

CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of
The Securities Exchange Act of 1934

For the month of March, 2010

CHINA PETROLEUM & CHEMICAL CORPORATION
22 Chaoyangmen North Street,
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People's Republic of China
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(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to registrant in connection with Rule 12g3-2(b): 82-_____.)

N/A

This Form 6-K consists of:

The annual report for the year ended December 31, 2009, of China Petroleum & Chemical Corporation (the “Registrant”), made by the Registrant on March 26, 2010.

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This annual report includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. The Company's actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties. The Company makes the forward-looking statements referred to herein as at 26 March 2010 and unless required by regulatory authorities, the Company undertakes no obligation to update these statements.

IMPORTANT: THE BOARD OF DIRECTORS AND THE BOARD OF SUPERVISORS OF CHINA PETROLEUM & CHEMICAL CORPORATION (“SINOPEC CORP.”) AND ITS DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT WARRANT THAT THERE ARE NO MATERIAL OMISSIONS FROM, OR MISREPRESENTATIONS OR MISLEADING STATEMENTS CONTAINED IN THIS ANNUAL REPORT, AND JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS ANNUAL REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE SUBSTANTIAL SHAREHOLDERS OR OTHER CONNECTED PARTIES, AND NO EXTERNAL GUARANTEE THAT VIOLATES DECISION-MAKING PROCEDURES IS MADE. MR. CHEN XIAOJIN, DIRECTOR OF SINOPEC CORP., COULD NOT ATTEND THE FIFTH MEETING OF THE FOURTH SESSION OF THE BOARD FOR REASONS OF OFFICIAL DUTIES. MR. CHEN XIAOJIN AUTHORISED MR. YE QING TO VOTE ON HIS BEHALF IN RESPECT OF THE RESOLUTIONS PUT FORWARD IN THE MEETING OF THE BOARD. MR. SU SHULIN, CHAIRMAN OF THE BOARD, MR. WANG TIANPU, VICE CHAIRMAN AND PRESIDENT AND 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 ANNUAL REPORT. THE AUDIT COMMITTEE OF SINOPEC CORP. HAS REVIEWED THIS ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2009.

THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009 OF SINOPEC CORP. AND ITS SUBSIDIARIES (THE “COMPANY”) PREPARED IN ACCORDANCE WITH CHINA 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 ANNUAL FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT.

Exploration and
Production

Refining

Marketing and
Distribution Chemicals

COMPANY PROFILE

Sinopec Corp. is a company established in China and listed in Hong Kong, New York, London and Shanghai with integrated energy and chemical operations. The principal operations of the Company include:

exploring for and developing, producing and trading crude oil and natural gas

processing crude oil into refined oil products, producing refined oil products and trading, transporting, distributing and marketing refined oil products

producing, distributing and trading petrochemical products

The Company’s competitive strengths are mainly reflected in:

its leading market position in the production and sales of refined oil products in China

its status as the largest petrochemical products producer in China

its strategic market position in China’s highest economic growth areas

its well-established, highly efficient and cost effective sales and distribution network

its integrated business structure with strong resistance against industry cyclical risks

its well-recognised brand and excellent reputation

The Company intends to fully implement its development strategies that are well balanced between the Company's development, contribution to the country, return to shareholders, reward to the society and its employees. Leveraging its advantages in vertical integration of upstream and downstream businesses, the Company will make great efforts to expand the market, explore alternative energy and enhance innovation, so as to develop into a multinational energy and chemical corporation with strong competitiveness.

PRINCIPAL FINANCIAL DATA AND INDICATORS

1 FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (“ASBE”)

(1) Principal financial data

Items	For the years ended 31 December			
	2009 RMB millions	2008 RMB millions	Change %	2007 RMB millions
Operating income	1,345,052	1,444,291	(6.9)	1,200,997
Operating profit/(loss)	80,202	(28,766)	—	78,083
Profit before taxation	80,076	22,025	263.6	82,817
Net profit attributable to equity shareholders of the Company	61,290	28,445	115.5	55,896
Net profit attributable to equity shareholders of the Company before extraordinary gain and loss	61,258	29,307	109.0	56,438
Net cash flow from operating activities	158,796	74,268	113.8	123,629

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

(2) Principal financial indicators

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

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Net cash flow from operating activities per share	1.832	0.857	points 113.8	1.426
			At 31 December	
Items	2009 RMB	2008 RMB	Change %	2007 RMB
Net assets attributable to equity shareholders of the Company per share	4.350	3.798	14.5	3.558

(3) Extraordinary items and corresponding amounts

Items	For the year ended 31 December 2009 (Income)/expense RMB millions
Gain on disposal of non-current assets	(211)
Donations	174
Gain on holding and disposal of various investments	(322)
Net (profit)/loss of subsidiaries generated from a business combination involving entities under common control before acquisition date	(62)
Other non-operating income and expenses, net	190
Subtotal	(231)
Tax effect	42
Total	(189)
Attributable to:	
Equity shareholders of the Company	(32)
Minority interests	(157)

(4) Significant changes of items in the financial statements

The table below sets forth reasons for those changes where the fluctuation was more than 30% during the reporting period, or such changes which constituted 5% or more of total assets at the balance sheet date or more than 10% of profit before taxation:

Items	At 31 December		Increase/(decrease)		Reasons for change
	2009 RMB millions	2008 RMB millions	Amount RMB millions	Percentage (%)	
Bills receivable	2,110	3,660	(1,550)	(42.3)	Mainly due to enhanced collection of cash in respond to the in market condition
Accounts receivable	26,592	12,990	13,602	104.7	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other receivables	4,454	20,525	(16,071)	(78.3)	Please refer to Note 9 to the financial statements prepared in accordance with ASBE
Prepayments	3,614	7,610	(3,996)	(52.5)	Mainly due to the decrease in prepayments in connection with construction facilities and purchase deposits
Inventories	141,611	95,979	45,632	47.5	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other current assets	856	287	569	198.3	Mainly due to the increase in the available-for-sale financial assets

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Intangible assets	22,862	16,348	6,514	39.8	Please refer to Note 15 to the financial statements prepared accordance with ASBE
Fixed assets	465,182	411,939	53,243	12.9	Please refer to Note 13 to the financial statements prepared in accordance with ASBE
Other non-current assets	1,792	1,013	779	76.9	Mainly due to the increase in the available-for-sale financial assets
Short term loans	34,900	74,415	(39,515)	(53.1)	Mainly due to the Company's adjustment of its debt structure and increase in financing from issuance of bonds
Accounts payable	97,749	56,464	41,285	73.1	Mainly due to the increase in scale of operations and crude oil price which resulted in increase in accounts payable
Employee benefits payable	4,526	1,827	2,699	147.7	Mainly due to the accrual of staff annuity and housing subsidies
Taxes payable	16,489	6,816	9,673	141.9	Please refer to Note 25 to the financial statements prepared in accordance with ASBE
Short-term debentures payable	31,000	15,000	16,000	106.7	Please refer to Note 29 to the financial statements prepared accordance with ASBE
Non-current liabilities due within one year	6,641	19,511	(12,870)	(66.0)	Please refer to Note 27 to the financial statements prepared in accordance with ASBE
Long-term loans	52,065	64,937	(12,872)	(19.8)	Please refer to Note 28 to the financial statements prepared in accordance with ASBE
Debentures payable	93,763	62,207	31,556	50.7	Please refer to Note 29 to the financial statements prepared accordance with ASBE
Other non-current liabilities	2,192	1,403	789	56.2	Mainly due to the increase in deferred income
Operating income	1,345,052	1,444,291	(99,239)	(6.9)	Please refer to MD&A
Operating costs	1,035,815	1,321,030	(285,215)	(21.6)	Please refer to MD&A
Sales taxes and surcharges	132,884	57,214	75,670	132.3	Please refer to Note 35 to the financial statements prepared in accordance with ASBE
Impairment losses	7,453	16,869	(9,416)	(55.8)	Please refer to Note 38 to the financial statements prepared in accordance with ASBE
Loss/(gain) from changes in fair value	365	(4,198)	4,563		Please refer to Note 39 to the financial statements prepared accordance with ASBE
Investment income	3,589	1,452	2,137	147.2	Please refer to Note 40 to the financial statements prepared accordance with ASBE
Non-operating income	1,275	51,911	(50,636)	(97.5)	Please refer to Note 41 to the financial statements prepared in accordance with

				ASBE
I n c o m e t a x	16,076	(2,846)	18,922	NotPlease refer to Note 43 to the financial applicablestatements prepared in accordance with
expense/(benefit)				ASBE
Minority interests	2,710	(3,574)	6,284	NotMainly due to the increase in net profit applicablefrom controlling subsidiaries

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

Unit: RMB millions

Items	For the years ended 31 December				
	2009	2008	2007	2006	2005
Turnover, other operating revenues and other income	1,345,052	1,495,148	1,205,860	1,061,588	824,005
Operating profit	84,431	26,336	85,496	81,250	71,517
Profit before taxation	80,568	22,116	82,847	79,073	68,090
Profit attributable to equity shareholders of the Company	61,760	28,525	55,914	53,773	43,743
Basic earnings per share (RMB)	0.712	0.329	0.645	0.620	0.505
Diluted earnings per share (RMB)	0.708	0.289	0.645	0.620	0.505
Return on capital employed (%)	11.13	5.15	11.66	12.58	12.50
Return on net assets (%)	16.44	8.70	18.16	20.30	19.31
Net cash generated from operating activities per share (RMB)	1.754	0.767	1.368	1.060	0.903

Unit: RMB millions

Items	At 31 December				
	2009	2008	2007	2006	2005
Non-current assets	676,562	613,774	556,610	471,413	400,160
Net current liabilities	112,139	121,258	88,772	76,364	32,285
Non-current liabilities	165,570	143,974	134,616	107,815	110,195
Non-controlling interests	23,192	20,653	25,325	22,323	31,174
Total equity attributable to equity shareholders of the Company	375,661	327,889	307,897	264,911	226,506
Net assets per share (RMB)	4.333	3.782	3.551	3.055	2.612
Adjusted net assets per share (RMB)	4.254	3.690	3.471	2.982	2.552
Debt/equity ratio*(%)	27.96	27.94	28.10	27.53	31.34

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

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

1 CHANGES IN THE SHARE CAPITAL OF SINOPEC CORP.

Unit: 10,000 Shares

Before change	Increase/(decrease)		After change					Number	Percentage
	Number	Percentage	New share issued	Bonus issued	Conversion from reserve	Others	Sub-total		
Shares with selling restrictions	5,708,780.0	65.84	—	—	(5,708,780.0)	(5,708,780.0)	—	—	
1 State-owned shares	5,708,780.0	65.84	—	—	(5,708,780.0)	(5,708,780.0)	—	—	
2 State-owned legal person shares	—	—	—	—	—	—	—	—	
3 Shares held by other domestic investors	—	—	—	—	—	—	—	—	
4 Shares held by foreign investors	—	—	—	—	—	—	—	—	
Shares without selling restrictions	2,961,463.9	34.16	—	—	—5,708,780.0	5,708,780.0	8,670,243.9	100.00	
1 RMB ordinary shares	1,283,415.1	14.80	—	—	—5,708,780.0	5,708,780.0	6,992,195.1	80.65	
2 Foreign shares listed domestically	—	—	—	—	—	—	—	—	
3 Foreign shares listed overseas	1,678,048.8	19.35	—	—	—	—	1,678,048.8	19.35	
4 Others	—	—	—	—	—	—	—	—	
Total Shares	8,670,243.9	100.00	—	—	—	—	8,670,243.9	100.00	

Note: Percentage of individual items may not add up to total figure due to rounding.

2 CHANGES IN SHARES WITH SELLING RESTRICTIONS

Unit: 10,000 Shares

Name of shareholders	Number of shares with selling restriction at beginning of the year	Number of shares released from selling restriction during the year	Increase of shares with selling restriction during the year	Number of shares with selling restriction of the year	Reason of selling restriction	Date when restriction expired
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year

China Petrochemical Corporation	5,708,780.0	5,708,780.0	—	—	A ShareOctober 16, reform 2009
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3 NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

Number of shareholders of Sinopec Corp. as at 31 December 2009 was 769,563, including 762,493 holders of A Shares and 7,070 holders of H Shares. The public float of Sinopec Corp. satisfied the requirement of the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited.

(1) Top ten shareholders		Unit: 10,000 Shares			
Name of Shareholders	Nature of shareholders	As a percentage of total shares in issue at the end of reporting period %	Number of shares held at the end of reporting period	Number of Change from 2008 to 2009	Number of pledges or lock-ups
China Petrochemical Corporation	State-owned	75.84	6,575,804.4	—	—
HKSCC (Nominees) Limited	H Shares	19.23	1,667,527.7	(1,240.5)	N/A
China Life Insurance Corp. Dividend Individual Dividend-005L-FH002	A Shares	0.30	25,678.2	20,695.5	—
Shanghai Guotai Junan Securities Co., Ltd.	A Shares	0.29	25,448.4	(12,342.2)	—
Bosera Thematic Sector Securities Investment Fund	A Shares	0.09	7,500.0	—	—
Changsheng Tongqing Separately-traded Stock Fund	A Shares	0.07	6,002.7	New shareholder	—
Shanghai Investment & Morgan China Premium Securities Investment Fund	A Shares	0.05	4,400.0	(582.7)	—
Shanghai Stock Exchange Tradable Open-ended Index 50 Fund	A Shares	0.05	3,955.4	(1,879.2)	—
Fortune SGAM Selected Sectors Fund	A Shares	0.04	3,609.0	359.2	—
China AMC GARP Fund	A Shares	0.04	3,546.1	New shareholder	—

Statement on the connected party relationship or acting in concert among the above mentioned shareholders:

We are not aware of any connected party relationship or acting in concert among or between the top ten shareholders, except that Shanghai Stock Exchange Tradable Open-ended Index 50 Fund and ChinaAMC GARP Fund are managed by China Asset Management Co., Ltd.

(2) Information disclosed by the shareholders of H Shares according to the Securities and Futures Ordinance

Name of shareholders	Capacity of interests held	Number of share interests held or regarded as held	As a approximate percentage
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of Sinopec Corp.'s
interests
(H Share) (%)

JPMorgan Chase & Co.	Beneficial owner	92,587,846(L)	0.6%(L)
		42,595,972(S)	0.3%(S)
	Investment manager	722,073,136(L)	4.3%(L)
		0(S)	0.0%(S)
	Custodian corporation	692,206,787(L)	4.1%(L)
		0(S)	0.0%(S)
Blackrock, Inc.	Interest of corporation controlled	1,210,021,640(L)	7.2%(L)
	by the substantial shareholder	26,000(S)	0.0%(S)

Note: (L): Long position, (S): Short position

4 CHANGES IN THE CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

There was no change in the controlling shareholders or the de facto controller of Sinopec Corp. during the reporting period.

