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中国石油化工股份有限公司

CHINA PETROLEUM & CHEMICAL CORPORATION

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code : 386)

Announcement of the 2010 Interim Results

§ 1 Important Notice

1.1 The Board of Directors and the Supervisory Committee of China Petroleum & Chemical Corporation (“Sinopec Corp.”) and its directors, supervisors and senior management warrant that there are no material omissions, or misrepresentations or misleading statements contained in this announcement and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

This announcement is a summary of the interim report. The entire report is also contained in the website of the Shanghai Stock Exchange (www.sse.com.cn), The Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) and Sinopec Corp. (www.sinopec.com). The investors should read the 2010 interim report for more details.

1.2 No Director, supervisors and senior management has any doubt as to, or the inability to warrant, the truthfulness, accuracy and completeness of the interim report. Mr. Ma Weihua, the independent non-executive Director could not attend the meeting of the Board for reasons of official duties, and authorised Mr. Li Deshui, the independent non-executive Director of Sinopec Corp., to vote on his behalf in respect of the resolutions put forward in the meeting of the Board.

1.3 The financial statements for the six-month period ended 30 June 2010 of Sinopec Corp. and its subsidiaries (“the Company”) prepared in accordance with the PRC Accounting Standards for Business Enterprises (“ASBE”), and International Financial Reporting Standards (“IFRS”) have been audited by KPMG Huazhen and KPMG, respectively, and both firms have issued standard unqualified opinions on the financial statements.

1.4 There is no occupancy of non-operating funds by the substantial shareholders of Sinopec Corp.

1.5 There is no breach of regulations, decisions or procedures in relation to provisions of external guarantees by Sinopec Corp.

1.6 Mr. Su Shulin, Chairman of the Board, Mr. Wang Tianpu, President and vice-Chairman of the Board, Mr. Wang Xinhua, Chief Financial Officer and Head of the Corporate Finance Department warrant the authenticity and completeness of the financial statements contained in this announcement.

§ 2 Basic Information of Sinopec Corp.

2.1 Basic Information of Sinopec Corp.

Stock name	SINOPEC CORP	SINOPEC CORP	SINOPEC CORP	中國石化
Stock code	386	SNP	SNP	600028
Place of listing	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
	Authorized Representatives		Secretary to the Board of Directors	Representative on Securities Matters
Name	Mr. Wang Tianpu	Mr. Chen Ge	Mr. Chen Ge	Mr. Huang Wensheng
Address	22 Chaoyanmen North Street, Chaoyang District, Beijing, the PRC			
Tel	86-10-59960028	86-10-59960028	86-10-59960028	86-10-59960028
Fax	86-10-59960386	86-10-59960386	86-10-59960386	86-10-59960386
E-mail	ir@sinopec.com/media@sinopec.com			

2.2 Principal financial data and indicators

2.2.1 Financial data and indicators prepared in accordance with the China Accounting Standards for Business Enterprises (“ASBE”)

2.2.1.1 Principal Financial Data and Indicators

Items	At 30 June	At 31 December	Changes
	2010	2009	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		Changes
	2010	2009	over the same period of the preceding 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 (RMB)	0.577	0.950	(39.2)

2.2.1.2 Extraordinary items and corresponding amounts:

✓ applicable □ inapplicable

Six-month periods ended 30 June 2010	
	(Income)/expense
Items	<i>RMB millions</i>
Gain on disposal of non-current assets	(361)
Donations	32
Gain on holding and disposal of various investments	(311)
Other non-operating income and expenses, net	(14)
Subtotal	(654)
Tax effect	164
Total	(490)
Attributable to:	
Equity shareholders of the Company	(481)
Minority interests	(9)

2.2.2 Financial information extracted from the financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”)

Items	Six-month periods ended 30 June		Changes over the same period of the preceding year
	2010	2009	
	<i>RMB millions</i>	<i>RMB millions</i>	<i>(%)</i>
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 (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 RMB millions	At 31 December 2009 RMB millions	Changes from the end of last year (%)
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

2.2.3 As per differences between the audited financial statements prepared under ASBE and IFRS, for details, please refer 7.2.3.

§ 3 Changes in share capital and shareholdings of the principal shareholders

3.1 Statement of changes in share capital

☒ applicable ☐ inapplicable

Unit: 1,000 Shares

	Before change		New share issued	Increase/(decrease)		Others	Sub-total	After change	
	Number	Percentage %		Bonus issued	Conversion from reserve			Number	Percentage %
1 RMB ordinary shares	69,921,951	80.65	—	—	—	89	89	69,922,040	80.65
2 Foreign shares listed domestically	—	—	—	—	—	—	—	—	—
3 Foreign shares listed overseas	16,780,488	19.35	—	—	—	—	—	16,780,488	19.35
4 Others	—	—	—	—	—	—	—	—	—
Total Shares	86,702,439	100.00	—	—	—	89	89	86,702,528	100.00

Note: From 25 February 2010 to 3 March 2010, total number of shares of Sinopec Corp. increased by 88,774, as a result of exercise of warrants embedded in the bonds of RMB 30 billion issued by Sinopec Corp. For details, please refer to item 18 in “Significant Events”.

3.2 Top ten shareholders and shareholders of shares without selling restrictions

As at 30 June 2010, there were a total of 956,305 shareholders of Sinopec Corp., of which 949,158 were holders of A Shares and 7,147 were holders of H Shares. The public float of Sinopec Corp. satisfied the minimum requirements under The Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

Top ten shareholders

Unit: 1,000 Shares

Name of Shareholders	Nature of shareholders	As a percentage of total shares at the end of reporting period (%)	Number of shares held at the end of reporting period	Number of shares with selling restrictions	Number of shares pledged or lock-ups
China Petrochemical Corporation	A share	75.84	65,758,044	0	0
HKSCC (Nominees) Limited	H share	19.26	16,698,441	0	Unknown
Guotai Junan Securities Co., Ltd	A share	0.29	255,461	0	0
China Life Insurance Corp.-Dividend-Individual Dividend-005L-FH002 Shanghai	A share	0.15	131,668	0	0
China International Fund Management Advantage Securities Investment Fund	A share	0.06	52,500	0	0
Shanghai Stock Exchange Tradable Open-ended Index 50 Fund	A share	0.05	44,655	0	0
Harvest Stable Open-ended Securities Investment Fund	A share	0.05	42,998	0	0
Fortune SGAM Selected Sectors Fund	A share	0.04	38,090	0	0
Changsheng Tongqing Detachable Equity Investment Fund	A share	0.04	37,017	0	0
National Social Security Fund 102 Portfolio	A share	0.04	33,243	0	0

Statement on the connected relationship or activity in concert among the aforementioned shareholders:

We are not aware of any connection or activities in concert among or between the top ten shareholders.

3.3 Changes in the controlling shareholders and the effective controllers in the reporting period

☐ applicable ☒ inapplicable

§ 4. Information about the directors, supervisors and senior management

4.1 The engagement or dismissal of Directors, Supervisors and Other Members of the Senior Management

☒ applicable ☐ inapplicable

Sinopec Corp. held its annual general meeting for 2009 on 18 May 2010, where Mr. Ma Weihua and Mr. Wu Xiaogen were elected as the directors of the fourth session of the Board of Directors, and Mr. Gui Guoqi and Mr. Chang Zhenyong were elected as the employee representatives supervisors of the fourth session of the Supervisory Board through employees' universal election.

4.2 Information about the changes in the shares held by the directors, supervisors and senior management

☐ applicable ☒ inapplicable

As at 30 June 2010, none of the directors, supervisors or senior management of Sinopec Corp. had any interest in any shares of Sinopec Corp.

During the reporting period, none of Sinopec Corp.'s directors, supervisors or senior management or any of their respective associates had any interests or short positions in any shares, debentures or related shares of Sinopec Corp. or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which were required to be notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the Securities and Futures Ordinance or which were required pursuant to section 352 of the Securities and Futures Ordinance to be entered in the register referred to therein, or which were required to be notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions Entered by Directors of Listed Companies as specified in the Listing Rules of The Stock Exchange of Hong Kong Limited (including those interests and short positions that are deemed to be such, or are regarded to be owned in accordance with the relative provisions under the Securities and Futures Ordinance).

