



China Petroleum & Chemical Corporation Announces 2011 Interim Results

Excellent Interim Results Leveraging Fully Integrated Business Model

Beijing, People's Republic of China (PRC) – 28 August, 2011 – China Petroleum & Chemical Corporation (“Sinopec” or “the Company”) (CH: 600028; HKEX: 386; NYSE: SNP; LSE: SNP) today announced its interim results for the six months ended 30 June, 2011.

Financial Highlights:

- In accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”), in the first half of 2011, the Company's operating income was RMB1,216.9 billion, up 31.7% from the same period in 2010. Net profit attributable to equity holders of the company was RMB40.2 billion and basic earnings per share was RMB0.464, both up 9.4% over the same period of last year.
- In accordance with the International Financial Reporting Standards (IFRS), in the first half of 2011, the Company's turnover, other operating revenues and other income amounted to RMB1,233.3 billion, up 31.5% from the same period in 2010. Net profit attributable to equity holders of the Company and basic earnings per share were RMB41.2 billion and RMB0.475 respectively, both up 11.9% over the same period of last year.
- The Board of Directors declared a half year dividend of RMB0.10 per share, a year-on-year increase of 25%.

Business Highlights:

- In the first half of 2011, the Company produced 150 million barrels of crude oil, representing a year-on-year increase of 0.7%; and produced 253.88 billion cubic feet of natural gas, representing a year-on-year increase of 26.6%. The exploration and production segment recorded an operating profit of RMB34.7 billion, representing a year-on-year increase of 25.9%.
- Refinery throughput of crude recorded a year-on-year increase of 5.0% to 109 million tonnes. However, the refining segment generated an operating loss of RMB12.2 billion, a decline of RMB17.9 billion from the same period of last year.
- Total domestic sales volume of refined oil products reached 75.1 million tonnes, representing a year-on-year increase of 10.2%. The marketing and distribution segment recorded an operating profit of RMB19.6 billion, up 35.6% over the same period of last year.
- Total sales volume of chemical products reached 25.1 million tonnes, increased by 6.0% from the same period last year. Ethylene output reached 5.015 million tonnes, up 19.3% over the same period of last year. The chemicals segment recorded an operating profit of RMB16.3 billion, a surge of 96.0% from the same period of last year.
- Total capital expenditure was RMB33.567 billion for the first half of 2011.

In the first half of 2011, international crude oil price soared, largely as the result of global economic uncertainties and geopolitical instabilities. The Chinese economy continued its steady and robust growth, with GDP increasing by 9.6% in the first half of the year. Domestic demand for refined oil and chemical products grew steadily over the period. The Chinese regulator raised price of refined oil products twice in the past six month with controlled pace and magnitude, taking into consideration of multiple factors. Chemical products price also increased over the

same period of last year.

In the first half of 2011, Sinopec's total turnover and other operating income increased by 31.5% to approximately RMB1,233.3 billion. Sinopec's operating profit was RMB58.4 billion, representing an increase of 5.7% over the same period of 2010. Profit attributable to equity shareholders of the Company was RMB41.2 billion and basic earnings per share were RMB 0.475 respectively, both up 11.9% over the same period of last year. The Board of Directors declared an interim dividend of RMB0.10 per share, a year-on-year increase of 25%.

Sinopec achieved good operating results by leveraging on its fully integrated business model and economies of scale despite the international and domestic economic headwinds. Refining and chemicals segment achieved significant growth compared to the same period of last year. The natural gas business also grew significantly following the increase of production from Puguang Gas Field and the Sichuan-to-Eastern China Gas Transmission Project. In addition, Sinopec took active measures to adjust the crude oil procurement strategies, optimize production and operation, continuously improve marketing efforts, pay great attention to the safety of production, energy saving and emission reduction, and advance technological innovation and new product development. The Company made significant efforts to increase production of refined oil products at high utilization rate in order to guarantee stable supply to the market and fulfill its corporate social responsibilities.