- (1) Controlling shareholder
The controlling shareholder of Sinopec Corp. is China Petrochemical Corporation. Established in July 1998, China Petrochemical Corporation is a state authorised investment organisation and a state-owned company. Its registered capital is RMB 130.6 billion, and the legal representative is Mr. Su Shulin. Through reorganisation in 2000, China Petrochemical Corporation injected its principal petroleum and petrochemical business into Sinopec Corp. and retained certain petrochemical facilities and small-scale refineries. It provides well-drilling services, well logging services, downhole operation services, services in connection with manufacturing and maintenance of production equipment, engineering construction, utility services including water and power and social services.
- (2) Except for HKSCC (Nominees) Limited, no other legal person shareholders hold 10% or more of the shares of Sinopec Corp.
- (3) Basic information of the de facto controller
China Petrochemical Corporation is the de facto controller of Sinopec Corp.
- (4) Diagram of the equity and controlling relationship between Sinopec Corp. and its de facto controller

5 ISSUANCE AND LISTING OF SECURITIES

Please refer to “Significant Events” of this annual report.

CHAIRMAN'S STATEMENT

Su Shulin, Chairman

Dear Shareholders:

On behalf of the Board of Directors, I would like to express our sincere gratitude to all our shareholders and the public for their care and support.

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

The E&P business maintained crude output volume with reduced costs and expenses while the price of crude remained sluggish. It increased exploration input for potential traps, and also invested resources in technological research and development for tertiary oil recovery from challenging reserves. As the international crude price gradually recover, the E&P segment realized good results and enhanced the sustainability of its business.

Fully leveraging its capability to accommodate various crude feeds, the refineries endeavoured to expand throughput by running at almost full capacity since the second quarter of 2009. In the meantime, the refining segment introduced process optimization initiatives across several functions, from crude procurement and resource allocation, to inventory and logistics management, and product mix adjustment, thus generating better profits.

In the chemicals business, the Company made more efforts to expand the market, and enhanced the integration of R&D throughout the production plan. It also continued to improve customer service and strengthened strategic alliances with key customers. Despite the unfavorable market environment, the majority of chemical plants operated at full capacity since March 2009, delivering excellent performance.

Capitalizing on the well-established marketing network, logistics systems and strong brand, the Company's marketing business successfully expanded its operational scale in an over-supplied domestic market by adopting innovative marketing approaches, flexible promotional programs and customer-oriented after-sales service. In addition, the non-fuel business grew significantly, driving up non-fuel business revenue and realized good operational results.

Over the course of the past year, China's macro-economy gradually recovered, and a fuel pricing policy paired with tax and fee reform were implemented in the domestic market. The Company's four business segments all achieved good operating performance, resulting from our effective counter-measures to the economic crisis, as well as from advantages gained from our integrated upstream, midstream and downstream business model. In 2009, the Company's total turnover, other operating income and other revenues, reached RMB 1,345.052 billion, down 10% year-on-year. In accordance with the Chinese Accounting Standards for Business Enterprises ("ASBE"), net profit attributable to equity holders of the Company was RMB 61.29 billion, up by 115.5% year-on-year. Under the International Financial Reporting Standards ("IFRS"), profit attributable to the equity holders of the Company was RMB 61.76 billion, up by 116.5% year-on-year. Both structure and quality of assets of the Company were constantly improved with the net assets up 14.6% year-on-year. In 2009, taxes and fees paid by the Company to the central and local governments totalled RMB179.05 billion. With the above achievements, both economic returns and social responsibilities have been well fulfilled by the Company. The Board of Directors recommended a full year dividend of RMB 0.18 per share for 2009. The final dividend for 2009 was RMB 0.11 per share after deducting the interim dividend of RMB 0.07 per

share.

In 2009, the Company further improved its corporate governance. The Company successfully completed the rotation and succession of members to the Board of Directors and the Board of Supervisors, and also appointed members to the executive management team. The Company revised the “Articles of Association” and laid a solid foundation for standardized operations. Thanks to the strong support from its independent shareholders, the Company completed adjustment on the continuing connected transactions for the period from 2010 to 2012. In addition, continued efforts were made in strengthening refined management and internal controls to shape a unique management model and push its corporate governance to a higher level. In line with the Company’s strategic targets for corporate development, the Outline of Corporate Culture Development was crafted to establish harmonious corporate values to support the continued sustainable development of the Company.

In 2009, in accordance with the strategy focusing on “Resources, Markets, Integration and Internationalization”, the new Board made a three-year development plan for the Company from 2009 to 2011 and established its future development direction and corporate goals. In accordance with the new plan, the Company increased its capital expenditure to RMB 110.013 billion in 2009, which was primarily allocated to expand resources, increase reserve and output and to expand the market as well.

A number of key projects, including Sichuan-to-the-East China Gas Project, Tianjin one-million-ton-per-year ethylene project and Zhenhai one-million-ton-per-year ethylene project, etc., have been completed or put into operation. The building of storage and transportation facilities for oil and chemical products progressed smoothly. These achievements have facilitated structural adjustments and product quality upgrading in major refineries.

Sinopec International Petroleum Exploration & Production Co., Ltd. was established, a concrete step made in the Company’s overseas expansion in the oil and gas business. In addition to enhancing our business position as a supplier of premium clean fuels to the public, the Company also played an important role in domestic industry restructuring and regional economic development by contracting major equipment from and entering into a joint research and development program with domestic manufacturers,

The Company has always attached great importance to social and environmental issues in order to ensure sustainable development. We have fully implemented the HSE management system and adopted a variety of methods in energy saving and emission reduction in particular CO₂ emission reduction, so as to promote a low-carbon economy. Thanks to the company-wide initiatives in producing clean products through clean production processes, the Company’s comprehensive energy consumption per RMB 10,000 turnover came down to 0.72 tonnes of standard coal, realizing the energy saving target in its 11th Five-Year Plan one year ahead of schedule.

In 2009, the Company carried out a series of employee-focused programs with practical steps taken to improve the quality of the employee canteen and the health check system, as well as a general safety campaign called “I Safe”. In addition, we are actively participating in public welfare activities, including poverty relief and Tibet aid programs, sponsorship of “China Lifeline Express Fund,” and donations to Hope schools and disaster relief programs to help local communities recover from recent events and raise the living standards in disaster- and poverty-stricken areas.

We attribute the Company’s achievements to the trust and support of all our shareholders and all walks of society, as well as to the hard work and concerted efforts of the Board of Directors, the Board of Supervisors, the management team and all employees. Therefore, on behalf of the Board of Directors, I would like to express my heartfelt gratitude for the support and perseverance of all parties involved.

Looking into 2010, the world economy is anticipated to continue its recovery from the crisis, while the Chinese economy is expected to continue to grow at a relatively fast rate driving up the demand for petroleum and petrochemical products, all these present opportunities for the development of the Company. However, we are still confronted with challenges from the high international crude price, and incremental refining and chemical capacities at home and abroad which may lead to fierce competition in the marketplace.

Nevertheless, we are gratified to see that through years of development, the Company has continuously reinforced its reserve basis with natural gas business becoming a new area of profit growth. We are also gratified to see that the structure of refineries and chemical complexes have been constantly optimized with extended marketing networks. At the same time our business in overseas markets are expanding significantly. Additionally, our people, management team and individuals alike, are positive and well-prepared for market competitions, through continuous innovation and savvy management tactics. Therefore, this session of the Board of Directors is confident about our future growth.

In accordance with the market conditions and the strategic development goals of the Company, our capital expenditure for 2010 is expected to reach approximately RMB 112 billion. We'll make more efforts in exploration and development activities to enhance the upstream reserve base. We'll invest in further optimization of the locations of our refining capacities, promote structural adjustment, produce high value-added products and increase their proportion in the refining business. Moreover, we'll enhance our competitive advantage and improve our capabilities in expanding markets, and improve our marketing network. The Company will continue to invest in technological innovation conducive to clean energy production and R&D on new energies, and such transform will pave the way for a sustainable development of the Company into the future.

My fellow members of the Board of Directors and I believe that the Company will achieve greater development with the support of all of our shareholders and the concerted efforts of the Board of Directors, the Board of Supervisors, the management team and all employees. We will continuously stride forward to become an internationally competitive energy and chemical company, and to reward our shareholders, employees and the whole society with excellent performance from sustainable and effective growth.

Su Shulin
Chairman

Beijing, China
March 26, 2010

BUSINESS REVIEW AND PROSPECTS

Mr. Wang Tianpu, President

BUSINESS REVIEW

In 2009, Chinese economy was seriously impacted by the global financial crisis. The Chinese government implemented a stimulus package to promote the economic growth and carried out proactive fiscal policy and moderately easy monetary policy, thereby giving an impetus to the growth of Chinese economy and maintaining a GDP growth of 8.7%. The Company's business environment underwent significant and profound changes in 2009. At the beginning of the year, petroleum and petrochemical products witnessed a sharp drop in market demand and prices on a year-on-year basis. However, the market demand gradually recovered and the price went up accordingly after the first quarter. The Company spared no efforts in exploring market, reinforcing precision management and improving structure adjustment according to market condition, which not only guaranteed the stable growth in upstream, mid-stream and downstream production and operation, but also realized satisfactory profits.

1 Review of Market Environment

(1) Crude oil market

In 2009, international crude oil price rebounded after reaching the bottom. In the first quarter, international crude oil price remained low. However, the price climbed substantially since the month of May, fluctuating between US\$ 60/bbl to US\$ 80/bbl. The annual average spot price of Brent was US\$ 61.5/bbl, with a year-on-year drop of 36.6%. Price trend of domestic crude oil was in line with the international markets.

(2) Refined oil products market

Domestic demand in domestic oil products market gradually increased in 2009. However, due to the sufficient supply, the market competition was fierce. With the rapid growth of domestic economy and substantial increase in domestic automobile consumption, the apparent consumption of oil products rose quarter by quarter. According to statistics, in 2009, apparent domestic consumption of oil products (inclusive of gasoline, diesel and kerosene) was 207 million tonnes, with a year-on-year increase of 0.9%.

(3) Chemicals market

Chinese central government's stimulus package promoted the consumption of chemical products in relevant industries in 2009, and boosted the demand in domestic chemical products market. According to the Company's statistics, the apparent domestic consumption of synthetic resin, synthetic fiber and synthetic rubber registered a year-on-year increase of 21.5%, 12.6% and 22.3% respectively. The apparent domestic consumption of ethylene equivalent increased by 8% compared with the previous year. Domestic prices of chemical products gradually recovered from a low level.

2 PRODUCTION AND OPERATION

(1) Exploration and Production

In 2009, the Company further implemented oil-and-gas resource strategy by reducing cost and fees instead of trimming production when oil price was low. The Company increased exploration input and reinforced trap reservoir. New breakthroughs were made in Leikoupo Formation in northeast Sichuan. The exploration in Tuoputai area of Tahe realized great achievement. New findings were acquired through exploring new layers in eastern matured fields and new blocks in the west. In 2009, the Company completed 14,515 kilometers of 2D seismic and 11,069 square kilometers of 3D seismic exploration, and drilled 570 exploration wells with a total footage of 1,643 kilometers. Addition of proved oil and gas reserve was 293.25 mmbbl. As to development, Sichuan-East China Gas Project started trial operation. Construction of Songnan Gas Field with an annual capacity of 1 billion cubic meters was completed and put into operation. Meanwhile, the Company intensified its efforts and input in scientific and technological research of tertiary oil recovery and reserves that are difficult to recover, and enhanced single-well capacity and recovery rate, resulting in stable increase of oil and gas output. In addition to the steady increase in crude oil output in the matured fields in east China, the production in the newly-developed western fields, represented by Tahe Oil Field, increased substantially.

Summary of Operations of Exploration and Production Segment

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

Summary of Production and Operations of Shengli Oil Field

	2009	2008	2007	Change from 2008 to 2009 (%)
Crude oil production (mmbbls)	197.63	196.96	196.68	0.3
Natural gas production (bcf)	24.72	27.19	27.68	(9.1)
Newly added proved reserve of crude oil (mmbbls)	171.29	116.48	75.68	47.4
Newly added proved reserve of natural gas (bcf)	22.06	(36.04)	42.00	—
Proved reserve of crude oil (mmbbls)	2,124	2,151	2,231	(1.3)
Proved reserve of natural gas (bcf)	261.73	264.39	327.63	(1.0)
Proved reserve of oil and gas (mmboe)	2,167	2,195	2,286	(1.3)

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

(2) Refining

In 2009, fully tapping its refineries potentials after revamping and upgrading the existing facilities to take in different grades of crude, the Company expanded its refinery throughput and export volumn. Refining facilities had run at full capacity since the second quarter. The Company adhered to diversification of crude oil sources to lower the procurement cost. The Company adjusted the product mix to increase the production of gasoline and jet fuel and expanded sales of asphalt, LPG and petroleum coke. The Company actively expanded its processing business for the third parties. Construction of refining facilities of Fujian and Tianjin refining and chemical integration projects and the oil products quality upgrading projects were completed and brought into production. In 2009, the Company processed 183 million tonnes of crude oil, representing an increase of 6.7% over the previous year, and produced 114 million tonnes of oil products, up 5.9% over the previous year.

	Sources of Crude oil		Unit: million tonnes	
	2009	2008	2007	Change from 2008 to 2009 (%)
Internal supply	31.90	30.88	30.83	3.3
PetroChina Company Ltd.	7.05	6.13	6.89	15.0
CNOOC Ltd.	6.49	7.55	7.42	(14.0)
Import	138.07	127.98	116.87	7.9
Total	183.51	172.54	162.01	6.4

Summary of Production and Operations of Refining Segment

	2009	2008 ^{note 1}	2007	Change from 2008 to 2009 (%)
Crude oil throughput (million tonnes)	182.62	171.14	164.00	6.7
Gasoline, diesel and kerosene production (million tonnes)	113.69	107.37	98.28	5.9
Of which: Gasoline (million tonnes)	34.43	29.65	26.55	16.1
Diesel (million tonnes)	68.86	69.74	63.41	(1.3)
Kerosene (million tonnes)	10.39	7.99	8.32	30.0
Light chemical feedstock (million tonnes)	26.87	23.12	24.00	16.2
Light products yield (%)	75.54	74.75	74.48	0.79
				percentage point
Refinery yield (%)	94.53	94.05	93.95	0.48
				percentage point

Note: 1. The data of 2007 and 2008 was restated for the acquisition of Qingdao Petrochemical.

