects, with newly-built production capacity of 2.46 million tonnes per annum of crude and 0.17 billion cubic meters per annum of natural gas. The capital expenditure for the refining segment was RMB 4.875 billion, which was mainly used for upgrading oil products quality, refinery revamping projects to process low grade crude, and the storage facilities and pipeline construction projects. The capital expenditure for the marketing and distribution segment was RMB 7.659 billion, which was mainly used for building and acquiring service stations in key areas, accelerating the construction of pipelines, improving the sales network of refined products, and developing 838 service stations. The capital expenditure for the chemicals segment was RMB 6.543 billion, with which the ethylene project in Zhenhai was completed and such key projects as the ethylene project in Wuhan progressed well. The capital expenditure for corporate and others was RMB 371 million.

ENERGY SAVING AND EMISSION REDUCTION

The Company places considerable emphasis on resource saving and environmental protection. In the first half of 2010, the Company completed the overall upgrading of gasoline quality to meet GB III standard and upgraded gasoline quality to meet GB IV standard in Beijing, Shanghai and Guangzhou. In the first half of this year, the Company's overall energy intensity dropped by 5.0% year on year. Compared with the first half of 2009, its comprehensive unit energy consumption in crude oil & natural gas production dropped by 2.1%, the comprehensive unit energy consumption involved in refining dropped by 5.6%, and the unit fuel and power consumption of ethylene plants dropped by 2.9%. Total volume of COD from its major pollutants dropped by 0.4%, and its total volume of sulphur dioxide emission dropped by 14% compared to the same period of last year.

BUSINESS PROSPECTS

China will further implement policies to increase domestic demand, sustain economic growth, adjust structure and transform economic growth pattern. As a result of these measures the Chinese economy is expected to continue to grow relatively fast. The international crude oil price in the second half of 2010 is expected to continue to fluctuate within certain range, while domestic demand for both oil products and chemical products is expected to maintain its steady growth.

In respect of exploration and production, the Company will further optimize the exploration portfolio, attach particular emphasis on the planning of geophysical exploration, and give impetus to sound development of exploration. The Company will enhance the execution of various development and production activities, increase the construction of production capacity and focus on improving development rates, recovery rates, and single well productivity. Meanwhile, the Company will work to ensure smooth connection between production and sale, as well as safe transmission of natural gas. In the second half of this year, the Company plans to produce 21.54 million tonnes of crude oil and 6.32 billion cubic meters of natural gas.

In respect of refining, the Company will further optimize resource allocation; carry out crude oil procurement in line with market trends as well as the dynamics of market supply and demand. The Company will also optimize its logistics system to reduce the cost. To ensure the stable supply of oil products for the domestic market, the Company will optimize its production plan to operate its refineries at high utilization rate. The Company will further adjust the product mix to meet the demands for chemical feedstock, and will improve the sales and marketing of products such as lubricants, asphalt and petroleum coke. In the second half of this year, the Company plans to process 102 million tonnes of crude oil.

In respect of marketing and distribution, the Company will implement a marketing strategy that is flexible enough to steer the Company through the changing market environment with increased awareness of competition. Efforts will also be made to strengthen and expand its end market, as well as improve product quality control. The Company will enhance Sinopec Corp.'s image of "Quality and Quantity". In the second half of the year, the Company will work to optimize its logistics and improve its marketing network. Meanwhile, the Company will speed up the development of its non-fuel business and actively promote the value-added service of IC fuel cards. In the second half of this year, the Company plans a total domestic sales volume of oil products at 68.15 million tonnes.

In respect of its chemical segment, the Company will continue to follow a strategy that is market oriented and profitability driven. It will further enhance the integration among production, marketing

and R&D. The Company will closely monitor plant operations and changes in feedstock and inventory. It will also closely balance the materials procurement, production and sales. The Company will ensure safe operation of its new facilities, such as the Zhenhai ethylene plant, and maintain stable and efficient operation of existing plants. The Company will continually adjust its product mix and endeavor to sell all products in a timely manner based on market conditions. The Company will strengthen its marketing network and maximize profitability of its chemical segment. In the second half of this year, the Company plans to produce 4.60 million tonnes of ethylene.

In the second half of 2010, Sinopec Corp. will actively adjust its business structure, expand its markets, enhance precise management, endeavor to achieve further progress on cost savings, tap potentials to increase profitability, and strive for delivering an excellent performance.

About Sinopec Corp.

Sinopec Corp. is a 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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