Mr. Fu Chengyu, Chairman of Sinopec commented, "Over a decade of development, Sinopec has increased the scale of its operations, enhanced its asset quality, improved its profitability, its risk aversion and its international operating capability. Sinopec has become a leading global, fully integrated energy and chemical company. In the first half of 2011, Sinopec further leveraged its fully integrated business model, continued to make operational improvements and demonstrated overall good operational performance.

He continued, "Looking forward, with the dedication of our management team and staff, we aim to become a first-class global energy and chemical company. We will spare no effort to carry out our strategies, which are centered around six areas: resourcing, marketing, integration of business segments, internationalization, differentiation and development of green and low-carbon energy. We will also closely monitor macro economic developments and will provide a timely response to any arising challenges."

"I am confident that, with the diligence and hard work of our team, we will be able to make Sinopec a truly first-class global company and provide greater value and returns to our shareholders."

BUSINESS REVIEW AND PROSPECTS

Exploration and Production Segment

Sinopec continued to improve the rate of reserve development ratio, oil recovery rate and unit well productivity and achieved excellent results in applying new technologies to exploration and production, and in particular achieving significant breakthrough in undertaking staged fracturing of horizontal wells with a significant increase in production. In oil exploration, Sinopec made new discoveries in blocks in the matured fields in eastern China, the Tuofutai area of the Tahe oil field in western China, and the northern margin of the Junggar Basin. In gas exploration, Sinopec discovered new fields in the deep marine and middle and shallow strata of the Yuanba area in northeastern Sichuan and in the shallow strata of the western Sichuan Basin. The capital expenditure for exploration and production segment amounted to RMB17.406 billion, mainly used for exploration and development of the Shengli Tanhai oil field and the Northwest Tahe oil field, natural gas exploration and development in northeastern Sichuan and the Shandong LNG project.

In the first half of 2011, Sinopec produced 150 million barrels of crude oil, a year-on-year increase of 0.7%, and 253.88 billion cubic feet of natural gas, a year-on-year increase of 26.6%. Overseas production of crude oil dropped sharply due to the overhaul of offshore production machinery.

In the first half of 2011, operating revenues of the segment were RMB112.6 billion, representing an increase of 24.4% over the first half of 2010. This was mainly attributable to the increase in crude oil price, rapid expansion of the Company's natural gas business, and its increased sales volume. The segment realized operating profit of RMB34.7 billion, up 25.9% over the same period of last year.

Summary of Operations of Exploration and Production Segment

	Six month periods ended 30 June		
	2011	2010	Changes
			(%)
Crude oil production (mmbbls) ^{Note 1}	156.32	165.32	(5.4)
Including: China	150.22	149.19	0.7
Africa	6.10	16.13	(62.2)
Natural gas production (bcf) ^{Note 2}	253.88	200.55	26.6
Oil and gas production (mmbae)	198.63	198.74	(0.1)

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

Refining Segment

Throughout the first half of 2011, the Company made significant efforts to increase production of refined oil products at high utilization rate in order to guarantee stable supply to the market. It also implemented plans to revamp and expand its refining capacity in an effort to upgrade the quality of oil products. By optimizing the procurement and transportation of crude oil, the Company reduced the costs and improved efficiency. Sinopec also further strengthened marketing of products such as asphalt, LPG, petroleum coke and solvent oil. The capital expenditure for refining segment amounted to RMB3.656 billion, and was used mainly for upgrading diesel quality, revamping refineries in the Beihai and Changling and building the Rizhao-Yizheng crude oil pipeline.

Crude oil throughput was 109 million tonnes in the first half of 2011, representing a year-on-year increase of 5.0%. Light yield and refining yield also significantly increased year-on-year respectively.

