Sinopec Achieves Stable Operation in 1H2015
Dividend Payout RMB10.9 Billion
Thanks to the Significant Profit Contributed by the Refining and Chemicals Businesses Leveraging on Integrated Advantages

(26 August 2015, Beijing, China) China Petroleum & Chemical Corporation ("Sinopec Corp." or the "Company")(HKEX: 386; SSE: 600028; NYSE: SNP) today announced its interim results for the six months ended 30 June 2015.

Financial Highlights：

- In accordance with China Accounting Standards for Business Enterprises ("ASBE"), the Company's operating profit of the Company was RMB 39.3 billion, representing a decrease of 12.4% over the same period of 2014. Net profit attributable to the equity shareholders of the Company was RMB 24.4 billion, a 22.3% decrease as compared with the first half of 2014. Basic earnings per share was RMB0.202

- In accordance with the International Financial Reporting Standards (IFRS), the Company's total turnover and other operating revenue was RMB 1,040.4 billion, 23.3% lower than the same period of last year. The Company's operating profit was RMB 40.5 billion, representing a decline of 22.4% from the same period last year. Profit attributable to shareholders of the company was RMB 25.4 billion, 22.0% lower than the same period of last year. Basic earnings per share was RMB0.211.

- In accordance with IFRS, the Company's liability-to-asset ratio of Sinopec Corp. was 46.48%, representing a decrease of 9.04 percentage points compared with the end of last year, lowest level since its debut on the capital market. As of 30 June 2015, the Company's cash and cash equivalents were RMB72.5 billion, an increase of RMB 63.5 billion as of 31 December 2014. The Company's cash flow and financial position was further improved.

- The Board of Directors proposed an interim dividend of RMB0.09 per share, maintaining the same level year-on-year. Total dividend to be paid will amount to RMB10.9 billion, up by 3.7% year-on-year.

Business Highlights：

In the first half of 2015, the global economic recovery remained slow. China's GDP grew by 7.0%. The domestic demand of crude oil maintained a steady growth, increasing 4.8% year on year, and natural gas demand growth slowed down, up 2.1% year on year. Refined oil products demand continue to diversify following last year's trend with a slower growth rate. Gasoline and kerosene consumption increased substantially while diesel dropped slightly. The total consumption of refined oil products grew by 3% compared with the same period of last year. Quality upgrading of oil products was accelerated. Domestic oil products prices were adjusted timely in line with the international oil price changes. Domestic demand for chemicals maintained a steady growth with the ethylene equivalent consumption up by 2.5% compared with the same period of last year.

Amid a challenging market environment, the Company achieved solid operating results through optimizing its operation, focusing on cost control, expanding new markets and fully utilizing its integrated advantages. The Company's refining and chemicals businesses achieved robust operating results and became the profit drivers during the period, leveraging on its Integrated Advantages

- Exploration and Production: the Company took effective measures in low oil price environment in the first half of 2015, including optimising the exploration and production plans, setting up flexible investment decision making mechanism and cutting high-cost crude oil production. The operating loss of this segment was RMB 1.8 billion in the first half of 2015, representing a decrease of RMB 30.1 billion in operating profit compared with the same period of 2014.

- Refining: the Company, while focusing on profitability, optimised the crude oil allocation and processing plans, adjusted the product slate and utilisation rate, and increased the yield of high value-added products, such as high-spec gasoline. We brought our scale advantages into full play to control the unit cost. We actively promoted the quality upgrading of refined oil products and provide high standard fuels to the market. We also took advantages of specialised operation by improving our dedicated marketing network. The segment realized an operating profit of RMB 15.3 billion in the first half of 2015, representing an increase of 57% over the same period of 2014. The refining margin was USD7.72 per barrel, representing an increase of 15.8% year-on-year.

- Marketing and Distribution Segment: the Company optimised marketing structure to increase retail volume and single station throughput. We accelerated the transformation from an oil products supplier to a comprehensive service provider by complimenting the rapid development of non-fuel business with that of fuel business and achieving volume and profit growth. In the first half of 2015, the segment's operating profit was RMB15.2 billion, representing a decrease of 19.2% over the same period of 2014. Revenue from our non-fuel business reached RMB 13.33 billion, an increase of 85.4% from the same period in 2014.