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

(3) Marketing and Distribution

In 2009, faced with intense competition in domestic market, the Company gave full play to its matured marketing network, logistics system and brand advantages, took advanced marketing measures and flexible marketing strategy, provided considerate after-sale services, and achieved satisfactory performance. Meanwhile, the Company widely encouraged the use of IC cards and substantially increased non-fuel business. In 2009, the Company sold 124 million tonnes of oil products, a year-on-year increase of 0.8%.

Summary of Operations of Marketing and Distribution Segment

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

(4) Chemicals

In 2009, the Company made tremendous efforts to explore the market, strengthen the connection among production, sales and research, improve customer services and establish the strategic alliances with major clients. The main chemical production facilities had operated at full capacity since March. Fujian ethylene project was completed and put into production. Tianjin ethylene project achieved mechanical completion. In 2009, the Company produced 6.713 million tonnes of ethylene with a year-on-year increase of 6.7%, and sold 40.8 million tonnes of chemical products.

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

Note: 100% production of joint ventures was included.

(5) Research and Development

In 2009, the Company gave full play to the function of scientific and technological innovation as “accelerator” for development and made distinct achievements. Research on exploration target and key technologies for large-scale gas fields in northeast Sichuan substantially contributed to the growth of natural gas reserves. The ultra-low pressure continuous reforming technology won 1st-class prize of National Science and Technology Progress Award, marking that Sinopec Corp. has the ability to construct large-scale refineries with its own technologies. The promotion and application of S-Zorb FCC gasoline adsorptive desulfurization technology and gasoline selective hydro-desulfurization technology guaranteed the successful quality upgrading of GB III standard gasoline. Breakthroughs in large scale gas-phase polyethylene technology and other process packages further improved the Chemicals Segment’s capability to make development on the strength of the Company’s own technologies. The production technologies, including high performance polyethylene fiber dry spinning method, special material for high performance polyethylene town gas pipe and special material for polypropylene bumpers, promoted the adjustment of chemical product mix. New achievements in MTO molecular sieve preparation technology and technology of producing oil from syngas and producing ethylene glycol from syngas rendered new technological support to the strategic development of the Company. Eleven projects were granted National Science and Technology Progress Award, including one for 1st-class prize and 10 for 2nd-class prize. In 2009, the Company applied for 1,570 domestic patents and was granted 605. The Company applied for 135 foreign patents and was granted 37.

(6) Health, Safety and Environment

In 2009, the Company maintained its emphasis on coordinated and sustained development among the Company, the society and the environment. The Company implemented the HSE management system across the entire Company, promoted energy saving and emission reduction, developed low-carbon economy, cut carbon dioxide emission by various means and ensured clean production and production of clean products. Compared with previous year, energy intensity per RMB 10,000 output value was 0.72 tce, fulfilling in advance the energy-saving target of the Eleventh Five-Year Plan; industrial water consumption decreased by 3.3%; COD in waste water declined by 3.6%; sulfur dioxide discharge fell by 14%; and the recycling rate of industrial water stood around 95%. Adopting the people-foremost approach, the Company made efforts to improve working conditions such as canteen services and medical examination, and organized themed activities like “I Safe”. For further information, please refer to the Sustainable Development Report of the Company.

(7) Cost Reduction

In 2009, the Company kept improving management and operation, and took various measures to reduce cost, such as leveraging the existing logistics system, optimizing resource allocation, cutting transportation costs, reducing procurement cost of crude oil and energy intensity and materials consumption in the production process by optimizing the operation of the facilities. In 2009, the Company effectively saved RMB 3.225 billion in cost. Of the total cost saved, Exploration and Production Segment, Refining Segment, Marketing and Distribution Segment and Chemicals Segment achieved cost saving of RMB 687 million, RMB 969 million, RMB 851 million and RMB 718 million respectively.

(8) Capital Expenditure

In 2009, the Company's total capital expenditure registered RMB 110.013 billion, among which RMB 51.55 billion was used in exploration and development for the purpose of enhancing oil and gas exploration, key production capacity buildup and enlarging producing reserve scale. The Sichuan-East China Gas Project progressed steadily. The newly-built crude oil production capacity registered 5.7 million tonnes per year, and newly-built natural gas capacity stood at 1.205 billion cubic meters per year. The capital expenditure for Refining Segment totaled RMB 15.468 billion, which was mainly used in refined oil quality upgrading, crude adaptability restructuring project in some refineries and construction of new storage facilities and pipeline. The expenditure in Marketing & Distribution Segment was RMB 16.283 billion. With such input, the Company added 1,229 petrol and gas stations in key areas including highways, major cities and newly planned regions, and further accelerated the construction of oil products storage facilities and pipeline. The capital expenditure in Chemicals Segment was RMB 25.207 billion. Fujian, Tianjin and Zhenhai ethylene projects is going to be completed one after another. SBR unit of Sinopec Qilu Company and ethylbenzene/styrene complex unit of Sinopec Anqing Company were completed and put into production. The capital expenditure in Corporate and Others totaled RMB 1.505 billion, which was used for scientific research, construction of ancillary projects and further application of information systems focused on ERP.

BUSINESS PROSPECTS

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Market Analysis

In 2010, along with the recovery of world economy, demand in international oil market will experience recovery and growth. It is anticipated that the overall oil price in 2010 will be higher than that of 2009.

Due to the incremental capacity in the refining and chemical industry, the market competition will remain fierce.

As the basis of Chinese economic recovery is more solid, the policies of boosting domestic demand and improving living standard will continue to take effect. Domestic demand of petroleum, natural gas and chemical products will grow steadily. In coping with the drastic changes caused by the financial crisis, the Company has accumulated valuable experience and considerably enhanced its competitiveness.

In 2010, the Company will continue to reinforce internal management, and organize production in line with the market condition, and attach great importance to production and energy conservation. The Company will focus on

the following areas:

2

Production and Operation

Exploration and Production: In terms of exploration, the Company will reinforce the precise exploration in new blocks, new layers, new areas and outlying zones in the matured fields, and promote the integration of exploration and development. Research and study of exploration deployment in newly-discovered western fields (mainly Tahe) will be further conducted. The Company will continue to improve initial evaluation in sea area, and push forward the exploration and development of coal bed methane and shale gas. In terms of development, the Company will make efforts to enhance recovery rate and single-well productivity. It will stress design optimization and construction management of development scheme, and organize key capacity buildup meticulously. Efforts will be put forth to ensure safe production and stable operation of Puguang Gas Field and Sichuan-East China Gas Project. Management on overseas oil fields will also be improved. In 2010, the Company plans domestic production at 42.55 million tonnes of crude oil and 12 billion cubic meters of natural gas.

Refining: Tapping its refineries potentials after the revamping of facilities to take in different grades of crude, the Company will optimize procurement and deployment of crude oil, and reduce crude oil cost. The Company will optimize production process and operation, meticulously organize the operation of new and renovated facilities, and emphasize optimized operation of production units, storage and transportation facilities and public utilities. It will comprehensively reinforce energy efficiency management and further improve economic and technical indicators. Greater efforts will be exerted on product mix adjustment and increase the output of gasoline and light chemical feedstock. The Company will promote the sales of lubricant, asphalt and petroleum coke by leveraging its brand advantages. In 2010, the Company plans to process 203 million tonnes of crude oil and produce 121 million tonnes of oil products.

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Marketing and Distribution: The Company will rapidly respond to market changes, timely adjust marketing strategy accordingly and strive to enlarge operating scale. Greater efforts will be made to reinforce and expand the end market, and increase the market share of jet fuel and fuel oil. To expand retail sales, the Company will further promote usage of IC card and improve services. It will expand direct sales by perfecting customer service system, and strengthen marketing network by optimizing oil depot arrangement and pushing forward capacity expansion of service stations. Meanwhile, non-fuel business will be promoted. In 2010, the Company plans 129 million tonnes of domestic sales of oil products.

Chemicals: Adopting a market-oriented approach and focused on profitability, the Company will exert great efforts to organize production and expand the market. Production and management will be optimized so as to guarantee safe and stable operation. Particular emphasis will be laid on key projects including, Tianjin and Zhenhai ethylene projects to ensure that these projects progress well and will be commissioned smoothly. The Company will promote development of new products and adjustment of product mix to increase the output of products that are well received by the market and the products with high added value. It will reinforce customer management and substantially improve strategic cooperation. It will enhance its performance in technology services to create higher value for customers. It will deepen integration of production, sales and research to pursue maximize profit. In 2010, the Company plans to produce 8.69 million tonnes of ethylene.

Technology and Development: Following the guideline of seamlessly articulating research, development, commercialization and promotion, the Company will focus on the research of oil and gas exploration and development at home and abroad, and further enhance reserve development rate, recovery rate and single-well productivity. In addition, new technology of processing lower quality crude oil and heavy oil will be developed. The production technology of GB IV standard oil products will be further optimized. The production technology of GB V standard oil products will be accelerated. The Company will render support to the development of production technology of high value-added products, and reinforce the research on processing and application technology of synthetic resin. R&D of alternative energy and low-carbon technologies will be sped up. R&D, production and technological service on catalysts will be intensified. Research on application technology of oil products storage and marketing will be launched.

Capital Expenditure: In 2010, the Company will continue to follow the principle of taking profitability and core projects as the priority of investment. The investment management procedures will be strictly controlled and the project construction will be meticulously managed. The total planned capital expenditure is RMB 112 billion, among which the capital expenditure for Exploration and Production Segment is RMB 53.3 billion. The Company will carefully organize the commissioning of Puguang Gas Field and safe operation of the Sichuan-East China Gas Project. The exploration and capacity buildup of Tahe and Shengli oil fields and Puguang and Erdos gas fields will be the focus of efforts. The capital expenditure for Refining Segment will be RMB 22.3 billion. The emphasis will be put on the strategic locations of refining capacity buildup. The Company will push forward the construction of refining capacity steadily, promote revamping projects focused on taking in lower quality crude oil as feedstock, complete quality upgrading of oil products at low cost, and improve the construction of crude oil dock and transportation & delivery system. The expenditure for Marketing and Distribution Segment will reach RMB 14 billion. Efforts will be concentrated on construction and acquisition of petrol and gas stations in key areas including highways, major cities and newly planned zones. Pipeline construction will be accelerated. Sales network of oil products will be improved. The capital expenditure for Chemicals Segment will be RMB 20 billion. The construction of Zhenhai ethylene project will be completed. The construction of Wuhan ethylene, Yanshan butyl rubber and other projects will be promoted steadily. The capital expenditure for Corporate and Others is planned at RMB 2.4 billion.

In 2010, Sinopec will stick to the scientific outlook of development, improve precision management, actively adjust structure, substantially explore the market, enhance profitability and strive to gain new achievements in production and operation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S AUDITED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES. PART OF THE FINANCIAL DATA PRESENTED IN THIS SECTION IS DERIVED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS THAT WE HAVE PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS"), UNLESS OTHERWISE STATED.

1 CONSOLIDATED RESULTS OF OPERATIONS

In 2009, the Company's turnover, other operating revenues and other income were RMB 1345.1 billion, and the operating profit was RMB 84.4 billion, representing a decrease of 10.0%, and an increase of 220.6% respectively over the year of 2008. This was mainly due to positive response to international financial crisis. We strove to expand the market, improve marketing and service, optimize material structure and take the advantage of business scale and Integration, which contributed to a good operational result under the circumstances of implementation of reform on pricing mechanism of oil products and relevant taxation and fees policy, and gradually increased demand for chemical products.

The following table sets forth major revenue and expense items in the consolidated income statement of the Company for the indicated periods:

	Years ended 31 December		
	2009	2008	Change
	RMB millions		(%)
Turnover, other operating revenues and other income	1,345,052	1,195,148	(10.0)
Of which: Turnover	1,315,915	1,113,203	(6.9)
Other operating revenues	29,137	31,088	(6.3)
Other income		(50,857)	(100.0)
Operating expenses	(1,260,614)	(1,068,812)	(14.2)
Of which: Purchased crude oil, products, and operating supplies and expenses	(990,452)	(816,106)	(23.0)
Selling, general and administrative expenses	(40,500)	(39,392)	2.8
Depreciation, depletion and amortization	(50,487)	(46,321)	9.0
Exploration expenses (including dry holes)	(10,545)	(8,310)	26.9
Personnel expenses	(28,836)	(23,381)	23.3
Taxes other than income tax	(132,884)	(57,214)	132.3
Other operating expenses (net)	(6,910)	(8,088)	(14.6)
Operating profit	84,431	26,336	220.6
Net finance costs	(7,234)	(5,190)	39.4
Investment income and share of profit less losses from associates and jointly controlled entities	3,371	970	247.5
Profit before taxation	80,568	22,116	264.3
Income tax (expense)/benefit	(16,084)	2,840	—
Profit for the year	64,484	24,956	158.4
Attributable to:			
Equity shareholders of the Company	61,760	28,525	116.5
Non-controlling interests	2,724	(3,569)	—

(1) Turnover, other operating revenues and other income

In 2009, the Company's turnover was RMB 1315.9 billion, representing a decrease of 6.9% over 2008. This was mainly due to the decrease in prices of crude oil, refined oil and chemical products over 2008 and expansion of operations of the Company. In addition, the Company received RMB 50.9 billion government subsidy for the strict control of oil products prices in 2008 (listed as other revenues), while no such subsidy has been paid since the reform on pricing, taxation and fees of oil products was put into effect in 2009.

The following table sets forth the Company's external sales volume, average realized prices and the respective rates of change from 2008 to 2009 for the Company's major products:

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Years ended 31 December		Change (%)	Years ended 31 December		Change (%)
	2009	2008		2009	2008	
Crude oil	4,915	4,394	11.9	2,303	4,190	(45.0)
Natural gas (million cubic meters)	6,486	6,283	3.2	933	911	2.4
Gasoline	39,035	37,732	3.5	6,367	6,409	(0.7)
Diesel	82,344	80,236	2.6	5,092	5,629	(9.5)
Kerosene	11,353	9,216	23.2	3,918	6,063	(35.4)
Basic chemical feedstock	13,272	10,667	24.4	4,359	6,238	(30.1)
Monomer and polymer for synthetic fiber	4,650	3,990	16.5	6,530	8,054	(18.9)
Synthetic resin	8,667	7,827	10.7	8,072	10,094	(20.0)
Synthetic fiber	1,418	1,353	4.8	9,140	10,488	(12.9)
Synthetic rubber	1,116	982	13.6	11,448	16,160	(29.2)
Chemical fertiliser	1,769	1,658	6.7	1,657	1,729	(4.2)

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 remainings were sold to other customers. In 2009, the total revenue from crude oil, natural gas and other upstream products that were sold externally were RMB 19.3 billion, representing a decrease of 26.7% over 2008. The change was mainly due to the decrease in the price of crude oil.