§ 5. Business Review and Prospects and Management's Discussion and Analysis

5.1 Business Review

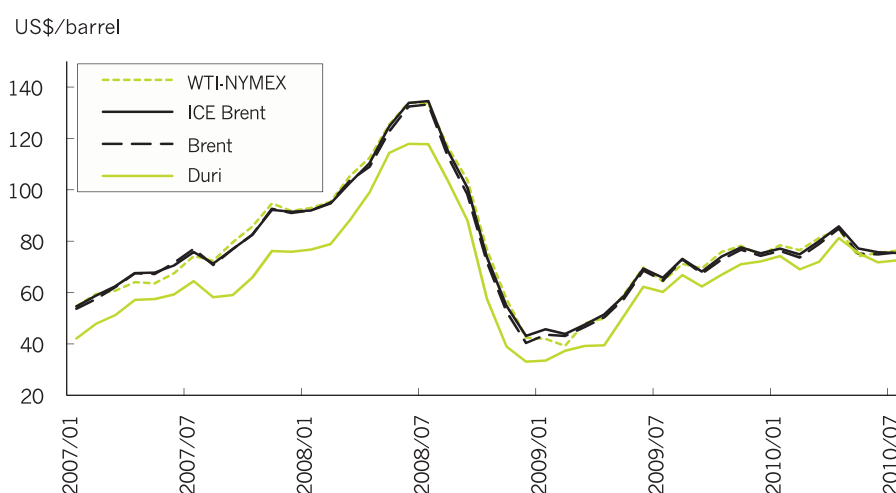
In the first half of 2010, the Chinese economy grew relatively fast, with GDP increasing by 11.1% over the same period of last year. The Chinese government raised the benchmark wellhead price of domestic onshore natural gas and piloted the oil & gas resources tax reform in Xinjiang Autonomous Region. Domestic demand for oil products and chemical products has grown steadily. According to the Company's statistics, domestic apparent consumption of oil products (inclusive of gasoline, diesel and kerosene) increased by 12.5% over the same period last year, and ethylene equivalent consumption increased by 9.6% over the same period of last year.

In the first half of 2010, the Company achieved encouraging operational results through to fully leveraging its synergy, proactively expanding market to enlarge business volume, focusing on satisfying customer needs, further enhancing integration among production, sales and research, and optimizing product mix in line with market demands.

5.1.1 Production and Operations

(1) Exploration and Production Segment

In the first half of 2010, international crude oil price fluctuated within a certain range. Average Platts Brent Price was US\$ 77.27/barrel, representing an increase of 49.8% over the same period of last year. The trend of domestic crude oil price generally followed the trend in the international markets.



Movement of International Crude Oil Price

In exploration, the Company made new discoveries in oil and natural gas exploration in Tarim Basin, southeastern Sichuan and western Sichuan. In development and production, the Company enhanced development rates, recovery rates and single-well productivity. The Sichuan-to-East China Gas Pipeline Project achieved stable operation after start-up 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, representing an increase of 40.7% compared with the same period of last year.

Summary of Operations of Exploration and Production Segment

	Six-month periods ended 30 June		Changes
	2010	2009	%
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 gas (bcf)	48.22	(131.64)	—
	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

(2) Refining Segment

In the first half of 2010, the Company focused on timely adjusting 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 optimising resources, operations and management. We 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, representing an increase of 16.7% compared with the same period last year.

Summary of Operations of Refining Segment

	Six-month periods ended 30 June		Changes %
	2010	2009	
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 production (million tonnes)	17.15	12.04	42.4
Light products yield (%)	75.60	74.94	0.66
			percentage points
Refining 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.

(3) Marketing and Distribution Segment

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 due to sufficient 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.

The Company actively fulfilled its social responsibilities by ensuring oil products supply for the earthquake relief work at Yushu, Qinghai, the rescue and rehabilitation 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.

Summary of Operations of Marketing and Distribution Segment

		Six-month periods ended 30 June		Changes
		2010	2009	%
Total domestic sales volume of 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
				Increase/ decrease at the end of the reporting period over that of the last year (%)
		At 30 June 2010	At 31 December 2009	
Total number of service stations		29,950	29,698	0.8
Including:	Number of company			
	-operated service stations	29,357	29,055	1.0
	Number of franchised			
	service stations	593	643	(7.8)

(4) Chemicals Segment

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 intergration among production, sales and R&D that created 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 project 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.

Summary of Production of Major Chemical Products**Unit: 1,000 tonnes**

	Six-month periods		Changes %
	ended 30 June		
	2010	2009	
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.

5.1.2 Cost Saving

The Company places considerable emphasis on resource saving and environmental protection. In the first half of 2010, the Company completed the overall upgrade 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.

5.1.3 Capital Expenditures

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.

5.2 Principal Operations categorised by business segments

The following table sets out the principal operations categorised by business segments and the details of the connected transactions, including income from principal operations and cost of sales for each business segment, extracted from the Company's financial statements prepared under ASBE:

Segment	Income from principal operations (RMB millions)	Cost of principal operations (RMB millions)	Gross profit margin (%) ^{Note}	Increase/ decrease of Income from principal operations on a year- on-year basis (%)	Increase/ decrease of Cost of principal operations on a year- on-year basis (%)	Increase/ decrease of gross profit margin (%)
Exploration and production	81,478	36,633	41.1	76.5	4.3	11.2
Refinery	463,863	388,382	2.8	53.7	84.2	(6.0)
Marketing and distribution	492,786	461,743	6.2	55.1	58.9	(2.2)
Chemicals	153,057	137,045	10.1	68.6	83.2	(7.1)
Corporate and others	419,555	417,378	0.5	114.7	114.3	0.2
Elimination of inter segment sales	(674,216)	(674,149)	N/A	N/A	N/A	N/A
Total	936,523	767,032	10.0	75.4	97.0	(5.6)

Note: Gross profit margin= (income from principal operations - cost of principal operations, taxes and surcharges) / income from principal operations

5.3 Principal operations in different regions

☐ applicable ☒ inapplicable

5.4 Reasons of material changes in the principal operations and their structure

☐ applicable ☒ inapplicable

5.5 Reasons of changes in the profitability (gross profit) in the principal operations as compared to that in the preceding year

☐ applicable ☒ inapplicable

5.6 Reasons of changes in profit composition as compared to that in the preceding year

☒ applicable ☐ inapplicable

In the first half of 2010, the Company's turnover and other operating revenues amounted to RMB 936.5 billion, and the operating profit was RMB 49.8 billion, representing an increase of 75.4% and 7.8% respectively, over the same period of 2009. It is attributable to the steady progress of domestic economic recovery, the growing demand for petroleum and petrochemical products, continued expansion of the Company's operational scale and rising prices of crude oil, refined oil products and chemical products as compared with the same period of last year. The Company actively took various measures to fully exert the scale and integration advantages and steadily increase its market share, and therefore achieved satisfying operational performance. The E&P segment achieved stable production in crude oil and significant increase of production in natural gas. With the increased of crude oil prices, its operating profit was RMB 22.0 billion, representing an increase of 299.7% over the first half of 2009. The operating profit of the segment totaled RMB 5.7 billion in the first half of 2010, representing a year-on-year decrease of 71.4%. In the first half of 2010, the marketing and distribution segment actively increase its sales volume of oil products. Its operating profit was RMB 14.5 billion, representing a year-on-year increase of 15.5%. The operating profit of this segment was RMB 8.3 billion in the first half of 2010, representing a year-on-year decrease of 14.5%. This was mainly attributable to the narrowed spread between the price of the chemical products and the unit cost of feedstock in the second quarter.

5.6.1 Turnover, other operating revenues and other income

In the first half of 2010, the Company's turnover was RMB 923.1 billion, representing an increase of 76.5% over the first half of 2009. This was mainly due to expanded business scale, higher prices of crude oil, refined oil products and chemical products as compared with the same period of last year.

The following table sets forth the external sales volume, average realised prices and respective rates of change of the Company's major products from the first half of 2010 to the first half of 2009:

	Sales Volume			Average realised price		
	(thousand tonnes)			(RMB/tonne, RMB/thousand cubic meters)		
	Six-month periods			Six-month periods		
	ended 30 June		Change	ended 30 June		Change
	2010	2009	(%)	2010	2009	(%)
Crude oil	2,327	2,430	(4.2)	3,363	1,699	97.9
Natural gas						
(million cubic meters)	4,138	3,105	33.3	1,027	934	10.0
Gasoline	21,215	18,793	12.9	7,205	5,852	23.1
Diesel	43,725	36,166	20.9	5,847	4,631	26.3
Kerosene	6,439	4,994	28.9	4,663	3,385	37.8
Basic chemical feedstock	8,253	4,872	69.4	5,533	4,061	36.2
Monomer and polymer for						
synthetic fiber	2,751	2,070	32.9	8,142	6,008	35.5
Synthetic resin	4,712	4,015	17.4	9,226	7,547	22.2
Synthetic fiber	728	691	5.4	11,171	8,481	31.7
Synthetic rubber	606	487	24.4	15,687	10,177	54.1
Chemical fertilizer	916	889	3.0	1,649	1,750	(5.8)

Most of crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production and the remaining were sold to other customers. In the first half of 2010, the turnover from crude oil and natural gas sold externally amounted to RMB 13.8 billion, increased by 74.4% over the same period of 2009, accounting for 1.5% of the Company's turnover and other operating revenues. The change was mainly due to the increase in prices of crude oil and natural gas.