Sinopec has been focusing on optimizing the crude procurement and transportation, as well as improve efficiency while cutting costs. In the first half of 2011, operating revenues of the segment totalled RMB595.7billion, representing an increase of 28.4% over the same period of 2010. This was mainly attributable to the increase in sales volume and price of its refined products. The crude price increased significantly while the price of domestic refined oil products was strictly regulated, therefore the segment suffered an operating loss of RMB12.2 billion in the

first half of 2011.

Summary of Operations of Refining Segment

(million tonnes)	Six month periods ended 30 June		
	2011	2010	Changes (%)
Refinery throughput	108.53	103.40	5.0
Gasoline, diesel and kerosene production	63.40	60.52	4.8
Including: Gasoline	18.18	17.77	2.3
Diesel	38.44	36.72	4.7
Kerosene incl jet fuel	6.77	6.03	12.3
Light chemical feedstock production	18.57	17.15	8.3
Light yield (%)	76.26	75.60	0.66 percentage points
Refinery yield (%)	95.30	94.65	0.65 percentage points

Note: 1. Refinery throughput is converted at 1 tonne = 7.35 barrels;
2. 100% production of joint ventures was included.

Marketing and Distribution Segment

In the first half of 2011, Sinopec focused on ensuring sufficient supply to the market through effective planning and management. Service standard was seen to be continuously rising thanks to improved quality of outsourced oil products. The increased retail sales was an effort to achieve a more balanced sales mix. In the meantime, the non-oil business grew significantly. The capital expenditure for marketing and distribution segment was RMB9.523 billion, mainly used for the construction of service stations, oil depots and a refined oil product transfer network on highways, in key cities and new towns, with 786 service stations built or acquired in the first half of 2011. As of 30 June, the Company operated a total 30,399 gas stations, with 30,050 of them self-owned. Total sales of refined oil in the domestic market increased 10.2% to 75.10 million tonnes in the first half of 2011. At the same time, Sinopec made greater efforts marketing its oil products in overseas markets, and achieved a significant increase in overseas oil product sales volume as compared with the same period of 2010.

Sinopec seized market opportunities to expand networks and optimized resource allocations. In the first half of 2011, the operating revenues of the segment increased 32.9% to RMB655.0 billion, which was mainly attributed to the increase in the selling price and sales volume of refined oil products. In the first half of 2011, the segment recorded operating profit of RMB19.6billion, representing an increase of 35.6% over the same period of 2010.

Summary of Operations of Marketing and Distribution Segment

(million tonnes)	Six month periods ended 30 June		
	2011	2010	Changes (%)
Total sales volume of oil products	80.42	71.59	12.3
Total domestic sales volume of oil products	75.10	68.15	10.2
Including: Retail	50.20	41.70	20.4
Direct sales	15.89	15.70	1.2
Wholesale	9.01	10.75	(16.2)
Annualized average throughput per station (tonne/station)	3,341	2,841	17.6

			Increase/decrease at the end of the reporting period over that of the last year (%)
	At 30 June 2011	At 31 December 2010	
Total domestic number of service stations	30,399	30,116	0.9
Company-operated	30,050	29,601	1.5
Franchised	349	515	(32.2)

Chemicals Segment

In addition to maintaining safe and stable operations in its manufacturing facilities, Sinopec continued to improve its product mix and marketing strategy by increasing the proportion of high-end products such as special synthetic resins and differential fibre. The Company also improved its service, established a system for high-efficiency production, sales, research and innovation, adjusted plant loads according to supply and demand, fine-tuned our marketing strategies and secured maximum sales of all products based on market conditions. The capital expenditure for chemicals segment amounted to RMB2.12 billion, mainly used for the construction of an 800,000 tonne ethylene plant in Wuhan and the revamping of production facilities in line with raw material shift in an MTO plant in Zhongyuan. Output of ethylene increased 19.3% to 5.015 million tonnes in the first half of 2011, and total sales of chemical products were 25.1 million tonnes, up 6.0% year-on-year.