In 2009, the Company's refining segment and marketing and distribution segment sold petroleum products (mainly consisting of refined oil products and other refined petroleum products) to external parties. The external sales revenue realized by these two segments were RMB 874.2 billion, representing a decrease of 6.5% over 2008, accounting for 65.0% of the Company's turnover, other operating revenues and other income. The decrease was mainly due to the decreased prices of refined oil products. The sales revenue of gasoline, diesel and kerosene was RMB 712.3 billion, representing a decrease of 5.0% over 2008, accounting for 81.5% of the total revenue of petroleum products. Sales revenue of other refined petroleum products was RMB 161.9 billion, representing a decrease of 12.8% over 2008, accounting for 18.5% of the total turnover of petroleum products.

The Company's external sales revenue of chemical products was RMB 192.7 billion, representing a decrease of 12.3% over 2008, accounting for 14.3% of its turnover, other operating revenues and other income. This was mainly due to the decrease in the price of chemical products.

(2) Operating expenses

In 2009, the Company's operating expenses were RMB 1260.6 billion, representing a decrease of 14.2% over 2008. The operating expenses mainly consist of the following:

Purchased crude oil, products and operating supplies and expenses were RMB 990.5 billion, representing a decrease of 23.0% over 2008, accounting for 78.6% of the total operating expenses, among which:

- 1 Crude oil purchase expenses were RMB 405.4 billion, representing a decrease of 41.3% over 2008. In 2009, the total throughput of crude oil that was purchased externally was 135.14 million tonnes (excluding the amount processed for third parties), an increase of 0.2% over 2008; average unit cost for processing crude oil purchased externally was RMB 3,000 per tonne, a decrease of 41.5% over 2008.
- 1 Other purchasing expenses were RMB 585.1 billion, representing a decrease of 1.7% over 2008. This was mainly due to the decrease in the cost of gasoline, diesel, kerosene and other feedstock purchased externally.

Selling, general and administrative expenses totaled RMB 40.5 billion, representing an increase of 2.8% over 2008. This was mainly due to the increase in the expenses of community services and culture, education and healthcare and the increase in rental charges of some gas stations.

Depreciation, depletion and amortization expenses were RMB 50.5 billion, representing an increase of 9.0% over the same period of 2008. This was mainly due to the depreciation resulting from the Company's continuously increased investment in property, plant and equipment.

Exploration expenses were RMB 10.5 billion, representing an increase of 26.9% over 2008, which were mostly spent on enhancing exploration activities in such regions as Northeast and West of Sichuan and Erdos.

Personnel expenses were RMB 28.8 billion, representing an increase of 23.3% compared with 2008. This was mainly because the Company accrued the annuity, performance payroll and the housing subsidy for the personnel who joined the Company after 31 December, 1998 subject to related regulations in 2009, while the performance payroll was not accrued due to the decreased profit in 2008.

Taxes other than income tax was RMB 132.9 billion, an increase of 132.3% compared with 2008, and this was mainly due to domestic reform of prices, taxation and fees for oil products, which led to the increase in the consumption tax, urban construction tax and educational surcharge by RMB 101.4 billion over the same period of 2008. In addition, the special oil income levy decreased by RMB 25.7 billion compared with 2008 as a result of the decrease in the price of crude oil.

Other operating expenses were RMB 6.9 billion, representing a decrease of 14.6%, over 2008.

- (3) Operating profit was RMB 84.4 billion, representing an increase of 220.6% over 2008.
- (4) Net finance costs were RMB 7.2 billion, representing an increase of 39.4% over 2008. Of which, the Company's interest expenses were RMB 7.4 billion, a decrease of RMB 4.5 billion over 2008; the foreign currency exchange gains were RMB 0.4 billion, a decrease of RMB 2.9 billion over 2008. There was also a loss of RMB 0.2 billion arising from the fair value change of embedded financial derivative instruments in convertible bonds as a result of change in H share's stock price, compared with a profit of RMB 3.9 billion caused by the fair value change of embedded financial derivative instruments in convertible bonds in 2008.
- (5) Profit before taxation was RMB 80.6 billion, representing an increase of 264.3% over 2008.
- (6) Income tax was RMB 16.1 billion, increased by RMB 18.9 billion. The increase was mainly due to substantial growth of profit before taxation over 2008.
- (7) Profit attributable to non-controlling interests of the Company was RMB 2.7 billion, an increase of RMB 6.3 billion compared with 2008.
- (8) Profit attributable to equity shareholders of the Company was RMB 61.8 billion, representing an increase of 116.5% over 2008.

2 RESULTS OF SEGMENT OPERATION

The Company manages its operations in four business segments, namely exploration and production segment, refining segment, marketing and distribution segment and chemicals segment, and corporate and others. Unless otherwise specified, the inter-segment transactions have not been eliminated from financial data discussed in this section. In addition, the operating revenue data of each segment include "other operating revenues" and "other income" of the segment.

The following table shows the operating revenues by each segment, the contribution of external sales and inter-segment sales as a percentage of operating revenues before elimination of inter-segment sales, and the contribution of external sales as a percentage of consolidated operating revenues (i.e. after elimination of inter-segment sales) for the periods indicated.

Operating revenues	As a percentage of consolidated operating revenue before elimination of inter-segment sales	As a percentage of consolidated operating revenue after elimination of inter-segment sales
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	Years ended		Years ended		Years ended	
	2009	2008	2009	2008	2009	2008
	31 December		31 December		31 December	
	RMB millions		(%)		(%)	
Exploration and Production Segment						
External salesnote	36,827	45,108	1.6	1.6	2.7	3.0
Inter-segment sales	87,008	151,393	3.7	5.3		
Operating revenues	123,835	196,501	5.3	6.9		
Refining Segment						
External salesnote	99,701	178,183	4.2	6.2	7.4	11.9
Inter-segment sales	603,870	692,520	25.7	24.3		
Operating revenues	703,571	870,703	29.9	30.5		
Marketing and Distribution Segment						
External salesnote	780,719	813,563	33.2	28.5	58.0	54.4
Inter-segment sales	2,372	3,200	0.1	0.1		
Operating revenues	783,091	816,763	33.3	28.6		
Chemicals Segment						
External salesnote	197,332	226,153	8.4	7.9	14.7	15.1
Inter-segment sales	21,125	27,303	0.9	1.0		
Operating revenues	218,457	253,456	9.3	8.9		
Corporate and Others						
External salesnote	230,473	232,141	9.8	8.1	17.2	15.6
Inter-segment sales	291,396	484,343	12.4	17.0		
Operating revenues	521,869	716,484	22.2	25.1		
Operating revenue before elimination of inter-segment sales	2,350,823	2,853,907	100.0	100.0		
Elimination of inter-segment sales	(1,005,771)	(1,358,759)				
Consolidated operating revenues	1,345,052	1,495,148			100.0	100.0

Note: Including other operating revenues and other income.

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

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

(1) Exploration and Production Segment

Most of the crude oil and a small portion of the natural gas produced by the exploration and production segment were used for the Company's refining and chemical operations. Most of the natural gas and a small portion of crude oil produced by the Company were sold externally to other customers.

In 2009, the operating revenues of this segment were RMB 123.8 billion, representing a decrease of 37.0% over 2008. This is mainly attributable to the decrease in the selling price of crude oil.

In 2009, this segment sold 40.24 million tonnes of crude oil and 7.03 billion cubic meters of natural gas, representing an increase of 2.1% and 2.2% respectively over 2008. The average realized price of crude oil and natural gas were RMB 2,409 per tonne and RMB 959 per thousand cubic meters respectively, representing a decrease of 43.6% and an increase of 1.9% respectively over 2008.

In 2009, the operating expenses of this segment were RMB 104.2 billion, representing a decrease of 19.8% over 2008. This was mainly due to the decrease of special oil income levy by RMB 25.7 billion over 2008 caused by the decrease of the selling price of crude oil.

In 2009, the unit cash operating cost for oil and gas was RMB 642.6 per tonne, representing an increase of 1.9% over 2008.

In 2009, the segment tried its best to stabilize/increase the production. The segment's operating profit was RMB 19.6 billion, representing a decrease of 70.5% over 2008, which was mainly caused by substantial decline in prices of crude oil year on year.

(2) Refining Segment

Business activities of the refining segment include purchasing crude oil from third parties or from the exploration and production segment of the Company and processing crude oil into refined products, selling gasoline, diesel and kerosene to the marketing and distribution segment of the Company, selling a portion of feedstock oil to the chemicals segment of the Company, and selling other refined petroleum products to both domestic and overseas customers.

In 2009, the operating revenues of this segment was RMB 703.6 billion, representing a decrease of 19.2% against 2008. This was mainly attributable to the decrease in prices of the products.

The following table sets forth the sales volumes, average realized prices and the respective rates of change of the Company's major refined oil products of the segment from 2008 to 2009.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Years ended 31			Years ended 31		
	December 2009	2008	Change (%)	December 2009	2008	Change (%)
Gasoline	31,343	28,725	9.1	5,591	5,586	0.1
Diesel	63,095	68,725	(8.2)	4,646	4,934	(5.8)
Chemical feedstock	26,983	23,604	14.3	3,333	5,983	(44.3)
Other refined petroleum products	44,075	41,895	5.2	3,208	4,391	(26.9)

In 2009, the segment's sales revenues of gasoline were RMB 175.2 billion, representing an increase of 9.2% over 2008.

In 2009, the sales revenues of diesel were RMB 293.1 billion, representing a decrease of 13.6% against 2008.

In 2009, the sales revenues of chemical feedstock were RMB 89.9 billion, representing a decrease of 36.3% against 2008.

In 2009, the sales revenues of refined petroleum products other than gasoline, diesel and chemical feedstock were RMB 141.4 billion, representing a decrease of 23.1% against 2008.

In 2009, this segment's operating expenses were RMB 680.5 billion, representing a decrease of 27.2% over the same period of 2008, which is mainly attributable to the decrease of crude oil processing cost caused by decrease of crude oil sales price.

In 2009, the average unit cost of crude oil processed was RMB 2,911 per tonne, representing a decrease of 41.9% against 2008. Refining throughput was 167.08 million tonnes (excluding the volume processed for third parties), representing an increase of 0.9% against 2008. And the total costs of crude oil processed were RMB 486.3 billion, representing a decrease of 41.4% against 2008.

In 2009, the refining margin was RMB 309 per tonne, an increase of RMB 722 per tonne over 2008, mainly due to reform on prices, taxation and fees of oil products carried out in China, and the optimization of production scheme by the company, as well as adjustment in product mix, sustained high load operations, which, as a result, reversed the huge losses made in the past.

In 2009, the unit refining cash operating cost (defined as operating expenses less the purchase cost of crude oil and refining feedstock, depreciation and amortization, taxes other than income tax and other operating expenses, and divided by the throughput of crude oil and refining feedstock) was RMB 136 per tonne, representing an increase of RMB 6.4 per tonne, i.e. 4.9% compared with 2008. This was mainly due to lower quality of crude oil and the higher cost in upgrading oil products quality.

In 2009, the segment's operating profit was RMB 23.1 billion, an increase of RMB 86.7 billion compared with 2008.

(3) Marketing and Distribution Segment

The business of marketing and distribution segment includes purchasing refined oil products from the refining segment and third parties, conducting wholesale and direct sales to domestic customers and retailing, distributing oil products through the segment's retail and distribution network, as well as providing related services.

In 2009, the operating revenues of this segment were RMB 783.1 billion, a decrease of 4.1% compared with 2008.

In 2009, the sales revenues of gasoline, diesel and kerosene were RMB 248.7 billion, RMB 421 billion and RMB 44.4 billion, representing an increase of 2.9% and a decrease of 7.3% and 20.3% respectively compared with 2008.

The following table sets forth the sales volumes, average realized prices, and respective rate of changes of the four major refined oil products categories in 2009 and 2008, including detailed information of retail, distribution and wholesale for gasoline and diesel.

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Years ended 31 December		Changes (%)	Years ended 31 December		Changes (%)
	2009	2008		2009	2008	
Gasoline	39,067	37,712	3.6	6,366	6,410	(0.7)
Of which: Retail	31,474	29,833	5.5	6,540	6,524	0.3
Distribution	2,377	2,614	(9.1)	5,554	6,013	(7.6)
Wholesale	5,216	5,265	(0.9)	5,687	5,964	(4.6)
Diesel	82,701	80,649	2.5	5,091	5,629	(9.6)
Of which: Retail	41,941	48,894	(14.2)	5,374	5,704	(5.8)
Distribution	28,143	22,313	26.1	4,844	5,561	(12.9)
Wholesale	12,617	9,442	33.6	4,697	5,402	(13.0)
Kerosene	11,330	9,186	23.3	3,919	6,065	(35.4)
Fuel oil	17,894	11,459	56.2	2,952	3,692	(20.1)

The operating expenses of the segment in 2009 was RMB 752.8 billion, representing a decrease of 3.3% over 2008, which was mainly attributable to the reduction of the purchasing costs of gasoline and diesel.

In 2009, the segment's unit cash selling expenses of refined oil products per tonne (defined as the operating expenses less the purchasing costs, taxes other than income tax, depreciation and amortization and divided by the sales volume) was RMB163.6/tonne, an increase of 6.8% over 2008, which was primarily attributable to the repair and maintenance expenses for gas station and increase of rental and storage charges.

In 2009, the operating profit of the segment was RMB 30.3 billion, a decrease of 21.3% over 2008, which was basically attributable to smaller price gap resulting from the domestic reform on pricing, taxation and fees of oil products as well as adequate supply and the severe competition in the refined oil products market.

(4) Chemical segment

The segment was involved in purchasing chemical feedstock from the refining segment and third parties, producing, marketing and distributing petrochemical and inorganic chemical products.

The operating revenue of the chemicals segment in 2009 were RMB 218.5 billion, decreased by 13.8% over 2008, which was mainly attributable to the dramatic drop in chemical product sales prices.

The sales amount of the six major categories of chemical products (namely basic organic chemicals, synthetic fiber monomers and polymers for synthetic fiber, synthetic fiber, synthetic rubber and chemical fertilizer) of the segment in 2009 was approximately RMB 201 billion, reduced by 12.7% compared with the same period of the previous year, accounting for 92.0% of the operating revenues of the segment.