The refining segment and marketing and distribution segment of the Company sold petroleum products (mainly consisting of refined oil products and other refined petroleum products), achieving external sales revenue of RMB 567.0 billion, representing an increase of 59.7% over the same period of 2009 and accounting for 60.5% of the Company's turnover and other operating revenues. This mainly owes to the increase in sales volume and price of refined petroleum products. The sales revenue of gasoline, diesel and kerosene was RMB 438.5 billion, representing an increase of 48.9% over the same period in 2009, accounting for 77.3% of the sales revenue of petroleum products. Turnover of other refined petroleum products was RMB 128.5 billion, representing an increase of 112.4% compared with the first half of 2009, accounting for 22.7% of the sales revenue of petroleum products.

The Company's external sales revenue of chemical products was RMB 134.1 billion, representing an increase of 66.8% over the same period of 2009, accounting for 14.3% of its turnover and other operating revenues. This was mainly due to the increase in sales volume and price of chemical products.

5.6.2 Operating expenses

In the first half of 2010, the Company's operating expenses were RMB 886.7 billion, representing an increase of 81.8% over the first half of 2009. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 741.1 billion in the first half of 2010, representing an increase of 105.0% over the same period of 2009, accounting for 83.6% of the total operating expenses, of which:

- Procurement cost of crude oil was RMB 294.3 billion, representing an increase of 84.0% over the same period of 2009. Throughput of crude oil purchased externally in the first half of 2010 was 74.68 million tonnes (excluding the amount processed for third parties) increased by 14.2% over the first half of 2009. The average unit processing cost of crude oil purchased externally RMB 3,940 per tonne, increased by 61.1% over the first half of 2009.

- The Company's other purchasing expenses were RMB 446.8 billion, representing an increase of 121.6% over the first half of 2009. This was mainly due to the higher cost of refined oil products and other feedstock purchased externally and higher procurement cost by its subsidiary trading companies.

Selling, general and administrative expenses of the Company totaled RMB 22.9 billion, representing an increase of 1.8% over the first half of 2009.

Depreciation, depletion and amortization expenses of the Company were RMB 26.8 billion, representing an increase of 9.0% compared with the first half of 2009. This was mainly due to the continuous investment in fixed assets in recent years.

Exploration expenses in the first half of 2010 were RMB 5.7 billion, representing an increase of 30.9% compared with the first half of 2009, mainly owing to the Company's increased investment in exploration in blocks such as northeastern Sichuan, western Sichuan and Ordos.

Personnel expenses were RMB 15.0 billion, representing an increase of 16.3% compared with the first half of 2009, which was mainly because the Company provided for enterprise's annuity fund, performance salary, and housing subsidy for employees who began to work after 31 December 1998, in accordance with relevant requirements.

Taxes other than income tax totaled RMB 75.4 billion, representing an increase of 22.6% compared with the first half of 2009. It was mainly due to the increase of special oil income levy by RMB 9.5 billion caused by rising crude oil price, as compared with the first half of 2009. Meanwhile, as a result of sales volume increase, the consumption tax, city construction tax and educational surcharge increased by RMB 4.2 billion over the first half of 2009.

5.6.3 Operating profit

In the first half of 2010, the Company's operating profit was RMB49.8 billion, representing a year-on-year increase of 7.8%.

5.6.4 Net finance costs

In the first half of 2010, the Company's net financing costs were RMB 3.4 billion, representing a decrease of 14.1% compared with the first half of 2009. This was due to decreased scale of the Company's interest-bearing borrowing, leading to a decrease of net interest expenses by RMB 0.3 billion compared with the first half of 2009. It was also due to a year over year increase of RMB 0.3 billion of gain from changes in fair value of the embedded derivative component of its overseas convertible bonds resulting from the change in the H-share price of Sinopec Corp.

5.6.5 Profit before tax

In the first half of 2010, the Company's profit before taxation amounted to RMB 48.4 billion, representing an increase of 10.4% compared with the same period of 2009.

5.6.6 Income tax expense

In the first half of 2010, the income tax expense of the Company totaled RMB 11.0 billion, with an increase of 20.9% over the same period of 2009.

5.6.7 Profit attributable to non-controlling interests

In the first half of 2010, profit attributable to non-controlling interests of the Company was RMB 1.9 billion, representing an increase of 28.8% over the same period of 2009. This was mainly due to increase of profits of the controlled subsidiaries of the Company compared with the same period of 2009.

5.6.8 Profit attributable to equity shareholders of the Company

In the first half of 2010, profit attributable to equity shareholders of the Company was RMB 35.5 billion, representing an increase of 6.7% over the same period of 2009.

5.7 Use of the proceeds from share issue

5.7.1 Use of the proceeds from share issue

☐ applicable ☒ inapplicable

5.7.2 Change of projects

☐ applicable ☒ inapplicable

5.8 Amendments to the operation plans of the second half year by the Board

☐ applicable ☒ inapplicable

5.9 Business prospects and operating plan for the second half year

Looking into the second half of this year, 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 in a certain range, while domestic demand for both oil products and chemical products is expected to maintain its steady growth.

The Company will further expand its resource base, expand its markets and reduce costs. Focusing on efficiency and profitability, the Company will optimize production operations and ensure a stable supply to the domestic market.

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'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.

5.10 Caution and explanation as to the anticipated loss of accumulated net profits from the beginning of the year to the end of the next reporting period or significant changes over the same period of last year

☐ applicable ☒ inapplicable

5.11 Explanation of the management about the auditors' "non-standard opinion" for the reporting period

☐ applicable ☒ inapplicable

5.12 Explanation of the management about the subsequent changes and the follow up actions of the matters in connection with the auditors' "non-standard opinion" in the last financial year

☐ applicable ☒ inapplicable

§ 6 Significant events

6.1 Acquisition, sale of assets and assets reorganisation

6.1.1 Acquisition and purchase of assets

☒ applicable ☐ inapplicable

Transaction party and acquired and purchased assets	Acquisition date	Transaction price (RMB million)	Net profits contributed to Sinopec Corp. from purchase date to the end of the period (RMB million)	Connected transaction or not (if it is, indicate the pricing principles)	Whether the asset ownership concerned is completely assigned	Whether the debts or creditor's right concerned are completely transferred
Shareholding and loans of Sonangol Sinopec International Limited ("SSI") owned by Sinopec International Petroleum Exploration & Production Limited	26 March 2010	US\$2.457 billion: US\$1.678 billion for Target Shares and US\$779 million for Target Loans	N/A	The consideration for the Target Shares is made with reference to the reserve data as at 30 November 2009 provided in the Technical Report issued by Ryder Scott. The consideration was negotiated and determined by the parties on the arm's length basis based on the asset quality, growth potential and market condition of SSI and its future synergism with Sinopec Corp. Based on equal and fair negotiation, the parties agreed the consideration for the Target Shares was USD 1.678 billion (equivalent to approximately RMB 11.457 billion). The consideration for the Target Loan was negotiated and determined by the parties on the arm's length basis based on the outstanding balance (with accrued interest) of the Target Loan as at 30 November 2009. Based on equal and fair negotiation, the parties agreed the consideration for the Target Loan was USD 779,119,000 (equivalent to approximately RMB 5,319,824,400).	No	No

* The acquisition does not have any impact on the business continuity and management stability of the Company.