- Chemicals: the Company further optimised feedstock and product mix to achieve better cost efficiency. We put our efforts in R&D, production and marketing of new products, and maintained production volume growth in high value-added products. The segment's operating profit during the six-month period ended 30 June 2015 was RMB 10.1 billion, representing an increase of RMB 14.1 billion compared with the same period of 2014

Mr. Wang Yupu, Chairman of Sinopec said, “Sinopec continuously improved its corporate governance, expanded its business and enhanced its competitiveness by riding on the rapid growth of Chinese market, leveraging its integrated advantages, and deepening reform and continuous commitment to excellence. Especially during the first half of 2015, despite the slowdown of domestic economy and low oil prices, the Company managed to navigate through the challenging and complicated market environment and achieved solid operating results, through tapping new resources for growth and reducing expenditure, optimizing production and operation, reducing costs and expenses as well as expanding new markets. Looking forward, the Company is facing challenges from the changing global political and economic landscape, the shifting of growth engine in Chinese economy, and volatilities in the industry and the market. But at the same time, the Company also has unprecedented growth opportunities. The Company is drafting its 13th Five-Year-Plan. We’ll proactively adapt to the New Normals in China’s economic growth and the megatrend of the world’s economy and the business cycle. We will prioritise on reforms, consolidation of resources, integrated operations, innovation and value creation. We will further develop our growth strategies to seize the opportunities arising from the nation’s strategic initiatives which include the “One Belt, One Road” initiative, the Coordinated Development of Beijing, Tianjin and Hebei, the development of Yangtze RiverEconomic Zone and the Made in China 2025 plan.”

Business Review

Exploration and Production

The Company took effective measures in low oil price environment in the first half of 2015, including optimising the exploration and production plans, setting up flexible investment decision making mechanism and cutting high-cost crude oil production. In exploration, we attained new discoveries and commercial flows in marine faces gas fields in the west of Sichuan. In development, the Fuling shale gas project progressed steadily. Oil and gas production in the first half was 232.95 million barrels of oil equivalent, down by 1.7% compared with same period of last year. Domestic and overseas crude oil production amounted to 147.47 million barrels and 26.60 million barrels respectively while natural gas production reached 353.26 billion cubic feet.

In the first half of 2015, operating revenue of the segment was RMB70.4 billion, representing a decrease of 38.2% over the first half of 2014. The operating loss of this segment was RMB 1.8 billion in the first half of 2015, representing a decrease of RMB 30.1 billion in operating profit compared with the same period of 2014 due to the sharp decline of the international crude oil prices.

Exploration and Production: Summary of Operations

	Six-month period ended 30 June		Changes
	2015	2014	%
Oil and gas production (mmboe)	232.95	237.01	(1.71)
Crude oil production (mmbbls)	174.07	177.88	(2.14)
China	147.47	154.15	(4.33)
Overseas	26.60	23.73	12.09
Natural gas production (bcf)	353.26	354.80	(0.43)

Refining

The Company, while focusing on profitability, optimised the crude oil allocation and processing plans, adjusted the product slate and utilisation rate, and increased the yield of high value-added products, such as high-spec gasoline. We brought our scale advantages into full play to control the unit cost. We actively promoted the quality upgrading of refined oil products and provide high standard fuels to the market. We took advantages of specialised by improving our dedicated marketing network, we optimised the sales of other refining products such as lubricants, LPG, asphalt, etc. In the first half of 2015, we processed 119 million tonnes of crude oil, up by 2.7% compared with the first half of 2014. Refined oil products output rose by 4.4% with jet fuel and high-spec gasoline up by 18.9% and 18.2% respectively.

In the first half of 2015, operating revenue of the segment was RMB485.7 billion, representing a decrease of 25.5% over the same period of 2014.

In the first half of 2015, the refining margin (defined as sales revenues less crude oil and refining feedstock costs and taxes other than income tax, divided by the throughput of crude oil and refining feedstock) was RMB 347.8 per tonne, representing an increase of 15.8% over the same period of 2014. The segment improved the margin level of refined oil products by promoting the oil products quality upgrade projects and optimisation of product mix. The segment realized an operating profit of RMB 15.3 billion in the first half of 2015, representing an increase of 57% over the same period of 2014.