The table indicates the sales volumes, average realized prices and rates of change of the six major chemical products of the segment in 2009 and 2008.

	Sales volume			Average realised price		
	(thousand tonne)(RMB/tonne)					
	Years ended 31			Years ended 31		
	December		Changes	December		Changes
2009	2008	(%)	2009	2008	(%)	
Basic organic chemicals	16,663	13,386	24.5	4,296	6,392	(32.8)
Synthetic resin	8,682	7,845	10.7	8,073	10,097	(20.0)
Monomer and polymers for Synthetic fiber	4,692	4,019	16.7	6,519	8,052	(19.0)
Synthetic fiber	1,418	1,353	4.8	9,140	10,488	(12.9)
Synthetic rubber	1,119	988	13.3	11,448	16,180	(29.3)
Chemical fertilizer	1,769	1,659	6.6	1,657	1,729	(4.2)

The operating expenses of the segment in 2009 was RMB 204.8 billion, representing a decrease of 23.1% over 2008, which was mainly attributable to the decrease of the unit cost of raw materials, resulting in the decrease of raw material costs by RMB 60.1 billion.

The segment proactively expanded the market in 2009, strengthened the integration of manufacturing, sales and research, improved customer services and strengthened strategic alliance with important clients and hence achieved operating profit of RMB 13.6 billion, an increase of RMB26.6 billion over 2008.

(5) Corporate and Others

The business activities of corporate and others mainly consist of import and export business of the Company's Subsidiaries, research and development activities of the Company, and administrative activities of its headquarter.

In 2009, the operating revenue generated from corporate and others was RMB 521.9 billion, representing a decrease of 27.2% over 2008, which was mainly attributable to the decrease in petroleum and petrochemical product prices, leading to the decrease of revenues from crude oil and refined oil trading business of the trading subsidiaries. The operating revenue from trading companies was RMB 520.5 billion.

In 2009, the operating expenses of this segment was RMB 524.1 billion, representing a decrease of 27.1% over 2008, which was mainly attributable to the decrease in its trading companies' purchasing costs. The operating expense from the trading companies was RMB 519.3 billion.

In 2009, the operating losses of this segment were RMB 2.2 billion, flat with that of 2008, of which the operating profit of specialized affiliates like the trading companies amounted to RMB 1.2 billion and the operating loss arising from research affiliates, headquarters and donation activities amounted to RMB 3.4 billion.

3 ASSETS, LIABILITIES, EQUITY AND CASH FLOW

The main fund resources of the Company were operating activities and short and long-term loans, and the fund was primarily used as operating expenditures, capital expenditures and repayment of short and long-term borrowings.

(1) Assets, liabilities and equity

		Unit: RMB millions		
		At 31 December 2009	At 31 December 2008	Amount of Changes
Total assets		877,842	779,172	98,670
	Current assets	201,280	165,398	35,882
	Non-current assets	676,562	613,774	62,788
Total liabilities		478,989	430,630	48,359
	Current liabilities	313,419	286,656	26,763
	Non-current liabilities	165,570	143,974	21,596
Equity attributable to equity shareholders of the Company		375,661	327,889	47,772
	Share capital	86,702	86,702	—
	Reserves	288,959	241,187	47,772
Minority interests		23,192	20,653	2,539
Total equity		398,853	348,542	50,311

At December 31, 2009, the total assets of the Company were RMB 877.8 billion, an increase of RMB 98.7 billion over that at the end of the previous year, of which:

1 The current assets were RMB 201.3 billion, an increase of RMB 35.9 billion over that at the end of the previous year, which was mainly attributable to the dramatic rise in prices of crude oil and other raw materials. The inventories such as crude oil, of the Company increased by RMB 45.6 billion and the accounts receivable of the Company increased by RMB 12.1 billion owing to the rise in prices of oil products and chemical products; in addition, other current assets decreased by RMB 24 billion.

1 The non-current assets were RMB 676.6 billion, an increase of RMB 62.8 billion compared with the end of the previous year, which was primarily attributable to the increase of RMB 53.2 billion in property, plant and equipment as a result of the implementation of the annual investment plan as well as RMB 5.1 billion lease prepayment for land use rights.

The total liabilities were RMB 479 billion, an increase of RMB 48.4 billion compared with the end of the previous year, of which:

1 The current liabilities were RMB 313.4 billion, an increase of RMB 26.8 billion compared with the end of the previous year, which was mostly attributable to the increase of amounts payable of RMB 41.3 billion and bills

payable of RMB 4.4 billion as a result of the rise in prices of raw materials, such as crude oil; and the increase of amounts payables such as accounts received in advance and income tax payable of RMB 17.5 billion; in addition, the Company increased direct financing and cut borrowings by RMB 36.4 billion to adjust debt structure.

1 The non-current liabilities were RMB 165.6 billion, an increase of RMB 21.6 billion compared with the end of the previous year, which was mainly attributable to the factors that the Company further adjusted the debt structure, enlarged direct financing and issued medium-term notes of RMB 30 billion.

The equity attributable to shareholders of the Company was RMB 375.7 billion, an increase of RMB 47.8 billion compared with the end of the previous year, which was a rise in reserves.

(2) Cash flow

The following table shows major items of consolidated cash flow statements of 2009 and 2008

Unit: RMB millions

Main items of cash flow	Years ended 31 December	
	2009	2008
Net cash flow from operating activities	152,075	66,517
Net cash flow from investing activities	(116,039)	(110,035)
Net cash flow from financing activities	(34,294)	42,820
Increase/ (decrease) of cash and equivalents	1,742	(698)

The net cash generated from the operating activities of the Company in 2009 was RMB 152.1 billion, an increase of RMB 85.6 billion compared with the end of the previous year, which was mainly attributable to the facts that: the profits before taxation were RMB 80.6 billion, an increase of RMB 58.5 billion year on year, and depreciation, depletion and amortization were RMB 50.5 billion, an increase of RMB 4.2 billion year on year; income tax paid reduced by RMB 17 billion than that of the same period of the previous year.

The net cash used in the investing activities of the Company in 2009 was RMB 116 billion, an increase of RMB 6 billion year on year, which was mainly attributable to the year-on-year increase of the capital expenditures because of the annual investment plan.

The net cash outflow from the financing activities of the Company in 2009 was RMB 34.3 billion, an increase of RMB 77.1 billion year on year. The reasons were: firstly, the Company took the opportunity of the favorable economic conditions, enhanced centralized management of capital, controlled cash occupation in form of current assets and the scale of debt, reduced fund deposition and accelerated turnover of fund to improve the efficiency via using funds saved to repay the loans timely.

(3) Contingent liabilities

Refer to relevant contents in this report “Significant Events” regarding material guarantees and their executions.

(4) Capital expenditures

Refer to the description on capital expenditures, which is provided in “Business Review and Prospects”.

(5) Research & development and environmental expenses

Research & development expenses refer to the expenses recognized as expenses during the period. The research & development expenses of the Company in 2009 were RMB 3.816 billion.

The environmental expenses refer to the normal pollutant discharge fees paid by the Company, exclusive of capitalized cost on pollutant processing facilities. In 2009, the company’s environmental expenses were RMB 3.196 billion.

(6) Measurement of fair values of financial derivatives and related systems

The Company established and completed a decision-making mechanism, business operation process and internal control regarding financial derivatives accounting and information disclosure.

Items subject to measurement of fair values

Unit: RMB millions

Items	Balance as at 1 January 2009	Fair value change recognised in profit and loss during the year	Fair value change recognised in equity during the year	Provision for impairment losses during the reporting period	Balance as at 31 December 2009

Financial assets						
Among which:						
1.	Financial assets at fair value through profit and loss	643	151	—	—	182
	Among which: Derivative financial assets	643	151	—	—	182
2.	Available-for-sale financial assets	154	—	(175)	—	1,461
3.	Cash flow hedges	224	—	111	—	142
Total financial assets		1,021	151	(64)	—	1,785
Financial liabilities		(546)	(516)	(57)	—	(976)
Investment properties		—	—	—	—	—
Productive biological assets		—	—	—	—	—
Total		475	(365)	(121)	—	809

Information concerning financial assets and liabilities held in foreign currencies

Unit: RMB millions

Items	Balance as at 1 January 2009	Fair value change recognized in profit and loss during the year	Fair value change recognised in equity during the year	Provision for impairment losses during the period	Balance as at 31 December 2009
Financial assets					
Among which:					
1. Financial assets at fair value through profit and loss	643	151	—	—	182
Among which: Derivative financial assets	643	151	—	—	182
2. Loans and receivables	16,274	—	—	(6)	24,948
3. Available-for-sale financial assets	31	—	5	—	36
4. Held-to-maturity investments	—	—	—	—	—
5. Cash flow hedges	224	—	111	—	142
Total	17,172	151	116	(6)	25,308
Financial liabilities	(46,296)	(516)	(57)	—	(87,767)

Note: The financial assets and liabilities in foreign currencies held by the Company mainly represent financial assets and liabilities in foreign currencies held by the overseas subsidiaries of the Company in their respective functional currencies.

4 ANALYSIS ON ACCOUNTING STATEMENTS PREPARED UNDER ASBE

The major difference between the Company's financial statements prepared under ASBE and IFRS are set out in Section C of the financial statement of the Company from page 193 of this report.

(1) Operating income and operating profit of the Company by segments under ABSE are as follows:

	Years ended 31 December	
	2009	2008
	RMB millions	RMB millions
Operating income		
Exploration and production segment	123,835	196,501
Refining segment	703,571	829,686
Marketing and Distribution segment	783,091	806,923

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	Chemicals segment	218,457	253,456
	Others	521,869	716,484
	Elimination of inter-segment sales	(1,005,771)	(1,358,759)
	Consolidated operating income	1,345,052	1,444,291
Operating profit/(loss)			
	Exploration and production segment	19,893	66,839
	Refining segment	23,046	(104,680)
	Marketing and Distribution segment	30,280	28,343
	Chemical segment	13,098	(13,200)
	Others	(2,323)	(2,581)
	Financial expenses, investment income and loss from changes in fare value	(3,792)	(3,487)
	Consolidated operating profit/(loss)	80,202	(28,766)
Net profit attributable to equity shareholders of the Company		61,290	28,445

Operating profit: In 2009 the Company's operating profit was RMB 80.2 billion, representing an increase of RMB109 billion year on year, which was mainly attributable to the facts that the Company took actions to expand the market, improve marketing and services, optimize raw material structure and take full advantages of scale and integration, which resulted in better operating performance on the basis of the domestic reform on pricing, taxation and fees of oil products and the gradual increase of the demand for chemical products.

Net profit: In 2009, the Company realized a net profit of RMB 61.3 billion, representing an increase of RMB 32.8 billion or 115.5% over 2008.

(2) Financial data prepared under ASBE:

	On December 31, 2009 RMB millions	On December 31, 2008 RMB millions	Change of amount
Total assets	866,475	763,297	103,178
Long-term liabilities	164,528	143,062	21,466
Shareholder's equity	400,585	350,166	50,419

Analysis of changes:

Total assets: The total assets of the Company at the end of 2009 was RMB 866.5 billion, an increase of RMB 103.2 billion over that at the end of the previous year, which was mostly attributable to the increment of noncurrent assets investment such as fixed assets and long-term equity investment of RMB 62.8 billion as a result of the implementation of the annual investment plan; because commodity prices such as the price of crude oil increased significantly compared with the end of the previous year, current assets, such as the inventories of the Company increased by RMB 40.4 billion.

Long-term liabilities: The long-term liabilities of the Company at the end of 2009 was RMB 164.5 billion, an increase of RMB 21.5 billion over that at the end of 2008, which was mainly attributable to further adjustment of liability structure, strengthening of direct financing and issuance of medium-term notes of RMB 30 billion.

Shareholder's equity: The equity of the Company at the end of 2009 was RMB400.6 billion, an increase of RMB 50.4 billion over that at the end of the previous year, which was primarily attributable to the increase of its profits.

(3) The results of the principal operations by segment

Segment	Income from principal operations (RMB millions)	Cost of principal operation (RMB millions)	Gross profit margin (%)	Increase/decrease	Increase/decrease	Increase/decrease of gross profit margin with the preceding year (%)
				of income from principal operations compared with the preceding year (%)	of cost of principal operations compared with the preceding year (%)	

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Exploration and production	123,835	74,470	34.1	(37.0)	5.1	(11.6)
Refining	703,571	540,707	5.3	(15.2)	(39.9)	15.7
Chemicals	218,457	186,565	14.1	(13.8)	(25.6)	13.1
Marketing and distribution	783,091	718,413	8.1	(3.0)	(4.1)	1.1
Others	521,869	518,828	0.6	(27.2)	(27.2)	0.0
Elimination of inter-segment sales	(1,005,771)	(1,003,168)	N/A	N/A	N/A	N/A
Total	1,345,052	1,035,815	13.1	(6.9)	(21.6)	8.5

Note: Gross profit margin = (Income from principal operations-Cost of principal operations ,tax and surcharges)/Income from principal operations

SIGNIFICANT EVENTS

1 MAJOR PROJECTS

- (1) **Sichuan-to-East China Gas Project**
This is a major project under China's 11th Five-Year Plan. The project consists of two parts, namely, exploration and development of Puguang Gas Field as well as gas purification project; natural gas long-distance transportation pipeline project from Puguang Gas Field to Shanghai. The core section was completed and put into operation at the end of 2009.
- (2) **Fujian Refinery & Ethylene Project**
Fujian refinery & ethylene project mainly includes 12 million tpa refinery expansion, 800 thousand tpa ethylene units, and downstream auxiliary utility units. The total investment is expected to be RMB 31.6 billion. With construction starting in July 2005, it was put into commercial operation in November 2009.
- (3) **Tianjin Million Tonnes Ethylene Project**
The project mainly includes 1 million tpa ethylene unit, 12.5 million tpa refinery expansion and downstream auxiliary utility units. The total project investment is about RMB 26.8 billion. With construction starting in June 2006, it was fully completed and put into operation on 16 January 2010.
- (4) **Zhenhai Million Tonnes Ethylene Project**
This project mainly consists of 1 million tpa ethylene unit, downstream auxiliary utility units. The total project investment is about RMB 21.9 billion. Commenced in November 2006, the construction was mechanically completed on 28 December 2009.