6.1.2 Disposition and sale of assets

☐ applicable ☒ inapplicable

6.1.3 Progress and impact on financial position and operating results of the relevant event after the issue of asset reorganisation report or announcement of acquisition and sale of assets

☐ applicable ☒ inapplicable

6.2 Material guarantee contracts and status of implementation

☒ applicable ☐ inapplicable

Unit: RMB millions

External guarantees provided by the Company (not including guarantees provided for its controlled subsidiaries)

Guarantee provider	Relationship with the Listed Company	Name of guaranteed company	Amount	Date of occurrence (date of signing)	Period of guarantee	Type	Whether completed or not	Whether overdue or not	Amounts of overdue guarantee	Counter-party guaranteed	Whether guaranteed for related party (yes or no) ^{Note 1}
Sinopec Corp.	the listed company itself	Yueyang Sinopec Corp. Shell Coal Gasification Corporation	320	10 December 2003	10 December 2003 - 10 December 2017	joint and several obligations	No	No	None	No	No
Sinopec Corp.	the listed company itself	Shanghai Gaoqiao-SK Solvent Co., Ltd.	58	22 September 2006	22 September 2006 - 22 September 2011	joint and several obligations	No	No	None	No	No
				24 November 2006	24 November 2006 - 24 November 2011						
				30 March 2007	30 March 2007 - 30 March 2012						
				16 April 2007	16 April 2007 - 16 April 2012						
Sinopec Corp.	the listed company itself	Fujian Refining & Petrochemical Company Limited	9,166	6 September 2007	6 September 2007 - 31 December 2015	joint and several obligations	No	No	None	No	No

External guarantees provided by the Company (not including guarantees provided for its controlled subsidiaries)

Guarantee provider	Relationship with the Listed Company	Name of guaranteed company	Amount	Date of occurrence (date of signing)	Period of guarantee	Type	Whether completed or not	Whether overdue or not	Amounts of overdue guarantee	Counter-party guaranteed	Whether guaranteed for related party (yes or no) ^{Note 1}
Sinopec Yangzi Petrochemical Co., Ltd.	wholly-owned subsidiary	Balance of guarantee by Sinopec Yangzi Petrochemical Co., Ltd. for its associates and joint ventures	491			joint and several obligations	No	No	None	No	No
Sinopec Sales Co., Ltd.	wholly-owned subsidiary	Balance of guarantee by Sinopec Sales Co., Ltd. for its associates and joint ventures	112			joint and several obligations	No	No	None	No	No
Total amount of guarantee provided during the reporting period Note 2											56
Total amount of guarantee outstanding at the end of the reporting period Note 2 (A)											10,147
Guarantees provided by Sinopec Corp. for its controlled subsidiaries											
Total amount of guarantee for the controlled subsidiaries during the reporting period											—
Total amount of guarantee for the controlled subsidiaries outstanding at the end of the reporting period (B)											—
Total amount of guarantee by the Company (including those provided for the controlled subsidiaries)											
Total amount of guarantee Note 3 (A+B)											10,147
The proportion of the total amount of guarantees to Sinopec Corp's. net assets (%)											2.5
Amount of guarantee provided for shareholders, de facto controllers and related parties (C)											—
Amount of debt guarantee provided directly or indirectly to companies with liabilities to asset ratio of over 70% (D)											58
Amount of guarantee in excess of 50% of the total net assets (E)											—
Total amount of the above three guarantee items Note 4 (C+D+E)											58
Statement of guarantee undue that might be involved in any joint and several liabilities											None
Statement of guarantee status											None

Note 1: As defined in Article 10.1.3 of the Listing Rules of Shanghai Stock Exchange.

Note 2: Total amount of guarantee provided during the reporting period and total amount of guarantees outstanding at the end of the reporting period include the guarantees provided by the controlled subsidiaries to external parties. The amount of guarantees assumed by Sinopec Corp. is the amount of the external guarantees provided by each controlled subsidiary multiplied by Sinopec Corp.'s respective portion of shareholding in the controlled subsidiary.

Note 3: Total amount of guarantee is the aggregate of the amount of guarantee outstanding at the end of the reporting period (excluding the guarantees provided for controlled subsidiaries) and the amount of guarantees for controlled subsidiaries outstanding at the end of the reporting period.

Note 4: "Total amount of guarantee of the above three items" is the aggregate of "amount of guarantee provided for shareholders, de facto controllers and related parties", "amount of debt guarantees provided directly or indirectly to companies with liabilities to asset ratio of over 70%" and "the amount of guarantees in excess of 50% of net assets".

6.3 Credit and delet between connected parties

☒ applicable ☐ inapplicable

Unit: RMB millions

Connected Parties	Fund to Connected Parties		Fund from Connected Parties	
	Amount incurred	Balance	Amount incurred	Balance
China Petrochemical Corporation	(2)	556	(2,701)	8,269
Other connected parties	2,812	2,833	—	—
Total	2,810	3,389	(2,701)	8,269

6.4 Material litigation and arbitration

☐ applicable ☒ inapplicable

6.5 Explanations of other significant events, their impact and proposed solutions

6.5.1 The shares of other listed companies held by the Company and status of investments in shares and securities

Stock Code	Abbreviation	Number of shares held at the end of period	Amount of initial investment	Book value at the end of period	Book value at the beginning of period	Accounting items
384 (Hong Kong)	China Gas Holdings	210 million shares	RMB 136,426,500.00	RMB 136,426,500.00	RMB 136,426,500.00	Long-term equity investment

6.5.2 Stocks of unlisted finance enterprises and companies to be listed held by the Company

☐ applicable ☒ inapplicable

6.5.3 Sichuan-to-East China Gas Project

Sichuan-to-East China Gas Project is an important project of the state's Eleventh Five-Year Plan. This project consists of two parts. One part is Puguang gas field exploration, development and gas treatment project, and the other part is the pipeline project from Puguang gas field to Shanghai. The project was completed and put on stream in March 2010.

6.5.4 Tianjin ethylene project

Tianjin ethylene project includes the 12.5 million tpa of refining expansion project, 1 million tpa ethylene project, and supporting downstream facilities. The project was completed and put on stream in January 2010 and was put into commercial operation on 11 May 2010.

6.5.5 Zhenhai ethylene project

Zhenhai ethylene project mainly consists of the 1 million tpa ethylene plant and supporting downstream facilities and auxiliary utilities. The project was completed and put on stream in June 2010.

6.5.6 Issuance of RMB 20 billion corporate bonds

On 21 May 2010, Sinopec Corp. successfully issued RMB 20 billion domestic corporate bonds, which consisted of RMB 11 billion 5-year term bond (abbreviation: 10 Shihua 01, code: 122051), with a fixed coupon rate of 3.75%, and RMB 9 billion 10-year term bond (abbreviation: 10 Shihua 02, code: 122052), with a fixed coupon rate of 4.05%. On 9 June 2010, the aforementioned corporate bonds were listed on the Shanghai Stock Exchange. For further details, please refer to Sinopec Corp.'s issuance announcement published in China Securities Journal, Shanghai Securities News, and Securities Times in Mainland China on 19 May 2010. The purposes of the bonds were to repay loans from financial institutions and optimize the current debt structure of the Company by RMB 10 billion, and to add working capital and improve the Company's funding position by the other RMB 10 billion.

6.5.7 Acquisition of shares and loans of SS1 owned by Sinopec International Petroleum Exploration & Production Limited

On 26 March 2010, the fifth meeting of the Fourth Session of the Board of Directors approved the proposal on acquisition of shares and loans of Sonangol Sinopec International Limited ("SSI") owned by Sinopec International Petroleum Exploration & Production Limited, a wholly owned subsidiary of China Petrochemical Corporation. The consideration for the target shares is USD 1.678 billion, and the consideration for the target loans is USD 779 million. The aggregate consideration for the target shares and the target loans is USD 2.457 billion. SSI owns 50% equity of Angola Block 18. The block is a deep sea block and consists of the east zone and the west zone. Eight commercial oil and gas discoveries have been achieved and exploration success rate has reached 100%. The east zone was put into production in October 2007. The output capacity is 240,000 barrels per day, which is expected to increase further. For details, please refer to the relevant announcements published on 29 March 2010 in China Securities Journal, Shanghai Securities News, Securities Times and the websites of Shanghai Stock Exchange (<http://www.sse.com.cn>) and Hong Kong Stock Exchange (<http://www.hkex.com.hk>). At present, the acquisition is awaiting approval from the relative authorities.

6.5.8 Dividend distribution for the year ended 31 December 2009

As approved at the 2009 Annual General Meeting of Sinopec Corp., a final cash dividend of RMB0.11 (inclusive of tax) per share for 2009 was distributed, which amounted to a total cash dividend of RMB9.537 billion. On 30 June 2010, Sinopec Corp. distributed the final dividend for 2009 to shareholders whose names appeared on the register of members of Sinopec Corp. on 11 June 2010.

For the year of 2009, total cash dividend of RMB0.18 (inclusive of tax) per share was distributed and the total cash dividend amounted to RMB15.606 billion.

6.5.9 Interim dividend distribution plan for the six-month period ended 30 June 2010

According to the Articles of Association, the interim dividend distribution plan for the six-month period ended 30 June 2010 was approved at the ninth meeting of the Fourth Session of the Board of Directors. An interim cash dividend of RMB 0.08 (inclusive of tax) per share will be distributed. Based on the total number of shares of 86,702,527,774 as of 30 June 2010, the total cash dividend amounts to RMB 6.936 billion.