Refining: Summary of Operations

	Six-month period ended 30 June		Changes
	2015	2014	(%)
Refinery throughput (million tonnes)	118.89	24.94	2.66
Gasoline, diesel and kerosene production (million tonnes)	74.75	36.67	4.37
Gasoline (million tonnes)	27.02	10.01	8.34
Diesel (million tonnes)	35.82	19.96	(2.32)
Kerosene (million tonnes)	11.90	76.83	18.88
Light chemical feedstock production (million tonnes)	19.07	24.94	(4.46)
Light yield (%)	76.69	36.67	(0.14) percentage points
Refining yield (%)	94.98	94.63	0.35 percentage points

Note: Includes 100% of production of joint ventures.

Marketing and Distribution

In the first half of 2015, in light of the changes in supply and demand, the Company optimised marketing structure to increase retail volume and single station throughput. We accelerated the transformation from an oil products supplier to a comprehensive service provider by complimenting the rapid development of non-fuel business with that of fuel business and achieving volume and profit growth. In the first half of 2015, the total sales volume of refined oil products grew by 5.3% to 92.97 million tonnes, of which domestic sales were

83.92 million tonnes, up 3.6% from the same period of previous year. Revenue from our non-fuel business reached RMB 13.33 billion, an increase of 85.4% from the same period in 2014.

In the first half of 2015, the operating revenue of the segment was RMB 565.6 billion, decreased by 22.2% over the same period of 2014, which was mainly due to the decline of gasoline and diesel prices compared with same period of 2014. In the first half of 2015, the segment's operating profit was RMB15.2 billion, representing a decrease of RMB 3.6 billion over the same period of 2014, mainly due to weak diesel demand and smaller realised spread.

Marketing and Distribution: Summary of Operations

	Six-month period ended 30 June		Changes
	2015	2014	(%)
Total sales volume of refined oil products (million tonnes)	92.97	88.26	5.34
Total domestic sales volume of refined oil products (million tonnes)	83.92	81.04	3.55
Retail (million tonnes)	58.19	56.55	2.90
Direct sales and Wholesale (million tonnes)	25.73	24.49	5.06
Annualised average throughput per station (tonne/station)	3,816	3,712	2.80

	As of 30 June 2015	As of 31 December 2014	Change from the end of l ast year（%）
Total number of Sinopec-branded service stations	30,514	30,551	(0.12)
Company-operated	30,501	30,538	(0.12)

Chemicals

In the first half of 2015, the Company further optimised feedstock and product mix to achieve better cost efficiency. We put our efforts in R&D, production and marketing of new products, and maintained production volume growth in high value-added products, the ratio of performance compound in synthetic resin and differentiation rate of synthetic fiber rose to 57.7% and 81.0% respectively, up by 1.4 and 2.4 percentage points compared with the same period of last year. The chemical segment achieved better performance by strengthening the coordination between production and marketing. In the first half of 2015, ethylene production reached 5.457 million tonnes, up 7.3% from the same period of last year, and chemical sales volume was 30.3 million tonnes, up 3.8% compared with the same period of last year.

In the first half of 2015, operating revenue of the chemicals segment was RMB 166.3 billion, representing a decrease of 22.1% over the same period of 2014, which was mainly due to the decrease of chemical products prices compared with the same period of 2014. The segment's operating profit during the six-month period ended 30 June 2015 was RMB 10.1 billion, representing an increase of RMB 14.1 billion compared with the same period of 2014, mainly due to the segment's optimisation of products mix. At the same time, the segment seized the opportunity of the recovery of chemical products margin and improved the profitability.

Major Chemical Products: Summary of Operations Unit of production: 1,000 tonne

	Six-month period ended 30 June		Changes
	2015	2014	(%)
Ethylene	5,457	5,084	7.34
Synthetic resin	7,476	6,965	7.34
Synthetic fiber monomer and polymer	4,322	4,105	5.29
Synthetic fiber	638	646	(1.24)
Synthetic rubber	453	483	(6.21)

Note: Includes 100% of production of joint ventures.