2 ISSURANCE OF CORPORATE BONDS AND INTEREST PAYMENTS

On 24 February 2004, Sinopec Corp. issued ten-year-term corporate bonds of RMB 3.5 billion in mainland China. The credit rating of bonds was AAA. The fixed annual interest rate is 4.61%. On 28 September 2004, the bonds were listed on Shanghai Stock Exchange. For details, please see the relevant announcements in China Securities Journal, Shanghai Securities News and Securities Times of mainland China as well as Economy Daily and South China Morning Post of Hong Kong on 24 February 2004 and 28 September 2004. Till 31 December 2009, the balance of principals for the bonds was RMB 3.5 billion. On 24 February 2010, Sinopec Corp. paid in full the interest for the sixth year of interest accrued.

On 20 February 2008, Sinopec Corp. issued bonds with warrants of RMB 30 billion in domestic capital market. The term of bonds was six years and the fixed annual interest rate was 0.8%. On 4 March 2008, the bonds were listed on Shanghai Stock Exchange. For details, please see relevant announcements published in China Securities Journal, Shanghai Securities News and Securities Times of mainland China on 18 February 2008. The proceeds have been fully used in accordance with the prospectus. On 22 February 2010, Sinopec Corp. paid in full the interest for the second year of interest accrued.

3 PERFORMANCE OF THE COMMITMENTS BY CHINA PETROCHEMICAL CORPORATION, WHICH HAS OVER 5% OF SHARES OF SINOPEC CORP.

By the end of the reporting period, the major commitments made by China Petrochemical Corporation include:

- i to comply with the connected transaction agreements;
- ii to solve issues regarding legality of the land use rights certificates and property ownership rights certificates within a specified period of time;
- iii to implement the Re-organisation Agreement (for definition, please refer to prospectus for issuing H shares);
- iv to grant licenses for intellectual property rights;
- v to refrain from competition within the industry of the Company;
- vi to withdraw from business competition and conflict of interests with Sinopec Corp.

The details of the above-mentioned commitments were included in the prospectus for the issuance of A shares of Sinopec Corp., which was published in China Securities Journal, Shanghai Securities News and Securities Times on 22 June 2001.

During the reporting period, Sinopec Corp. was not aware of any breach of the above-mentioned major commitments by the substantial shareholder.

4 HOLDERS OF HK\$11.7 BILLION CONVERTIBLE BONDS ISSUED BY THE COMPANY

Name of holder	As at 31 December
	2009
	Number of bonds held (unit:10,000)
Euroclear	62,496.9
Clearstream	54,503.1

Significant changes of the Company's profitability, financial position and creditability

None

Information on the Company's liability and credit changes as well as the cash arrangement for the future annual debt repayment

At the end of 2009, the Company's liability to asset ratio was 54.6%. The debt ratio was kept stable and there was no material change in the structure. The Company's domestic credit rating remained AAA on a long-term basis. The Company will primarily use its own fund to repay the due bonds. The shortfall will be obtained through bank loans or direct financing in the capital market.

5 SHARES AND SECURITIES INVESTMENT IN OTHER LISTED COMPANIES HELD BY THE COMPANY

Stock Code	Company Name Abbreviation	Initial Investment Cost	Shares held as Number of Shares Held	a percentage of total shares	Book value Source of shares	Investment at the end of reporting period	Equity Owners' Equities income for the year	Change during the reporting period	Accounting Entry
384 (HK)	Sino Gas International Holdings	HK\$128 million	210 million shares	6.3%	Acquisition	RMB 136 million	—	—	—Long-term equity investment
Other securities investment held at end of the reporting period	—	—	—	—	—	—	—	—	—

Other than the above, Sinopec Corp. didn't hold any share of non-listed financial entities or companies preparing for being listed in the near future, nor did it trade the shares of any other listed companies.

6 MATERIAL GUARANTEE CONTRACTS AND PERFORMANCE THEREOF

Unit: RMB millions

Major guarantees externally (excluding guarantees for the non-wholly owned controlled subsidiaries)

Guarantee provider	Relationship with the Company	Name of guaranteed company	Amount	Date of occurrence (date of signing)	Period of guarantee	Type	Whether completed or not	Whether of overdue or not	Amounts overdue	Counter guarantee
Sinopec Corp.	the Company itself	Yueyang Sinopec Corp. Shell Coal Gasification Corporation	377	December 10, 2003	December 10, 2003 - December 10, 2017	joint and several obligations	No	No	No	No
Sinopec Corp.	the Company itself	Shanghai Gaoqiao-SK Solvent Co., Ltd.	61	September 22, 2006; November 24, 2006;	September 22, 2006 - September 22, 2011;	joint and several obligations	No	No	No	No

				March 30, 2007; April 16, 2007	November 24, 2006 - November 24, 2011; March 30, 2007 - March 30, 2012; April 16, 2007 - April 16, 2012					
Sinopec Corp.	the Company	Fujian United Petrochemical Co.,Ltd.	9,166	September 6, 2007	September 6, 2007 - December 31, 2015	joint and several obligations	No	No	No	No
Sinopec Shanghai Petrochemical Co., Ltd.	controlling subsidiary	Balance of Guarantee by Sinopec Corp. Shanghai Petrochemical for its associates and joint ventures	3			joint and several obligations	No	No	No	No
Sinopec Yangzi Petrochemical Co., Ltd.	wholly-owned subsidiary	Balance of Guarantee by Sinopec Corp. Yangzi Petrochemical for its associates and joint ventures	435			joint and several obligations	No	No	No	No
Sinopec Sales Co., Ltd.	wholly-owned subsidiary	Balance of Sinopec Corp. Sales Company Limited for its associates and joint ventures	115			joint and several obligations	No	No	No	No
Total amount of guarantees provided during the reporting period Note 2 Total amount of guarantees										

outstanding at
the end
o f t h e
r e p o r t i n g
p e r i o d N o t e 2
(A)

6 MATERIAL GUARANTEE CONTRACTS AND PERFORMANCE THEREOF (continued)

Relationship with the provider	Name of the guaranteed company	Date of occurrence (date of signing)	Period of guarantee	Whether completed or not	Whether overdue or not	Amounts of guarantee	Counterparty (yes or no)	Whether guarantee for related party (yes or no)	Note 1
Guarantees by the Company to controlled subsidiaries									
Total amount of guarantee provided to controlled subsidiaries during the reporting period								None	
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)								None	
Total amount of guarantees of the Company (including those provided for controlled subsidiaries)									
Total amount of guarantees Note 3 (A+B)								10,157	
The proportion of the total amount of guarantees to Sinopec Corp.'s net assets								2.7%	
Guarantees provided for shareholders, de facto controller and related parties (C)								—	
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio of over 70% (D)								61	
The amount of guarantees in excess of 50% of the net assets (E)								—	
Total amount of the above three guarantee items Note 4 (C+D+E)								61	
Statement of guarantee undue that might be involved in any joint and several liabilities								None	
Statement of guarantee status								None	

Note As defined in the Stock Listing Rules of Shanghai Stock Exchange.

1:

Note The amount of guarantees provided during the reporting period and the 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 the guarantees provided by these subsidiaries is derived by multiplying the guarantees provided by Sinopec Corp.'s subsidiaries by the percentage of shares held by Sinopec Corp. in such

subsidiaries.

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

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

Material Guarantees under Performance

The twenty-second meeting of the First Session of the Board of Directors of Sinopec Corp. approved the proposal regarding Sinopec Corp.’s provision of guarantee to Yueyang Sinopec Shell Coal Gasification Co., Ltd., in the amount of RMB 377 million.

The eighth meeting of the Third Session of the Board of Directors of Sinopec Corp. approved the proposal to provide guarantee to Fujian United Petrochemical Company Limited for its Fujian Refining and Ethylene Joint Venture Project in the amount of RMB 9.166 billion.

Specific statement and independent opinions presented by independent directors regarding external guarantees provided by Sinopec Corp. accumulated up to and during 2009:

We, as independent directors of Sinopec Corp., hereby make the following statement after conducting a thorough checking of external guarantees provided by Sinopec Corp. accumulated up to and during 2009 in accordance with requirements of the domestic regulatory authorities:

Sinopec Corp. itself did not incur any additional external guarantee during the reporting period, the external guarantee amount decreased by RMB 184 million compared to last year. External guarantees provided before 2009 have been disclosed in detail in the annual report of 2008. The balance of external guarantees provided by Sinopec Corp. accumulated up to the year of 2009 was RMB 10.157 billion, accounting for 2.7% of net assets approximately.

We hereby present the following opinions:

Sinopec Corp. shall continue to strengthen management and proactively monitor guarantee risk. Sinopec Corp. shall continue to follow the approval and disclosure procedures strictly for new external guarantees incurred thereafter in accordance with relevant provisions for guarantees.

7 GENERAL MEETINGS OF SHAREHOLDERS

During the reporting period, Sinopec Corp. held two general meetings of shareholders in strict compliance with the procedures of notification, convening, holding of shareholders’ meetings as stipulated in relevant laws, rules and regulations and the Articles of Association of Sinopec Corp. as follows:

- (1) The 2008 Annual General Meeting was held in Beijing on 22 May 2009;
- (2) The First Extraordinary General Meeting for the Year 2009 was held in Beijing on 15 October 2009.

For details, please refer to resolution announcements published in China Securities Journal, Shanghai Securities News, Securities Times, and the websites of Hong Kong Stock Exchange on the next working day after the holding of general meeting of shareholders.

8 ASSETS TRANSACTIONS

Please refer to the section “Other Significant Connected Transactions incurred during This Year”.

9 MATERIAL LITIGATIONS AND ARBITRATIONS

During the reporting period, the Company was not involved in any material litigations or arbitrations.

10 INSOLVENCY AND RESTRUCTURING

During the reporting period, the Company was not involved in any such matters.

11 TRUSTEESHIP, CONTRACTING AND LEASE

During the reporting period, Sinopec Corp. was not involved in any events regarding significant trusteeship, contracting or lease of any other company’s assets, nor placing its assets to or under any other companies’ trusteeship, contracting or lease that is subject to disclosure.

12 OTHER MATERIAL CONTRACTS

During the reporting period, Sinopec Corp. didn’t have any omission from disclosure of any other material contracts that are subject to disclosure.

13 ENTRUSTED CASH MANAGEMENT

During the reporting period, Sinopec Corp. didn’t entrust or continue to entrust any others to carry out cash assets management on its behalf.

14 ASSETS MORTGAGE

On 31 December 2009, the details of the company’s assets mortgage were listed in Note 30 to the financial statements compiled according to the International Financial Reporting Standards.

15 THE APPROPRIATION OF NON-OPERATIONAL FUNDS BY THE CONTROLLING SHAREHOLDERS OF LISTED COMPANIES AND OTHER CONNECTED PARTIES

Not applicable

16 THE DETAILED IMPLEMENTATION OF THE EQUITY INCENTIVE PROGRAM DURING THE REPORTING PERIOD

Sinopec Corp. didn’t implement any equity incentive program during the reporting period.

CONNECTED TRANSACTIONS

1 AGREEMENTS CONCERNING CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND CHINA PETROCHEMICAL CORPORATION

Prior to overseas listing, in order to ensure the smooth continuation of production and business transacted between the Company and China Petrochemical Corporation, the two parties entered into a number of agreements on continuing connected transactions, details of which are as follows:

- (1) Agreement for the mutual supply of ancillary services for products, production and construction services (“Mutual Supply Agreement”).
- (2) China Petrochemical Corporation provides trademarks, patents and computer softwares to the Company for use free of charge.
- (3) China Petrochemical Corporation provides cultural and educational, hygienic and community services to the Company.
- (4) China Petrochemical Corporation provides leasing service of lands and certain properties to the Company.
- (5) China Petrochemical Corporation provides comprehensive insurance to the Company.
- (6) China Petrochemical Corporation provides shareholders’ loans to the Company.
- (7) The Company provides franchise licences for service stations to China Petrochemical Corporation.

On 31 March 2006, Sinopec Corp. and China Petrochemical Corporation entered into Supplementary Agreement of Connected Transactions. The term– of Mutual Supply Agreement and Cultural, Hygienic and Community Services Agreement was amended to commence on 1 January 2007 and end on 31 December 2009.

On 21 August 2009, Sinopec Corp. and China Petrochemical Corporation entered into new Supplementary Agreement of Connected Transactions. The terms of Mutual Supply Agreement and Cultural, Hygienic and Community Services Agreement were amended to commence on 1 January 2010 and end on 31 December 2012. The term of original Intellectual Property License Agreement was extended to 31 December 2019.

The resolution in relation to the continuing connected transaction for the three years from 2010 to 2012 was approved at the First Extraordinary General Meeting for 2009 held on 15 October 2009. For details of the continuing connected transactions, please refer to relevant announcements published on 24 August 2009 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>).

2 DISCLOSURE AND APPROVAL OF CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND CHINA PETROCHEMICAL CORPORATION COMPLY WITH THE LISTING RULES OF THE HONG KONG AND SHANGHAI STOCK EXCHANGES

Pursuant to the Hong Kong and Shanghai Stock Exchanges Listing Rules, the above continuing connected transactions are generally subject to full disclosure of their nature and the value of the transactions, with prior approvals from independent directors and/or independent shareholders. The Hong Kong and Shanghai Stock Exchanges exempted Sinopec Corp. from fully complying with the listing rules regarding the continuing connected transactions above and conditionally exempted Sinopec Corp. from complying with the obligations of continuous disclosure.

There is no substantial change in the above agreements on continuing connected transactions during the reporting period. The accumulated amounts of the connected transactions for the year 2009 of Sinopec Corp. are in compliance with the relevant requirements of the Listing Rules of the Hong Kong and Shanghai Stock Exchanges. For detailed implementation of connected transaction agreements, please refer to Item 3 below.

3 CONNECTED TRANSACTIONS INCURRED ENTERED INTO BY THE COMPANY DURING THE YEAR

The aggregate amount of connected transactions actually incurred of the Company during the year was RMB 297.712 billion, of which, expenses amounted to RMB 134.958 billion, and revenues amounted to RMB 162.754 billion (including RMB 162.671 billion of sales of goods and services, RMB 38 million of interest income, RMB 45 million of agency commission receivable). In 2009, the products and services provided by China Petrochemical Corporation and its subsidiaries (procurement, storage, exploration and production services and production-related services) to the Company were RMB 96.179 billion, representing 7.63% of the Company's operating expenses for the year 2009. The auxiliary and community services provided by China Petrochemical Corporation to the Company were RMB 3.329 billion, representing 0.26% of the operating expenses of the Company for 2009. In 2009, the product sales from the Company to China Petrochemical Corporation amounted to RMB 49.576 billion, representing 3.69% of the Company's operating revenue. With regard to the Leasing Agreement for properties the amount of housing rental paid by the Company for the year 2009 was RMB 419 million.