The interim dividend will be distributed on or before Thursday, 30 September 2010 to the shareholders whose names appear on the register of members of Sinopec Corp. on Friday, 10 September 2010. To be entitled to the interim dividend, holders of H shares shall lodge their share certificate(s) and transfer documents with Hong Kong Registrars Limited at 1712-1716, 17th floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong, for registration of transfer, by no later than 4:30pm on Friday, 3 September 2010. The register of members of the H shares of Sinopec Corp. will be closed from Monday, 6 September 2010, to Friday, 10 September 2010 (both dates inclusive).

Dividends for domestic shares will be paid in Renminbi and dividends for foreign shares will be paid in Hong Kong dollars. The exchange rate for dividends to be paid in Hong Kong dollars is the average of the basic exchange rate of Hong Kong dollar to Renminbi published by the People's Bank of China during the week prior to the date of declaration of dividends, being Friday, 20 August 2010.

In accordance with the Notice on Taxation of Dividends and Stock (Equity) Transfer Income obtained by Foreign-invested Companies, Foreign Companies and Foreign Citizens (Guoshuifa No.045 [1993]) published by the State Administration of Taxation, foreign individuals holding H Shares are exempted from paying personal income tax on dividends obtained from companies incorporated in PRC that issue H

Shares. As stipulated by the Notice on Issues relating to Enterprise Income Tax Withholding over Dividends Distributable to Their H-Share Holders Who are Overseas Non-resident Enterprises by Chinese Resident Enterprises published by the State Administration of Taxation (Guoshuihan No.897 [2008]), when Chinese resident enterprises distribute annual dividends for the year 2008 and years thereafter to their H-Share holders who are overseas non-resident enterprises, the enterprise income tax shall be withheld at a uniform rate of 10%. Any H shares of the Company registered in the name of the non-individual registered shareholder (including HKSCC Nominees Limited, corporate nominees or trustees, and other entities or organizations), shall be treated as shares being held by a non-resident enterprise shareholder(unless otherwise defined by the Chinese laws and regulations, and stipulations by the State Administration of Taxation). As such, the corporate income tax shall be withheld from the dividend payable to such shareholders. Non-resident enterprises may apply for tax refund in accordance with relevant provisions including taxation agreement (arrangement) after receiving dividends. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax obligations that arise from owning and disposing of the H shares. If any investor intends to have his name appear on the H share register of members of the Company, please kindly enquire about the relevant procedures with your nominees or trustees. Sinopec Corp. assumes no obligation or responsibility whatsoever in respect of determining the status of the shareholders. Sinopec Corp. will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly based on the register of members on the record date. Sinopec Corp. will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the shareholders.

As for Qualified Foreign Institutional Investors (QFII) who hold A shares of Sinopec with no selling restrictions, Sinopec shall withhold the enterprise income tax at a rate of 10% in accordance with the stipulations of “Circular on Withholding Income Tax from China Residing Firm’s Payment to QFII with Bonus Stock, Dividend and Interests” (Guoshuihan No. 47[2009]) issued on 23 January, 2009 by China State Administration of Taxation.

§ 7 Financial Statements

7.1 Auditor’s opinion

Financial statements	☐ Unaudited	☒ Audited
Auditor’s opinion	☒ Standard unqualified opinion	☐ Not standard opinion

7.2 Financial statements

7.2.1 Financial statements prepared under ASBE

The Group and the Company's balance sheets

Units: RMB millions

Items	30 June 2010		31 December 2009	
	The Group	The Company	The Group	The Company
Currents assets				
Cash at bank and on hand	16,695	11,559	9,986	4,724
Bills receivable	9,717	6,425	2,110	123
Accounts receivable	45,726	15,682	26,592	10,990
Other receivables	9,405	34,973	4,454	19,250
Prepayments	5,382	5,277	3,614	3,032
Inventories	162,542	100,180	141,611	88,993
Other current assets	370	308	856	110
Total current assets	249,837	174,404	189,223	127,222
Non-current assets				
Long-term equity investments	39,107	96,834	33,503	88,920
Fixed assets	478,177	394,499	465,182	380,979
Construction in progress	95,326	86,966	119,786	112,217
Intangible assets	24,025	17,233	22,862	16,013
Goodwill	14,290	—	14,163	—
Long-term deferred expenses	6,447	5,418	6,281	5,300
Deferred tax assets	12,577	8,169	13,683	8,596
Other non-current assets	1,009	170	1,792	212
Total non-current assets	670,958	609,289	677,252	612,237
Total assets	920,795	783,693	866,475	739,459

Items	30 June 2010		31 December 2009	
	The Group	The Company	The Group	The Company
Current liabilities				
Short-term loans	23,796	6,226	34,900	5,728
Bills payable	21,847	13,270	23,111	14,084
Accounts payable	112,463	66,406	97,749	63,067
Advances from customers	35,600	30,899	37,270	32,966
Employee benefits payable	8,714	7,649	4,526	4,093
Taxes payable	17,997	14,590	16,489	12,817
Other payables	47,237	73,795	49,676	75,760
Short-term debentures payable	31,000	30,000	31,000	30,000
Non-current liabilities due within one year	3,033	2,917	6,641	4,865
Total current liabilities	301,687	245,752	301,362	243,380
Non-current liabilities				
Long-term loans	54,819	54,300	52,065	51,549
Debentures payable	114,262	114,262	93,763	93,763
Provisions	12,570	11,881	11,529	10,883
Deferred tax liabilities	6,607	6,047	4,979	4,544
Other non-current liabilities	2,967	1,506	2,192	959
Total non-current liabilities	191,225	187,996	164,528	161,698
Total liabilities	492,912	433,748	465,890	405,078
Shareholders' equity				
Share capital	86,702	86,702	86,702	86,702
Capital reserve	37,685	37,737	38,202	38,234
Special reserve	373	234	—	—
Surplus reserves	115,031	115,031	115,031	115,031
Retained profits	163,139	110,241	137,247	94,414
Total equity attributable to shareholders of the Company	402,930	349,945	377,182	334,381
Minority interests	24,953	—	23,403	—
Total shareholders' equity	427,883	349,945	400,585	334,381
Total liabilities and shareholders' equity	920,795	783,693	866,475	739,459

The Group and the Company's income statements

Units: RMB millions

Items	Six-month periods ended 30 June			
	2010			2009
	The Group	The Company	The Group	The Company
Operating income	936,523	570,689	534,025	367,501
Less: Operating costs	767,032	437,872	389,325	257,675
Sales taxes and surcharges	75,410	60,162	61,518	47,893
Selling and distribution expenses	14,178	11,476	12,055	10,150
General and administrative expenses	24,314	20,332	20,087	16,702
Financial expenses	3,649	2,951	3,881	2,789
Exploration expenses, including dry holes	5,747	5,747	4,392	4,392
Impairment losses	741	713	178	186
Add: Gain/(loss) from changes in fair value	540	221	(389)	(171)
Investment income	1,994	1,347	1,799	6,205
Operating profit	47,986	33,004	43,999	33,748
Add: Non-operating income	666	561	424	273
Less: Non-operating expenses	317	319	655	612
Profit before taxation	48,335	33,246	43,768	33,409
Less: Income tax expense	11,024	7,882	9,118	7,074
Net profit	37,311	25,364	34,650	26,335
Including: Net profit made by acquiree before the consolidation	—	—	62	—
Attributable to:				
Equity shareholders of the Company	35,429	25,364	33,190	26,335
Minority interests	1,882	—	1,460	—
Basic earnings per share	0.409	—	0.383	—
Diluted earnings per share	0.403	—	0.380	—
Net profit	37,311	25,364	34,650	26,335
Other comprehensive income				
Cash flow hedges	(20)	—	(177)	—
Available-for-sale financial assets	—	—	38	—
Share of other comprehensive income of associates	(481)	(481)	735	735
Total other comprehensive income	(501)	(481)	596	735
Total comprehensive income	36,810	24,883	35,246	27,070
Attributable to:				
Equity shareholders of the Company	34,928	24,883	33,772	27,070
Minority interests	1,882	—	1,474	—