Health, Safety and the Environment

In the first half of 2015, the Company fully implemented safety responsibilities at all levels, conducted specific safety inspections, and took identification and management on potential hazards. We made optimal adjustments to emergency response system and promoted HSE conformance. Hence we maintained work safety in general. We pay close attention to environment protection, energy saving, emission reduction as well as green and lowcarbon development. We promoted Contract Energy Management and construction of energy management system, and implemented "Clear Waterand Blue Sky" program. Comparing to the same period last year, the Company's energy intensity was down by 2.77%, COD in discharged wastewater was down by 4.09%, SO2 emission was down by 4.84%, NOx emission was down by 4.23%, Ammoniacal Nitrogen emission was down by 3.91%.

Capital Expenditures

The Company focused on quality and profitability of business expansions, and optimised its assets portfolio and investment. A number of key projects have been well underway. CAPEX for the first half was RMB 23.508 billion. CAPEX for E&P was RMB 13.418 billion, mainly for exploration and development in Shengli oil field, Tahe oil field and Sichuan Basin, the LNG projects in Guangxi and Tianjin, pipelineboosting for Sichuan to East China Gas Transmission Project, construction of pipelines exporting gas from Fuling shale gas filed, Jinan-to-Qingdao Gas Transmission Pipeline II Project, and overseas projects. CAPEX for Refining was RMB 3.187 billion, mainly for refinery revamping and gasoline and diesel quality upgrading projects in Qilu and Jiujiang refineries. CAPEX for Marketing and Distribution was RMB3.781 billion, mainly for developing and renovating service stations, building oil products pipelines, oil depots and other storage facilities, and specific projects for safety hazards rectification and vapor recovery. We newly developed 207 service stations in the first half of 2015. CAPEX for Chemicals was RMB 2.519 billion, mainly for the East Ningxia coal chemical project and the Wuhan ethylene project. CAPEX for Corporate and Others was RMB 603 million, mainly for R&D facilities and IT application projects.

Business Prospects

Looking into the second half, the world's economy is expected to recover slowly. China's economy will maintain its steady growth. With a general over supply situation of international crude oil market, the oil price is expected to fluctuate at a low level. Domestic demand for oil and gas is anticipated to grow. The overall demand for oil products and chemicals will grow steadily with the consumption mix to be further adjusted. Given the current state, the Company will undertake initiatives in the following key areas.

In exploration and development, we will step up new technology development and application to promote progressive exploration and reservoir evaluation in oilrich sag in East China, Tahe oil field and the west rim of Junggar Basin. In natural gas development, we will promote the development and assessment in the gas fields of Erdos, Sichuan basin and Songliao Basin, and push ahead with Fuling shale gas field development so as to deliver the 1st phase capacity building target of 5 billion cubic meters. In the second half of the year, we expect to produce 177 million barrels of crude oil and 537 billion cubic feet of natural gas.

In refining, we will continue to adopt a market-oriented and profitability-driven strategy, optimise production plan and ensure safe and stable operations. We will fine-tune crude oil resources allocation to lower crude cost, and accelerate oil products quality upgrading. The Company will actively expand marketing of lubricants, LPG and asphalt. Meanwhile, we will actively control costs to improve cost competitiveness. We plan to process 122.7 million tonnes of crude oil in the second half.

In marketing and distribution, we will intensify market analysis and forecast to ensure both sales volume growth and profitability, optimise resource structure to consolidate and expand market share, and put customers first by adopting more proactive retail strategies to stabilise direct sales and distribution volume. We will continuously push forward a market-oriented and specialised development in non-fuel business, strengthen key products marketing and procurement management, and promote transformation from an oil products supplier to a comprehensive service provider. In the second half, we plan to sell 87 million tonnes of refined oil products in the domestic market.

In chemicals, we will proactively adjust the product mix, promote new products R&D in line with expanded production and sales. We will fine-tune the operations of facilities at reasonable utilisation rate and continuously to reduce optimise feedstock mix cost. Meanwhile, we will deepen the inter links amongst production, marketing, research and product application, enhance our marketing strategy and improve customer services. In the second half, we plan to produce 5.6 million tonnes of ethylene.