Sinopec Corp. held the second meeting of Fourth Session of the Board of Directors on 21 August 2009, which approved the adjustment of the annual cap for providing community services by China Petrochemical Corporation to the Company to RMB 3.5 billion and the annual cap to the SPI Fund to Sinopec Corp. to RMB 1.8 billion. In 2009, the SPI Fund payable by the Company was RMB 1,612 billion, and the payable rental of land amounted to RMB 4.225 billion.

The amount of each category of continuing connected transactions between the Company and China Petrochemical Corporation did not exceed its respective cap approved at the general meeting and Board of Directors.

Connected sales and purchases table: Unit: RMB millions

Connected party	Sales of goods and provision of services to connected party		Purchase of goods and services from connected party	
	Transaction amount	Percentage of the total amount of the type of transaction	Transaction amount	Percentage of the total amount of the type of transaction
China Petrochemical Corporation	49,621	3.69%	104,366	8.28%
Other connected parties	113,095	8.41%	29,547	2.34%
Total	162,716	12.10%	133,913	10.62%

Notes: Principle of pricing for connected transactions: (1) Government-prescribed prices and government-guided prices are adopted for products or projects if such prices are available; (2) Where there is no government-prescribed price or government-guided price for products or projects, the market price (inclusive of bidding price) will apply; (3) Where none of the above is applicable, the price will be decided based on the cost incurred plus a reasonable profit of not more than 6% of the price.

Please refer to Note 37 to the financial statements prepared under the IFRS in this annual report for details of the connected transactions actually incurred during this year.

The above mentioned connected transactions in 2009 have been approved at the 5th meeting of the Four Session of the Board of Directors of Sinopec Corp.

The auditors of Sinopec Corp. have confirmed to the Board of Directors in writing that:

- (1) the transactions have been approved by the Board of Directors;
- (2) the considerations for the transactions have been consistent with the pricing policies as stated in the relevant agreements;
- (3) the terms of the transactions have been conducted in accordance with the terms of the respective agreements and documents governing the respective transactions; and
- (4) the relevant actual amounts have not exceeded the relevant proposed caps proposed in the announcements.

After reviewing the above connected transactions, the independent directors of Sinopec Corp. have confirmed that:

- (1) The transactions have been entered into by Sinopec Corp. in its ordinary course of business;
- (2) The transactions have been entered into based on one of the following terms:
 - (a) on normal commercial terms;
 - (b)

on terms not less favorable than those available from/to independent third parties; or

(c) on terms that are fair and reasonable to the shareholders of Sinopec Corp., where there is no available comparison to determine whether item (a) or (b) is applicable; and

(3) The total value of each category of transactions did not exceed its respective cap.

4 OTHER SIGNIFICANT CONNECTED TRANSACTIONS INCURRED DURING THIS YEAR

4.1 The Acquisition of the assets and equity interests of the refined oil product pipelines of China Petrochemical Corporation and its subsidiaries, Qingdao Petrochemical Corporation, and Shijiazhuang Chemical Fiber Corporation and disposal of chemical fertilizer equipments assets of Jinling Branch Company of China Petrochemical Corporation
The 27th Meeting of the Third Session of the Board was held on 27 March 2009, at which the “Proposal Concerning The Acquisition of the assets and equity interests of the refined oil product pipelines of China Petrochemical Corporation and its subsidiaries, Qingdao Petrochemical Corporation, and Shijiazhuang Chemical Fiber Corporation and disposal of Chemical Fertilizer Equipments Assets of Jinling Branch Company of China Petrochemical Corporation” was approved. The consideration for the acquisition is RMB 1.839 billion. The consideration for the sale is RMB 157 million. For details, please refer to relevant announcements disclosed in China Securities Journal, Shanghai Securities News and Securities Times in mainland China on 30 March 2009 and on the websites of Shanghai Stock Exchange (<http://www.sse.com.cn>) and Hong Kong Stock Exchange (<http://www.hkex.com.hk>).

4.2 The Acquisition of all of the assets of six research institutes and all of the equities of 5 enterprises from the Asset Management Company of China Petrochemical Corporation

The 2nd Meeting of the Fourth Session of the Board was held on 21 August 2009, at which the “Proposal Concerning the Acquisition of All of the Assets of Six Research Institutes and All Equities of 5 Enterprises from Asset Management Company of China Petrochemical Corporation” was approved. The consideration for the acquisition is RMB 3.946 billion. For details, please refer to relevant announcements disclosed in China Securities Journal, Shanghai Securities News and Securities Times in mainland China on 24th August 2009 and on the websites of Shanghai Stock Exchange (<http://www.sse.com.cn>) and Hong Kong Stock Exchange (<http://www.hkex.com.hk>).

5 FUNDS PROVIDED BETWEEN CONNECTED PARTIES

Unit: RMB millions

Connected Parties	Fund to Connected Parties		Fund from Connected Parties	
	Amount incurred	Balance	Amount incurred	Balance
China Petrochemical Corporation	(1,884)	558	105	10,970
Other connected parties	(557)	21	—	—
Total	(2,441)	579	105	10,970

CORPORATE GOVERNANCE

1 IMPROVEMENT ON CORPORATE GOVERNANCE DURING THE REPORTING PERIOD

During the reporting period, Sinopec Corp. committed itself to standard operation and further enhancement of corporate governance.

The Company improved corporate governance structure. On 22 May 2009, Sinopec Corp. elected the members of the Fourth Session of Board of Directors and the members of the Fourth Session of Board of Supervisors on 2008 Annual General Meeting of the Shareholders. Mr. Su Shulin was elected as the Chairman of the new Board of Directors, and Mr. Wang Tianpu and Mr. Zhang Yaocang were elected as Vice Chairman. The Fourth Session of Board of Directors also appointed senior management and the Strategic Committee, the Audit Committee and the Remuneration & Performance Evaluation Committee of the Fourth Session of Board. The new Board of Supervisors elected Mr. Wang Zuoran as the Chairman and Mr. Zhang Youcai as the Vice Chairman of the Board of Supervisors. The foundation of the scientific management and decision-making of the company was established by intensifying the occupational training and the sense of responsibility of all directors, supervisors and senior management.

Reinforce the building of basic system.

In accordance with the Company's actual conditions as well as the domestic and overseas laws and regulations, Sinopec Corp. revised the "Articles of Association", "Rules and Procedures for Shareholders' Meetings", "Rules and Procedures for Board of Directors' Meetings," and "Rules and Procedures for Board of Supervisors' Meetings" as well as "Rules concerning the Company's Shares held by Directors, Supervisors and Senior Management and the changes of Shares". "Working Rules on Audit Committee to Board of Directors" of the Company defined the Audit Committee's working procedure for annual report formulation and disclosure in detail. The Company's "Information Disclosure Rules" provided for the accountability for information disclosure error, information confidentiality and the obligation of confidentiality of insider information users. Pursuant to "Basic Norms of Internal Control of Enterprise" and the Company's actual situations, the Company further revised the "Internal Control Manual" which was examined and approved on the 4th Meeting of Fourth Session of Board of Directors.

The company further improved information disclosure and the relationship with investors, strengthened communication with the investors and timely reflected the investors' opinions to the management. The Company's transparency is continuously enhanced and reviewed favorably by the capital market.

The Company has fully completed the rectifications to various special corporate governance activities required by the China Securities Regulatory Commission (CSRC). During the reporting period, Sinopec Corp., the Board of Directors and current directors, supervisors, senior management, shareholders and de facto controller of Sinopec Corp. were not inspected by CSRC, or punished or criticized through circular by CSRC, Hong Kong Securities and Futures Commission and Securities and Exchange Commission of the United States, or publicly condemned by Shanghai Stock Exchange, Hong Kong Stock Exchange, New York Stock Exchange and London Stock Exchange.

2 EQUITY INTERESTS OF DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

During the year ended 31 December 2009, the directors, supervisors and other senior management of Sinopec Corp. have not held any shares of Sinopec Corp.

During the reporting period, the directors, supervisors and other senior management of Sinopec Corp. and their associates did not hold shares, bonds or any interest or short position in the shares (including any interest or short

position in shares that is regarded or treated as being held in accordance with the “Securities and Futures Ordinance”) of Sinopec Corp. or any affiliated corporation, (Please refer to definitions of Article 15 of Securities and Futures Ordinance) which, according to Article 7 and 8 of Part 15 of “Securities and Futures Ordinance”, shall be informed to Sinopec Corp. and Hong Kong Stock Exchange, or pursuant to Article 352 of “Securities and Futures Ordinance”, shall be registered on the indicated register as required by the ordinance, or subject to the “Standard Code for Securities Transactions by Directors of Listed Companies” contained in the Listing Rules, shall be informed to Sinopec Corp. or Hong Kong Stock Exchange.

3 CONFIRMATION OF INDEPENDENCE OF THE INDEPENDENT DIRECTORS AND OVERVIEW OF THEIR PERFORMANCE OF DUTIES

As required by the Hong Kong Stock Exchange, Sinopec Corp. makes the following confirmations concerning the independence of its independent directors: Sinopec Corp. has received annual confirmation letters from all the independent non-executive directors acknowledging full compliance with the relevant requirements in respect of their independence pursuant to Rule 3.13 of the Listing Rules. Sinopec Corp. takes the view that all independent non-executive directors are independent.

During the reporting period, the independent directors of Sinopec Corp. were committed to carrying out the working rules of independent directors and fulfilling their duties and fiduciary obligations as specified in the relevant laws, regulations and the Articles of Association and closely monitored the business operation and development of the Company. They inspected the subsidiaries of the Company on-site, reviewed the relevant documents with due care, actively attended meetings of the Board of Directors and the professional committees to the Board of Directors (Please refer to the Report of the Board of Directors in this annual report for detailed information on attendance of meeting), rendered independent opinions on connected transactions, guarantees, appointment and removal of senior management and provided many constructive comments and suggestions relating to the Company’s corporate governance, reform and development, production and operation etc. During the performance of their duties of independent directors, they objectively and independently protected the legal interests of shareholders, in particular, the interests of the minority shareholders.

4 SEPARATION BETWEEN SINOPEC CORP. AND ITS CONTROLLING SHAREHOLDER

The Company is independent of controlling shareholders in terms of, among other things, business, assets and finances. The Company has an independent and complete business and independent capacity of operation.

5 IMPROVEMENT AND IMPLEMENTATION OF INTERNAL CONTROL SYSTEM

For details of this issue, please refer to the Company’s Management Report on Internal Control.

6 SENIOR MANAGEMENT EVALUATION AND INCENTIVE SCHEMES

Sinopec Corp. has established and is continuously improving the fairness and transparency of its performance evaluation standard and incentive and constraint schemes for the directors, supervisors and other senior management. Sinopec Corp. implements various incentive schemes such as “Measures of Sinopec Corp. for the Implementation of Remuneration for Senior Management” and “Interim Measures of Sinopec Corp. for the Management of Annual Performance Evaluation” .

7 CORPORATE GOVERNANCE REPORT (IN ACCORDANCE WITH THE LISTING RULES OF HONG KONG STOCK EXCHANGE)

(1) Compliance with “Code on Corporate Governance Practices”

Sinopec Corp. commits itself to standard operation so as to improve its corporate governance and to achieve sustainable development. Sinopec Corp. has fully complied with the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules during the year ended 31 December 2009.

A Board of Directors

A.1 Board of Directors

- a. Board meetings shall be held at least once a quarter. The Board will generally communicate on meeting time and subject matters 14 days in advance. The documents and materials for the meeting will generally be dispatched 10 days in advance to each and every director. In 2009, Sinopec Corp. held 5 Board meetings. For information about attendance, please refer to the Report of the Board of Directors of this annual report.
- b. Each Board member may submit proposals to be included in the agenda for Board meetings, and each and every director is entitled to request other related information.
- c. The Secretary to the Board shall assist the directors in handling the routine tasks of the Board, continuously provide the directors with and keep them informed of any regulation, policy and other requirements as promulgated by domestic and overseas supervisory bodies in relation to corporate governance and ensure that the directors observe domestic and overseas laws and regulations as well as the Articles of Association etc. when performing their duties and responsibilities.

A.2 Chairman and Executive President

Mr. Su Shulin serves as the Chairman of the Board and Mr. Wang Tianpu serves as the President. The Company’s Board Chairman is elected by a simple majority vote, while the President is nominated and appointed by the Board. The duties and responsibilities of the Chairman and the President are separate and the scope of their respective duties and responsibilities are set forth in the Articles of Association.

A.3 Board Composition

- a. The Company’s Board of Directors were re-elected with the approval of 2008 annual general meeting of shareholders. And the new Board of Directors consists of 15 members with extensive professional and management experiences (Please

refer to the Section of Directors, Supervisors, Other Senior Management and Employees in this report for detailed information). Among the 15 members, 5 are executive directors and 10 are non-executive directors, among which, 5 are independent non-executive directors covering one third of the total number. The number of non-executive directors is more than half of the Board.

- b. Sinopec Corp. has received from each independent non-executive director a letter of confirmation for 2009 regarding its compliance with relevant independence requirements set out in rule 3.13 of the Listing Rules. Sinopec Corp. considers that each of the independent non-executive directors is independent.

A.4 Appointment, Re-election and Removal

- a. Term of each session of all the directors (including non-executive directors) is 3 years, and the consecutive terms of office of an independent non-executive director shall not exceed 6 years.
- b. All directors have been elected at the general meeting of shareholders. the Board is not authorised to appoint temporary directors.
- c. For each newly appointed director, Sinopec Corp. arranged for professional consultants, including PRC and Hong Kong lawyers, to conduct relevant training.

A.5 Responsibility of Directors

- a. All the non-executive directors have equal duties and authorities to those of the executive directors. In addition, all the non-executive directors, especially the independent non-executive directors are entitled to certain specific authorities. The Articles of Association and the Rules and Procedures for Board of Directors' Meetings clearly provide the authorities of directors and non-executive directors including independent non-executive directors, which are published on the website of Sinopec Corp. at <http://www.sinopec.com>.
- b. Each of the directors can devote enough time and efforts to the affairs of Sinopec Corp.
- c. Each of the directors confirmed that he has complied with the Model Code during the reporting period. In addition, the Company formulated the Model Code of Securities Transactions by Company Employees and the Rules governing Transactions by Company Directors, Supervisors and Senior Management so as to regulate the activities of Company

personnel in purchase and sale of the securities of the Company.

A.6 Supply of and Access to Information

- a. The meeting agenda as well as other reference documents of the Board and each professional committee will be distributed in advance prior to the meetings, which enables each member to have sufficient time to review them and to discuss about them comprehensively at meetings. Each and every director may procure all related information in a comprehensive and timely manner, and may seek advices from professional consultants if necessary.