The Group and the Company's cash flow statements

Units: RMB millions

Items	Six-month periods ended 30 June			
	2010		2009	
	The Group	The Company	The Group	The Company
I. Cash flows from operating activities				
Cash received from sale of goods and rendering of services	1,065,434	653,029	598,160	422,899
Rentals received	162	70	191	93
Grants received	—	—	1,293	—
Other cash received relating to operating activities	2,838	5,388	2,504	4,505
Sub-total of cash inflows	<u>1,068,434</u>	<u>658,487</u>	<u>602,148</u>	<u>427,497</u>
Cash paid for goods and services	(877,323)	(510,250)	(414,835)	(286,069)
Cash paid for operating leases	(6,027)	(4,927)	(3,347)	(2,941)
Cash paid to and for employees	(10,831)	(8,636)	(10,765)	(8,735)
Value added tax paid	(29,105)	(22,384)	(16,067)	(12,579)
Income tax paid	(8,291)	(6,066)	(5,104)	(3,015)
Taxes paid other than value added tax and income tax	(78,487)	(62,394)	(62,812)	(50,824)
Other cash paid relating to operating activities	(8,315)	(10,650)	(6,848)	(8,606)
Sub-total of cash outflows	<u>(1,018,379)</u>	<u>(625,307)</u>	<u>(519,778)</u>	<u>(372,769)</u>
Net cash flow from operating activities	<u>50,055</u>	<u>33,180</u>	<u>82,370</u>	<u>54,728</u>
II. Cash flows from investing activities				
Cash received from disposal of investments	733	22	260	16
Dividends received	874	633	704	5,624
Net cash received from disposal of fixed assets and intangible assets	13,082	13,043	430	327
Cash received on maturity of time deposits with financial institutions	1,356	23	760	8
Cash received from derivative financial instruments	1,140	—	1,449	—
Other cash received relating to investing activities	162	91	108	52
Sub-total of cash inflows	<u>17,347</u>	<u>13,812</u>	<u>3,711</u>	<u>6,027</u>

Units: RMB millions

Items	Six-month periods ended 30 June			
	2010		2009	
	The Group	The Company	The Group	The Company
Cash paid for acquisition of fixed assets and intangible assets	(48,239)	(42,604)	(43,668)	(38,206)
Cash paid for acquisition of investments	(4,300)	(6,712)	(792)	(1,311)
Cash paid for acquisition of time deposits with financial institutions	(1,603)	—	(1,490)	(1)
Cash paid for acquisition of minority interests from subsidiaries, net	—	—	(213)	(213)
Cash paid for derivative financial instruments	(1,611)	—	(1,488)	—
Sub-total of cash outflows	<u>(55,753)</u>	<u>(49,316)</u>	<u>(47,651)</u>	<u>(39,731)</u>
Net cash flow from investing activities	<u>(38,406)</u>	<u>(35,504)</u>	<u>(43,940)</u>	<u>(33,704)</u>
III. Cash flows from financing activities:				
Contribution from shareholders	2	2	—	—
Cash received from borrowings	411,657	253,768	331,561	249,046
Cash received from issuance of corporate bonds	21,000	20,000	31,000	30,000
Cash received from contribution from minority shareholders of subsidiaries	47	—	304	—
Sub-total of cash inflows	<u>432,706</u>	<u>273,770</u>	<u>362,865</u>	<u>279,046</u>
Cash repayments of borrowings	(423,599)	(252,511)	(377,638)	(277,167)
Cash repayments of corporate bonds	(1,000)	—	(15,000)	(15,000)
Cash paid for dividends, profits distribution or interest	(12,881)	(12,077)	(5,970)	(4,755)
Dividends paid to minority shareholders of subsidiaries	(379)	—	(377)	—
Distributions to Sinopec Group Company	—	—	(1,718)	(1,718)
Sub-total of cash outflows	<u>(437,859)</u>	<u>(264,588)</u>	<u>(400,703)</u>	<u>(298,640)</u>
Net cash flow from financing activities	<u>(5,153)</u>	<u>9,182</u>	<u>(37,838)</u>	<u>(19,594)</u>
IV. Effects of changes in foreign exchange rate				
	<u>(34)</u>	<u>—</u>	<u>—</u>	<u>—</u>
V. Net increase in cash and cash equivalents				
	<u>6,462</u>	<u>6,858</u>	<u>592</u>	<u>1,430</u>

The Group and the Company's statements of changes in equity

The Group

Units: RMB millions

						Total shareholders' equity attributable to equity shareholders		Total shareholders' equity
Items	Share capital	Capital reserve	Special reserve	Surplus reserves	Retained profits	of the Company	Minority interests	
Balance at 1 January 2010	86,702	38,202	—	115,031	137,247	377,182	23,403	400,585
Change for the period								
1. Net profit	—	—	—	—	35,429	35,429	1,882	37,311
2. Other comprehensive income:								
– Cash flow hedges	—	(20)	—	—	—	(20)	—	(20)
– Share of other comprehensive income of associates	—	(481)	—	—	—	(481)	—	(481)
Total other comprehensive income	—	(501)	—	—	—	(501)	—	(501)
Total comprehensive income	—	(501)	—	—	35,429	34,928	1,882	36,810
Transactions with owners, recorded directly in shareholders' equity:								
3. Appropriations of profits:								
– Distributions to shareholders	—	—	—	—	(9,537)	(9,537)	—	(9,537)
4. Warrants exercised	—	2	—	—	—	2	—	2
5. Distributions to minority interests, net of contributions	—	—	—	—	—	—	(332)	(332)
6. Distributions to Sinopec Group Company	—	(18)	—	—	—	(18)	—	(18)
7. Special reserve								
Net increase for the period	—	—	373	—	—	373	—	373
Balance at 30 June 2010	86,702	37,685	373	115,031	163,139	402,930	24,953	427,883

Units: RMB millions

Items	Total shareholders' equity attributable to equity shareholders of the Company						Total shareholders' equity
	Share capital	Capital reserve	Surplus reserves	Retained profits	Minority interests		
Balance at 1 January 2009	86,702	40,848	90,078	111,672	329,300	20,866	350,166
Change for the period							
1. Net profit	—	—	—	33,190	33,190	1,460	34,650
2. Other comprehensive income:							
– Cash flow hedges	—	(177)	—	—	(177)	—	(177)
– Available-for-sale financial assets	—	24	—	—	24	14	38
– Share of other comprehensive income of associates	—	735	—	—	735	—	735
Total other comprehensive income	—	582	—	—	582	14	596
Total comprehensive income	—	582	—	33,190	33,772	1,474	35,246
Transactions with owners, recorded directly in shareholders' equity:							
3. Appropriations of profits:							
– Appropriation for surplus reserves	—	—	2,634	(2,634)	—	—	—
– Distributions to shareholders	—	—	—	(7,803)	(7,803)	—	(7,803)
4. Consideration for the combination of entities under common control	—	(771)	—	—	(771)	—	(771)
5. Acquisition of minority interests	—	(4)	—	—	(4)	(1)	(5)
6. Distributions to minority interests, net of contributions	—	—	—	—	—	(73)	(73)
7. Reclassification	—	(3110)	—	3,110	—	—	—
Balance at 30 June 2009	86,702	37,545	92,712	137,535	354,494	22,266	376,760

The Company

Units: RMB millions

Items	Share capital	Capital reserve	Special reserve	Surplus reserves	Retained profits	Total share-holders' equity
Balance at 1 January 2010	86,702	38,234	—	115,031	94,414	334,381
Change for the period						
1. Net profit	—	—	—	—	25,364	25,364
2. Other comprehensive income						
– Share of other comprehensive income of associates	—	(481)	—	—	—	(481)
Total comprehensive income	—	(481)	—	—	25,364	24,883
Transactions with owners, recorded directly in shareholders' equity:						
3. Appropriations of profits:						
– Distributions to shareholders	—	—	—	—	(9,537)	(9,537)
4. Warrants exercised	—	2	—	—	—	2
5. Distributions to Sinopec Group Company	—	(18)	—	—	—	(18)
6. Special reserve						
Net increase for the period	—	—	234	—	—	234
Balance at 30 June 2010	<u>86,702</u>	<u>37,737</u>	<u>234</u>	<u>115,031</u>	<u>110,241</u>	<u>349,945</u>

Units: RMB millions

	Share capital	Capital reserve	Surplus reserves	Retained profits	Total shareholders' equity
Balance at 1 January 2009	86,702	38,464	90,078	83,714	298,958
Change for the period					
1. Net profit	—	—	—	26,335	26,335
2. Other comprehensive income					
– Share of other comprehensive income of associates	—	735	—	—	735
Total comprehensive income	—	735	—	26,335	27,070
Transactions with owners, recorded directly in shareholders' equity:					
3. Appropriations of profits:					
– Appropriation for surplus reserves	—	—	2,634	(2,634)	—
– Distributions to shareholders	—	—	—	(7,803)	(7,803)
4. Distributions to Sinopec Group Company	—	(1,551)	—	—	(1,551)
Balance at 30 June 2009	<u>86,702</u>	<u>37,648</u>	<u>92,712</u>	<u>99,612</u>	<u>316,674</u>