In the second half, we'll fully leverage our advantages across the integrated value chain, arrange production and operation for maximum profitability, spare no efforts in expanding market, and intensely keep the cost and expenses under control. We will ensure HSE performance, strengthen our capability in sustainable development and strive for better operating results. In the meantime, we will adapt to and capture the opportunities of the new normals of Chinese economic growth, and set forth the 13th five-year plan of the company.

Appendix: Key financial data and indicators

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH ASBE

Principal accounting data

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2015 RMB million	2014 RMB million	
Operating income	1,040,362	1,356,172	(23.3)
Net profit attributable to equity shareholders of the Company	24,427	31,430	(22.3)
Net profit attributable to equity shareholders of the Company after deducting extraordinary gain/loss items	23,431	31,354	(25.3)
Net cash flows from operating activities	67,442	58,214	15.9
	At 30 June 2015 RMB million	At 31 December 2014 RMB million	Change from the end of last year(%)
Total equity attributable to equity shareholders of the Company	681,474	594,483	14.6
Total assets	1,470,355	1,451,368	1.3

Principal financial indicators

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2015 RMB	2014 RMB	
Basic earnings per share	0.202	0.269	(24.9)
Diluted earnings per share	0.202	0.268	(24.6)
Basic earnings per share after deducting extraordinary gain/loss items	0.194	0.269	(27.9)
Weighted average return on net assets (%)	3.81	5.37	(1.56) percentage points
Weighted average return on net assets after deducting extraordinary gain/loss items (%)	3.66	5.36	(1.70) percentage points

FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH IFRS

Principal accounting data

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2015 RMB million	2014 RMB million	
Operating Profit	40,543	52,268	(22.4)
Net profit attributable to owners of the Company	25,394	32,543	(22.0)
Net cash generated from operating activities	67,442	58,214	15.9
	At 30 June 2015 RMB million	At 31 December 2014 RMB million	本报告期比上年期末增减 (%)
Equity attributable to owners of the Company	680,085	593,041	14.7
Total assets	1,470,355	1,451,368	1.3

Principal financial indicators

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year (%)
	2015 RMB	2014 RMB	
Basic earnings per share	0.211	0.279	(24.4)
Diluted earnings per share	0.211	0.277	(23.8)
Return on capital employed (%)	3.46	4.19	(0.73)个百分点

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 percentage changes between the first half of 2015 and the first half of 2014.

	Six-month periods ended 30 June		Changes
	2015	2014	
	RMB million		(%)
Exploration and Production Segment			
Operating revenues	70,401	113,827	(38.2)
Operating expenses	72,227	85,564	(15.6)
Operating (loss)/profit	(1,826)	28,263	-
Refining Segment			
Operating revenues	485,735	651,969	(25.5)
Operating expenses	470,415	642,214	(26.8)
Operating (loss)/profit	15,320	9,755	57.0
Marketing and Distribution Segment			
Operating revenues	565,638	726,927	(22.2)
Operating expenses	550,450	708,133	(22.3)
Operating (loss)/profit	15,188	18,794	(19.2)
Chemicals Segment			
Operating revenues	166,306	213,392	(22.1)
Operating expenses	156,203	217,360	(28.1)
Operating (loss)/profit	10,103	(3,968)	-
Corporate and others			
Operating revenues	415,790	645,690	(35.6)
Operating expenses	415,014	645,951	(35.8)
Operating (loss)/profit	776	(261)	-
Elimination of inter-segment profit/(loss)	982	(315)	-

About Sinopec Corp.

Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the sale, storage and transportation of petroleum products, petrochemical products, coal chemical products, synthetic fibre, fertiliser and other chemical products; the import and export, including an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

Sinopec sets ‘fueling beautiful life’ as its corporate mission, puts ‘people, responsibility, integrity, precision, innovation and win-win’ as its corporate core values, pursues strategies of resources, markets, integration, international operation, differentiation, and green and low-carbon development, and strives to achieve its corporate vision of building a world leading energy and chemical company.

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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