In the first half of 2011, operating revenues of the chemicals segment increased 36.8% to RMB209.4 billion, which was primarily due to the introduction of additional production capacity and enhanced product mix, which led to increased sales volume. In the first half of 2011, operating profit of this segment increased 96.0% to RMB16.3 billion.

Summary of Production of Major Chemical Products

Unit: 1,000 tonnes

	Six month periods ended 30 June		
	2011	2010	Changes (%)
Ethylene	5,015	4,202	19.3
Synthetic resin	6,834	6,088	12.3
Synthetic fibre monomer and polymer	4,744	4,275	11.0
Synthetic fibre	705	676	4.3
Synthetic rubber	526	485	8.5
Urea	413	932	(55.7)

Note: 100% production of joint ventures was included.

SAFETY, ENERGY SAVING AND EMISSION REDUCTION

Taking safety as priority, Sinopec take measures to ensure that HSE mechanism is fully implemented, safe and clean production was maintained. Over the years, Sinopec has actively promoted energy conservation and emission reduction, laying great emphasis on a green and low-carbon operation during energy exploration, production, processing and utilization of energy. In the first half of 2011, Sinopec's energy consumption per RMB10,000 in output, the volume of COD discharged from waste water and emissions of SO₂ dropped by 3.8%, 9.2% and 10.0%, respectively, from the same period last year.

BUSINESS PROSPECTS

The second half of 2011 is likely to be marked by turbulence in the international financial markets, bringing uncertainty to the global economic recovery. In China, the government is likely to take multi-measures to curb inflation, and GDP growth should remain strong but may slow down slightly. Sinopec expects that international crude oil prices will fluctuate within a wider range and there will remain stable demand for domestic refined oil and chemicals products.

In exploration and production, Sinopec will further expand the exploration of subtle oil and gas reservoirs and complex fault block oil reservoirs and actively investigate new areas; accelerate the exploration of the Tazhong and Bachu areas in western China, develop the potential strategic blocks to replace the maturing fields, accelerate the overall appraisal of the northern and western margin of the Junggar Basin and the southern areas of Ordos, evaluate the scale of oil reserves in these areas, integrate exploration and development activities in natural gas blocks such as Yuanba, southeast Sichuan and Xinchang, and enhance appraisal efforts in block selection, and exploration of unconventional resources such as shale gas, coal-bed methane and shale oil. In crude oil development, Sinopec will accelerate the build-up of production capacity in new areas and ensure stable production in matured fields. In natural gas

development, Sinopec will advance the construction of key capacity-building projects in the Dawan block, the Daniudi gas field and southwest Sichuan, accelerate the development and application of process technology for horizontal well projects, develop and evaluate the Yuanba area and the construction of auxiliary surface projects. Production volumes in overseas oil fields are gradually being restored. Sinopec plans to produce 165 million barrels of crude oil and 247.2 billion cubic feet of natural gas in the second half of the year.

In refining, Sinopec will continue to maintain production at high levels, upgrade the quality of refined oil and produce more clean fuel. The Company will further improve the balance of its product mix, increasing the output of high-quality lubrication oil, asphalt and fuel oil; improve the procurement and transport of crude oil; implement measures to reduce costs and increase efficiency; and improve profitability. Sinopec plans to process 114 million tonnes of crude oil in the second half of 2011.

In marketing and distribution, Sinopec will further improve and expand its marketing network to speed up network development and expand the scale of marketing operations. The Company will develop more flexible marketing strategies, improve the marketing structure and service quality, implement more stringent quantity and quality controls for refined oil products, and strengthen the brand marketing. Sinopec anticipates that the total domestic sales volume of refined oil products in the second half of the year will be 74.9 million tonnes.

In chemicals, Sinopec will accelerate improvements in the product mix, increase the proportion of high-value-added products, manage supplies so that the Company can adjust the product mix and the mix of raw materials in a nimble manner, accelerate the construction of the logistics system, improve the marketing network, strengthen the relationship among production, marketing and research, improve marketing services and increase customer satisfaction. In the second half of the year, Sinopec plans to produce 4.835 million tonnes of ethylene.