7.2.2 Financial statements prepared under IFRS

CONSOLIDATED INCOME STATEMENT

Units: RMB millions, except per share data

Items	Six-month periods ended 30 June	
	2010	2009
Turnover and other operating revenues		
Turnover	923,123	523,015
Other operating revenues	13,400	11,010
	<u>936,523</u>	<u>534,025</u>
Operating expenses		
Purchases crude oil, products and operating supplies and expenses	(741,121)	(361,460)
Selling, general and administrative expenses	(22,885)	(22,471)
Depreciation, depletion and amortisation	(26,800)	(24,584)
Exploration expenses, including dry holes	(5,747)	(4,392)
Personnel expenses	(15,019)	(12,919)
Taxes other than income tax	(75,410)	(61,518)
Other operating income/(expenses), net	234	(499)
Total operating expenses	<u>(886,748)</u>	<u>(487,843)</u>
Operating profit	<u>49,775</u>	<u>46,182</u>
Finance costs		
Interest expense	(3,916)	(4,138)
Interest income	162	108
Unrealised gain/(loss) on embedded derivative component of the Convertible Bonds	218	(114)
Foreign currency exchange losses	(190)	(120)
Foreign currency exchange gains	295	269
Net finance costs	<u>(3,431)</u>	<u>(3,995)</u>
Investment income	<u>93</u>	<u>285</u>
Share of profits less losses from associates and jointly controlled entities	<u>1,940</u>	<u>1,362</u>

Items	Six-month periods ended 30 June	
	2010	2009
Profit before taxation	48,377	43,834
Tax expense	(11,028)	(9,121)
Profit for the period	<u>37,349</u>	<u>34,713</u>
Attributable to:		
Equity shareholders of the Company	35,460	33,246
Non-controlling interests	1,889	1,467
Profit for the period	<u>37,349</u>	<u>34,713</u>
Earnings per share:		
– Basic	<u>0.409</u>	<u>0.383</u>
– Diluted	<u>0.403</u>	<u>0.381</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unit: RMB millions

Items	Six-month periods ended 30 June	
	2010	2009
Profit for the period	37,349	34,713
Other comprehensive income for the period (after tax and reclassification adjustments)		
Cash flow hedge: net movement in other reserve	(20)	(177)
Available-for-sale securities: net movement in other reserve	—	38
Share of other comprehensive income of associates	(481)	735
Total other comprehensive income	(501)	596
Total comprehensive income for the period	36,848	35,309
Attributable to:		
Equity shareholders of the Company	34,959	33,828
Non-controlling interests	1,889	1,481
Total comprehensive income for the period	36,848	35,309

CONSOLIDATED BALANCE SHEET

Units: RMB millions

Items	30 June 2010	31 December 2009
Non-current assets		
Property, plant and equipment, net	478,177	465,182
Construction in progress	95,326	119,786
Goodwill	14,199	14,072
Interest in associates	19,922	18,162
Interest in jointly controlled entities	17,724	13,928
Investments	1,522	2,174
Deferred tax assets	12,865	13,975
Lease prepayments	17,010	16,238
Long-term prepayments and other assets	13,534	13,045
Total non-current assets	670,279	676,562
Current assets		
Cash and cash equivalents	15,212	8,750
Time deposits with financial institutions	1,483	1,236
Trade accounts receivable, net	45,726	26,592
Bills receivable	9,717	2,110
Inventories	162,542	141,611
Prepaid expenses and other current assets	24,517	20,981
Total current assets	259,197	201,280

Items	30 June 2010	31 December 2009
Current liabilities		
Short-term debts	50,944	58,898
Loans from Sinopec Group Company and fellow subsidiaries	6,885	13,643
Trade accounts payable	112,463	97,749
Bills payable	21,847	23,111
Accrued expenses and other payables	116,167	117,272
Current taxation	2,741	2,746
Total current liabilities	<u>311,047</u>	<u>313,419</u>
Net current liabilities	<u>(51,850)</u>	<u>(112,139)</u>
Total assets less current liabilities	<u>618,429</u>	<u>564,423</u>
Non-current liabilities		
Long-term debts	131,652	108,828
Loans from Sinopec Group Company and fellow subsidiaries	37,429	37,000
Deferred tax liabilities	6,607	4,979
Provisions	12,570	11,529
Other liabilities	3,982	3,234
Total non-current liabilities	<u>192,240</u>	<u>165,570</u>
	<u>426,189</u>	<u>398,853</u>
Equity		
Share capital	86,702	86,702
Reserves	314,738	288,959
Total equity attributable to equity shareholders of the Company	<u>401,440</u>	<u>375,661</u>
Non-controlling interests	<u>24,749</u>	<u>23,192</u>
Total equity	<u>426,189</u>	<u>398,853</u>

7.2.3 Differences between financial statements prepared in accordance with the accounting policies complying with ASBE and IFRS

- (1) Effects of major differences between the net profit under ASBE and the profit for the period under IFRS are analysed as follows:

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Net profit under ASBE	37,311	34,650
Adjustments:		
Revaluation of land use rights	15	15
Government grants	27	51
Tax effects of the above adjustments	(4)	(3)
Profit for the period under IFRS	<u>37,349</u>	<u>34,713</u>

- (2) Effects of major differences between the shareholders' equity under ASBE and the total equity under IFRS are analysed as follows:

	At 30 June 2010 RMB millions	At 31 December 2009 RMB millions
Shareholders' equity under ASBE	427,883	400,585
Adjustments:		
Revaluation of land use rights	(967)	(982)
Government grants	(1,015)	(1,042)
Tax effects of the above adjustments	288	292
Total equity under IFRS	<u>426,189</u>	<u>398,853</u>

7.3 Changes in accounting policies

☐ Applicable ☒ Not applicable

7.4 Reasons, contents and amounts of material accounting errors and relevant effects

The Group has no material accounting errors during the reporting period.

7.5 Notes on the financial statements prepared under IFRS

7.5.1 Turnover

Turnover represents revenue from the sales of crude oil, natural gas, petroleum and chemical products, net of value-added tax.

7.5.2 Tax expense

Tax expense in the consolidated income statement represents:

	Six-month periods	
	ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Current tax		
– Provision for the period	7,742	7,546
– Under-provision in prior years	544	170
Deferred taxation	2,742	1,405
	11,028	9,121

Reconciliation between actual tax expense and the expected tax expense at applicable statutory tax rates is as follows:

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Profit before taxation	48,377	43,834
Expected tax expense at at tax rate of 25%	12,094	10,959
Tax effect of differential tax rate (i)	(906)	(782)
Tax effect of non-deductible expenses	89	114
Tax effect of non-taxable income	(599)	(598)
Tax effect of previously unrecognised tax losses and temporary differences	(285)	(875)
Tax effect of tax losses not recognised	91	133
Under-provision in prior years	544	170
Actual tax expense	11,028	9,121

Substantially all income before income tax and related tax expense is from PRC sources.

Note:

- (i) The provision for tax expense is based on a tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group, which are taxed at a preferential rate of 15% or 22%.

7.5.3 Basic and diluted earnings per share

The calculation of basic earnings per share for the six-month period ended 30 June 2010 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 35,460 million (2009: RMB 33,246 million) and the weighted average number of shares of 86,702,497,689 (2009: 86,702,439,000) during the period.

The calculation of diluted earnings per share for the six-month period ended 30 June 2010 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 35,420 million (2009: RMB 33,441 million) and the weighted average number of shares of 87,789,858,284 (2009: 87,789,799,595) calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Profit attributable to ordinary equity shareholders of the Company	35,460	33,246
After tax effect of interest expense (net of exchange gain) of the Convertible Bonds	123	109
After tax effect of unrealised (gain)/loss on embedded derivative component of the Convertible Bonds	(163)	86
Profit attributable to ordinary equity shareholders of the Company (diluted)	<u>35,420</u>	<u>33,441</u>

(ii) Weighted average number of shares (diluted)

	Six-month periods ended 30 June	
	2010	2009
	Number of shares	Number of shares
Weighted average number of shares at 30 June	86,702,497,689	86,702,439,000
Effect of conversion of the Convertible Bonds	<u>1,087,360,595</u>	<u>1,087,360,595</u>
Weighted average number of shares (diluted) at 30 June	<u>87,789,858,284</u>	<u>87,789,799,595</u>

The calculation of diluted earnings per share for the six-month period ended 30 June 2009 excludes the effect of the Warrants since it did not have any dilutive effect.

7.5.4 Dividends

Dividends payable to equity shareholders of the Company attributable to the period represent:

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Interim dividends declared after the balance sheet date of RMB 0.08 per share (2009: RMB 0.07 per share)	6,936	6,069

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 20 August 2010, the directors authorised to declare the interim dividends for the year ending 31 December 2010 of RMB 0.08 (2009: RMB 0.07) per share totalling RMB 6,936 million (2009: RMB 6,069 million). Dividends declared after the balance sheet date are not recognised as a liability at the balance sheet date.