Mindful of the goal of building a first-class corporation in the world in the petroleum and petrochemical industry, Sinopec will spare no efforts in carrying out its strategies relating to resources, marketing, integration of business segments, internationalization, differentiation and low-carbon development. In response to the developments of the domestic and international economic climate, Sinopec will continue to optimise its marketing strategies, reinforce production safety and strive to achieve our operational targets for 2011.

APPENDIX

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

Items	Six month periods ended 30 June		
	2011	2010	Changes over the same period of last year
	RMB millions	RMB millions	(%)
Operating profit	56,237	53,463	5.2
Profit before taxation	56,755	53,812	5.5
Net profit attributable to equity shareholders of the Company	40,239	36,776	9.4
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	39,824	34,948	14.0
Basic earnings per share (RMB)	0.464	0.424	9.4
Diluted earnings per share (RMB)	0.452	0.418	8.1
Net cash flow from operating activities	30,863	55,845	(44.7)
Net cash flow from operating activities per share per share (RMB)	0.356	0.644	(44.7)
Weighted average return on net assets (%)	9.10	9.26	(0.16) percentage points

Items	At 30 June 2011	At 31 December 2010	Changes from the end of last year
	RMB millions	RMB millions	(%)
	Total assets	1,071,912	985,389
Total equity attributable to equity shareholders of the Company	454,883	421,127	8.0
Net assets per share (RMB) (Fully diluted)	5.247	4.857	8.0

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

Items	Six month periods ended 30 June		
	2011	2010	Changes over the same period of last year
	RMB millions	RMB millions	(%)
Operating profit	58,439	55,304	5.7
Profit attributable to equity shareholders of the Company	41,174	36,798	11.9
Return on capital employed (%) ^{Note}	6.58	6.51	0.07 percentage points
Basic earnings per share (RMB)	0.475	0.424	11.9
Diluted earnings per share (RMB)	0.462	0.419	10.3
Net cash generated from operating activities	30,570	55,563	(45.0)
Net cash generated from operating activities per share per share (RMB)	0.353	0.641	(45.0)

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

Items	At 30 June 2011	At 31 December 2010	Changes from the end of last year
	RMB millions	RMB millions	(%)
	Total assets	1,082,367	995,822
Total equity attributable to equity shareholders of the Company	452,962	419,604	7.9
Net assets per share (RMB)	5.224	4.840	7.9

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 2011 and the first half of 2010.

	Six month periods ended 30 June		Change (%)
	2011	2010	
	RMB millions		
Exploration and Production Segment			
Operating revenues	112,633	90,525	24.4
Operating expenses	77,982	62,992	23.8
Operating profit	34,651	27,533	25.9
Refining Segment			
Operating revenues	595,676	463,863	28.4
Operating expenses	607,845	458,120	32.7
Operating profit	(12,169)	5,743	—
Marketing and Distribution Segment			
Operating revenues	655,002	492,786	32.9
Operating expenses	635,404	478,336	32.8
Operating profit	19,598	14,450	35.6
Chemicals Segment			
Operating revenues	209,438	153,057	36.8
Operating expenses	193,094	144,718	33.4
Operating profit	16,344	8,339	96.0
Corporate and others			
Operating revenues	572,997	419,555	36.6
Operating expenses	573,639	420,249	36.5
Operating profit	(642)	(694)	(7.5)

About Sinopec Corp.

Sinopec Corp. is a large scale integrated energy and chemical company with upstream, midstream and downstream operations. Its principal business includes: exploration, development, production and trading of crude oil and natural gas; production, storage, transportation and distribution, and marketing of petroleum products, petrochemical products, synthetic fiber, fertilizers 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 gasoline 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, and it is ranked No. 2 in the world by number of service stations it operates.

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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