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the period represent:

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Final dividends in respect of the previous financial year, approved and paid during the period of RMB 0.11 per share (2009: RMB 0.09 per share)	9,537	7,803

Pursuant to the shareholders' approval at the Annual General Meeting on 18 May 2010, a final dividend of RMB 0.11 per share totalling RMB 9,537 million in respect of the year ended 31 December 2009 was declared.

Pursuant to the shareholders' approval at the Annual General Meeting on 22 May 2009, a final dividend of RMB 0.09 per share totalling RMB 7,803 million in respect of the year ended 31 December 2008 was declared.

7.5.5 Trade accounts receivable, net and bills receivable

	At 30 June 2010 RMB millions	At 31 December 2009 RMB millions
Amounts due from third parties	39,027	27,481
Amounts due from Sinopec Group Company and fellow subsidiaries	1,840	697
Amounts due from associates and jointly controlled entities	6,766	335
	47,633	28,513
Less: Impairment losses for bad and doubtful debts	(1,907)	(1,921)
Trade accounts receivable, net	45,726	26,592
Bills receivable	9,717	2,110
	<u>55,443</u>	<u>28,702</u>

The ageing analysis of trade accounts and bills receivables (net of impairment losses for bad and doubtful debts) is as follows:

	At 30 June 2010 RMB millions	At 31 December 2009 RMB millions
Within one year	55,393	28,525
Between one and two years	47	154
Between two and three years	3	11
Over three years	—	12
	<u>55,443</u>	<u>28,702</u>

Impairment losses for bad and doubtful debts are analysed as follows:

	2010	2009
	RMB	RMB
	millions	millions
Balance at 1 January	1,921	2,406
Impairment losses recognised for the period	15	27
Reversal of impairment losses	(26)	(99)
Written off	(3)	(6)
Balance at 30 June	<u>1,907</u>	<u>2,328</u>

Sales are generally on a cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from Sinopec Group Company and fellow subsidiaries are repayable under the same terms.

Trade accounts and bills receivables (net of impairment losses for bad and doubtful debts) primarily represent receivables that are neither past due nor impaired. These receivables relate to a wide range of customers for whom there is no recent history of default.

7.5.6 Trade accounts and bills payables

	At 30	At 31
	June	December
	2010	2009
	RMB	RMB
	millions	millions
Amounts due to third parties	105,334	92,949
Amounts due to Sinopec Group Company and fellow subsidiaries	5,221	3,114
Amounts due to associates and jointly controlled entities	1,908	1,686
	112,463	97,749
Bills payable	21,847	23,111
Trade accounts and bills payables measured at amortised cost	<u>134,310</u>	<u>120,860</u>

The maturities of trade accounts and bills payables are as follows:

	At 30 June 2010 RMB millions	At 31 December 2009 RMB millions
Due within 1 month or on demand	92,308	75,310
Due after 1 month but within 6 months	41,931	45,420
Due after 6 months	71	130
	<u>134,310</u>	<u>120,860</u>

7.5.7 Segment reporting

Information of the Group's reportable segments is as follows:

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Turnover		
Exploration and production		
External sales	13,817	7,921
Inter-segment sales	61,666	32,229
	<u>75,483</u>	<u>40,150</u>
Refining		
External sales	77,530	39,186
Inter-segment sales	383,925	260,993
	<u>461,455</u>	<u>300,179</u>
Marketing and distribution		
External sales	489,432	315,734
Inter-segment sales	1,483	1,096
	<u>490,915</u>	<u>316,830</u>

	Six-month periods ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Chemicals		
External sales	134,083	80,402
Inter-segment sales	16,375	8,256
	<u>150,458</u>	<u>88,658</u>
Corporate and others		
External sales	208,261	79,772
Inter-segment sales	210,767	115,429
	<u>419,028</u>	<u>195,201</u>
Elimination of inter-segment sales	<u>(674,216)</u>	<u>(418,003)</u>
Turnover	<u>923,123</u>	<u>523,015</u>
Other operating revenues		
Exploration and production	5,995	6,026
Refining	2,408	1,685
Marketing and distribution	1,871	940
Chemicals	2,599	2,134
Corporate and others	527	225
Other operating revenues	<u>13,400</u>	<u>11,010</u>
Turnover and other operating revenues	<u>936,523</u>	<u>534,025</u>
Result		
Operating profit / (loss)		
By segment		
– Exploration and production	21,989	5,501
– Refining	5,686	19,898
– Marketing and distribution	14,450	12,508
– Chemicals	8,344	9,761
– Corporate and others	(694)	(1,486)
Total segment operating profit	<u>49,775</u>	<u>46,182</u>
Net finance costs	(3,431)	(3,995)
Investment income	93	285
Share of profits less losses from associates and jointly controlled entities	<u>1,940</u>	<u>1,362</u>
Profit before taxation	<u>48,377</u>	<u>43,834</u>

	At 30 June 2010 RMB millions	At 31 December 2009 RMB millions
Assets		
Segment assets		
– Exploration and production	267,732	263,041
– Refining	225,858	213,027
– Marketing and distribution	163,093	153,777
– Chemicals	125,414	128,322
– Corporate and others	77,721	60,433
Total segment assets	859,818	818,600
Interest in associates and jointly controlled entities	37,646	32,090
Investments	1,522	2,174
Deferred tax assets	12,865	13,975
Cash and cash equivalents and time deposits with financial institutions	16,695	9,986
Other unallocated assets	930	1,017
Total assets	929,476	877,842
Liabilities		
Segment liabilities		
– Exploration and production	52,794	57,053
– Refining	55,747	56,277
– Marketing and distribution	49,768	50,540
– Chemicals	27,347	27,074
– Corporate and others	74,760	57,061
Total segment liabilities	260,416	248,005
Short-term debts	50,944	58,898
Income tax payable	2,741	2,746
Long-term debts	131,652	108,828
Loans from Sinopec Group Company and fellow subsidiaries	44,314	50,643
Deferred tax liabilities	6,607	4,979
Other unallocated liabilities	6,613	4,890
Total liabilities	503,287	478,989

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one year.

	Six-month periods	
	ended 30 June	
	2010	2009
	RMB	RMB
	millions	millions
Capital expenditure		
Exploration and production	15,348	19,438
Refining	4,875	5,345
Marketing and distribution	7,659	2,550
Chemicals	6,543	11,158
Corporate and others	371	491
	<u>34,796</u>	<u>38,982</u>
Depreciation, depletion and amortisation		
Exploration and production	13,374	11,880
Refining	5,594	5,061
Marketing and distribution	3,106	2,912
Chemicals	4,254	4,286
Corporate and others	472	445
	<u>26,800</u>	<u>24,584</u>
Impairment losses on long-lived assets		
Exploration and production	131	—
Refining	115	24
Marketing and distribution	35	156
Chemicals	138	9
	<u>419</u>	<u>189</u>

7.6 In the reporting period, there was no significant change to the scope of consolidation of the financial statements.

§ 8 Repurchase, Sales and Redemption of Shares

Save as the disclosures above, Sinopec Corp. or any of its subsidiaries had not repurchased, sold or redeemed any listed securities of Sinopec Corp. or its subsidiaries during the reporting period.

§ 9 Application of the Model Code

In this reporting period, no director has infringed the requirements set out under the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Hong Kong Listing Rules.

§ 10 Corporate Governance Practices

Sinopec Corp. has complied with the code provisions of the Code on Corporate Governance Practice contained in Appendix 14 to the Hong Kong Listing Rules.

§ 11 Review of Financial Results

The financial results for the six months ended 30 June 2010 have been reviewed with no disagreement by the Audit Committee of Sinopec Corp.

§ 12 The interim report containing all the information required by paragraphs 46(1) to (9) of Appendix 16 to the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange in due course.

This announcement is published in both English and Chinese languages. The Chinese version shall prevail.

By Order of the Board

Su Shulin

Chairman

Beijing, the PRC, 20 August 2010

As of the date of this announcement, directors of the company are: Su Shulin, Wang Tianpu#, Zhang Yaocang*, Zhang Jianhua#, Wang Zhigang#, Cai Xiyu#, Cao Yaofeng*, Li Chunguang*, Dai Houliang#, Liu Yun*, Ma Weihua+, Wu Xiaogen+, Li Deshui+, Xie Zhongyu+ and Chen Xiaojin+.*

Executive Director

* Non-executive Director

+ Independent Non-executive Director