- b. The Secretary to the Board is responsible for organising preparation of materials for Board meetings, including preparation of explanations for each proposed agenda to enable thorough understanding by each director. The President shall provide the directors with necessary information and materials. The director may request the President, or request, via the President, relevant departments to provide necessary information and explanation of the Company.

B Remuneration of directors and senior management

- a. A Remuneration and Performance Evaluation Committee has been set up and the relevant rules has been formulated. Its members include director Ye Qing, director Li Deshui, director Chen Xiaojin and director Li Chunguang with Ye Qing as the head. Its main duties and authorities include proposing to the Board remuneration plans for directors, supervisors and other senior management.
- b. The Remuneration and Performance Evaluation Committee has always consulted the Chairman and the President regarding proposed remuneration for other executive directors.
- c. Committee members may obtain independent professional advices when performing their duties and obligations. Costs arising from or in connection with such consultation are borne by Sinopec Corp. Meanwhile, the committee appoints consultants to provide suggestions to the committee. The working expenses of the committee are included in the budget of the Company. In addition, according to the policy of the Company, the senior management and relevant departments of the Company shall actively cooperate with the work of the Remuneration and Performance Evaluation Committee.

C Accountability and Audit

C.1 Financial Reporting

- a. Directors are responsible for supervising the accounts preparation for each fiscal period, to ensure such amounts truly and fairly reflect the condition of business, performance and cash flow of the Group during such period. The Board approved the Financial Report for the Year 2009 and warranted that there were no material omissions, or misrepresentations or misleading statements in the annual report, and jointly and severally accepted responsibility for the authenticity, accuracy and completeness of the content.
- b. Sinopec Corp. has adopted an internal control mechanism to ensure that the management and its relevant departments have provided sufficient financial data and related explanation and materials to the Board and its Audit Committee.
- c. The external auditors of Sinopec Corp. made a statement about their reporting responsibilities in the auditor's report contained in the financial statements.

C.2 Internal control

- a.

In 2003, according to the relevant regulatory requirements on internal control in the place of listing, Sinopec Corp. adopted the internal control framework structure recommended in the internationally prevailing COSO (Committee of Sponsoring Organizations) Report, and based upon the Articles of Association and all management systems currently in effect, as well as in accordance with relevant domestic and overseas supervisory regulations, Sinopec Corp. formulated the Internal Control Manual, in which the process control was employed pursuant to business category as well as the jurisdiction guide and its implementation rules were formulated.

- b. The Board of Directors reviews the updated Internal Control Manual every year; since 2006, the Board reviewed the annual report together with Management's Report on internal Control.
- c. The management of Sinopec Corp. implemented the responsibilities of internal control, paid attention to trainings of employees, promoted the integration of internal control into operation and management, and cultivated the culture of risk control. Sinopec Corp. conducted a comprehensive internal control review every year, and the implementation of internal control was integrated into its performance evaluation system so as to ensure that the long-term effect mechanism of internal control can be established progressively. The Company has sufficient resources in accounting and financial reporting. Its employees in this regard have appropriate qualification and experience. The Company also has enough budget for the trainings of relevant employees.

For detailed information of the internal control system during the reporting period, please refer to the Management Report on Internal Control.

- d. Sinopec Corp. has established its internal audit department and has been equipped with adequate professional personnel, thus the Company has relatively sound internal auditing functions.

C.3 Audit Committee

- a. Members of the Audit Committee include director Liu Zhongli, director Li Deshui and director Xie Zhongyu with director Liu Zhongli as the head. As verified, none of the members had served as a partner or former partner to our current auditor.
- b. Sinopec Corp. has formulated and promulgated the working rules of the Audit Committee. The written terms of reference are available for inspection at the Company.
- c. At every meeting of the Audit Committee, reviewing opinions shall be prepared and submitted to all the members for any suggestion. The reviewing opinions shall be amended according to the suggestions of the members and shall be submitted to all the members for signature. During the reporting period, the Board and Audit Committee did not have any different opinion.
- d. Committee members may obtain independent professional advices when performing their duties and obligations. Costs arising from or in connection with such consultation are borne by Sinopec Corp. The committee appoints consultants to provide suggestions to the committee. The working expenses of the committee are included in the budget of the Company. Meanwhile, according to the policy of the Company, the senior management and relevant departments of the company shall actively cooperate with the work of the Audit Committee.
- e. The Audit Committee has considered the adequacy of the resources in accounting and financial reporting and the experience of the employees as well as the sufficiency of the training courses provided to employees and the relevant budget. The Audit Committee holds the view that the management of Sinopec Corp. has performed its duties and established an effective internal control system during the reporting period.

D Delegation by the Board

- a. The Board, the management and each of the Board committees have clear terms of reference. The Articles of Association and the Rules and Procedures for the General Meetings of Shareholders and the Rules and Procedures for the Meetings of Board of Directors set forth the clear scope of duties, authorities and delegation of power of the Board and the management, which are posted on the website of Sinopec Corp. at <http://www.sinopec.com>.
- b. The Board committees have clear written terms of reference. The working rules of the Board committees require such committees to report to the Board on their decisions or recommendations.

E Communication with shareholders

- a. During the reporting period, a separate resolution has always been proposed for each substantially separate issue at the general meetings. All resolutions were subject to voting to ensure the interests of all shareholders. A meeting circular is given to each shareholder 45 days in advance prior to the general meeting of shareholders (exclusive of the day of the meeting).

- b. Sinopec Corp. arranged for a specific department and personnel to take charge of investors relations, and enhanced communications with investors by way of holding meetings with institutional investors, inviting investors to conduct site visit, setting up investor hotline etc. Sinopec Corp. also offers regulatory provisions of securities and investor recommendations to directors in a timely manner. The shareholders who are entitled to attend the general meeting, their rights, agenda of general meeting and voting procedures etc. were expressly set forth in the circular to shareholders of Sinopec Corp.
- c. The Chairman of the board shall attend and host the annual general meeting as the chairman of such meeting, and arrange the members of Board, senior management to attend the general meeting of shareholders in order to answer the questions of the shareholders.

(2) Nomination of directors

The Board of Sinopec Corp. has not established a Nomination Committee, but the nomination of directors has been expressly stated in detail in the Articles of Association and the Rules and Procedures for the General Meeting of Shareholders respectively. The nomination of director may be proposed by shareholders individually or collectively holding over 3% (1% for nomination of independent director candidate) of the total voting shares of Sinopec Corp., the Board of Directors or the Board of Supervisors and submitted to the general meeting of shareholders for approval by way of a proposal.

(3) Auditors

At the Annual General Meeting of Sinopec Corp. for the year 2008 held on 22 May 2009, KPMG Huazhen and KPMG were re-appointed as the domestic and overseas auditors of Sinopec Corp. for the year 2009, respectively, and the Board of Directors was authorized to determine their remunerations. As approved at the 5th Meeting of the Fourth Session of the Board of Directors of Sinopec Corp., the audit fee for 2009 was HK\$66 million. The financial statements for the year 2009 have been audited by KPMG Huazhen and KPMG. Zhang Jingjing and Zhang Yansheng are Certified Public Accountants in the PRC of KPMG Huazhen.

During the reporting period, both KPMG Huazhen and KPMG did not provide any non-audit service to Sinopec Corp.

KPMG Huazhen and KPMG have provided audit services to Sinopec Corp. for 9.5 years since the second half of 2000, and the first audit engagement letter was entered into in March 2001.

(4) Other information about Sinopec Corp.'s corporate governance

Except for their working relationships with Sinopec Corp., none of the directors, supervisors or other senior management has any financial, business or family relationships or any relationships in

other material aspects with each other. For information regarding changes in share capital and shareholdings of principal shareholders, please refer to page 7 to page 9; for information regarding general meetings of shareholders, please refer to page 36; for information regarding meetings of the Board of Directors and each professional committee, please refer to page 52 to page 53; for information regarding equity interests of directors, supervisors and other senior management, please refer to page 43; for information regarding resume and annual remuneration of directors, supervisors and other senior management, please refer to page 45; for information regarding auditors please refer to page 47.

8 COMPARISON OF NEW YORK STOCK EXCHANGE CORPORATE GOVERNANCE RULES AND CHINA CORPORATE GOVERNANCE RULES FOR LISTED COMPANIES

For details, please refer to the content on the website of Sinopec Corp. at <http://www.sinopec.com/big5/ir/index.shtml>.

MANAGEMENT'S REPORT ON INTERNAL CONTROL

In 2009, with the aim of comprehensive risk management and based on the basic codes of company internal control, China Petroleum & Chemical Corporation (the "Company") revised the Internal Control Manual ("the Manual") and the Detailed Rules for the Implementation of the Manual (the Detailed Rules), and deepened and optimized control contents with the help of informization methods such as ERP system. The Company's internal control system, an integration of the Manual, the Detailed Rules and regulating systems related to internal control, was further improved.

The Company's Board of Directors and the management are responsible for establishing a sound internal control system and effectively carrying it out. The aim of internal control is to reasonably guarantee the compliance of its operation and management with regulations and laws, assets security, and authenticity and integrity of financial report and related information, improve the efficiency and effect of operating activities and promote the realization of development strategy of the Company. The Company's internal control involves such five elements as internal environment, risk assessment, control activities, information and communication and internal supervision.

Due to its inherent limitations, the internal control can only provide reasonable assurance to achieve the above objectives. In addition, the effectiveness of internal control may vary with changes that occur in internal and external environment and business circumstances of the Company. The Company has established the inspection and supervision mechanism for internal control, enabling prompt remedy measures to be implemented once the internal control deficiencies are identified.

The Company's Board of Directors has conducted self-assessment of internal control for 2009, and up to 31 December 2009 there had been no significant deficiencies. As for the internal control of the Company over financial reporting, the overall system had been well established, and the implementation had been effective.

1 INTERNAL ENVIRONMENT

The internal environment of the Company has been continuously improved after several years of internal control practice. Based on its strategic target, it has set up a legal and honest business philosophy and a positive value orientation. By adhering to the tenet of "developing enterprise, contributing to the country, rewarding shareholders, servicing the society and benefiting employees" and the business philosophy of "integrity and standardization, cooperation and mutual benefits", the Company has continuously improved and promoted the -Code of Conduct that guides and regulates behavior of employees with a common conduct code, and issued the outline of corporate cultural construction to further push forward the construction of corporate culture. The Company puts emphasis on the education of employees' morality, clearly defines the qualifications the employees for key positions, establishes incentive and disciplinary mechanism, and through education and training, continuously improves employees' quality and job competence.

2 RISK ASSESSMENT

According to the target of sustainable development and aiming at the business operation risks, financial reporting risks, risks associated with compliance with internal and external laws and regulations, assets safe guarding risks and fraud risks from business operations, the Company established risk assessment and risk control system on the basis of internal control. Based on relevant requirements of internal control, the Company analyzed key aspects which have significant effects on business operation goals and the objectives of financial reporting, and conducted a comprehensive risk assessment by taking into account issues and deficiencies identified in the internal audit and financial checking and referring to findings made

by external auditors. Relevant results of the assessment are used as an important basis for further improving the Manual, perfecting relevant regulatory systems and enhancing internal control. Each branch (subsidiary) supplemented and improved detailed rules for the implementation of internal control and internal management system based on its own risk assessment. These measures gave reasonable guarantee to financial reporting, prevention of internal fraud, assurance of assets security and standardization of management.

3 CONTROL ACTIVITIES

The Company further improved internal control process and control matrix by business category, put process responsible department and the key post of control point in place, and urged employees to perform their duties of internal control. It regularly carries out inspections and tests, and makes rectifications and remedies in time, with internal control increasingly more integrated into daily management. To further the application control of ERP system, the Company sorted out and analyzed current situation of the application of ERP system access. Initial standards for management of ERP access were developed. The requirements for internal control was incorporated into the system. Access checking tools were developed. The Company carried out running tests on a regular basis to ensure system access configuration is under control.

The Company's management holds an analytical meeting of operating activities every month to review and analyze operating results and key financial indicators. It also reports operating results to the Board of Directors every quarter.

4 INFORMATION AND COMMUNICATION

The Company actively promotes information-management to improve efficiency and results. It has established and applied such systems as ERP system, production & operation command system, supply chain management system, fund centralized management system, e-commerce system for material procurement, IC card system, public open system for key business and total budget management system. The Company has worked out a series of management measures and operation processes to regulate information systems, which have been put into use from the overall level, general control and application control. Information system management division is in charge of controlling and maintaining all information systems.

The Company clarified the communication mechanism of the financial report, and all responsibilities relating to the financial report are specified in the Manual and internal accounting system. There has been a smooth communication between Chief Financial Officer and all divisions, financial division of the head office and financial departments of branches (subsidiaries). Meanwhile, smooth communication are kept between the Company's management and external environment, as well as its divisions, divisions and branches (subsidiaries), and the Company's management and the Board of Directors.

As a company that listed on four stock exchanges in and outside China, the Company maintains communication with shareholders and regulatory authorities, and rules and procedures for information disclosure are established for regular information disclosure. The Company received the inspections by regulatory bodies such as China Securities Regulatory Commission, State-owned Assets Supervision and Administration Commission, Board of Supervisors sent by State Council and National Audit Office of the People's Republic of China.

5 MONITORING

The Board of Directors has established the audit committee to review financial report and internal control. The audit division is responsible for conducting independent inspection on branches (subsidiaries) regularly. Annual report and internal audit report would be subject to the review and approval of the audit committee. The Company has established a system to punish and prevent corruption, set up a hotline for whistle-blowing and on-line reporting website in supervision division, and established procedures and standards for the handling of matters reported and protection system of informers. The Company registered in detail and put on record known litigations, and monitored the progress.

The Company established a two-level routine monitoring mechanism for internal control, which combines comprehensive inspection of the headquarters overall inspection, and self-inspection test of internal control by the branches (subsidiaries). In 2009, the Company developed a detailed evaluation plan on internal control inspection, which has been reviewed and approved by the management, and prior to the inspections provides sufficient training and instructions to the employees involved; after the completion of onsite inspection, the Company conducted comprehensive analysis on the internal control inspection results, and reported the identified internal control deficiencies to the Internal Control Steering Committee and the management. The management has formulated the remedying measures, and has communicated with the external auditors on the identified internal control deficiencies. Through the follow-up review by the Company, all internal control deficiencies regarding financial reporting have been remedied prior to 31 December 2009, without significant internal control defects. Other management issues have also been remedied or remedying measures have been formulated. The remedy has met the requirements.

This internal control report was reviewed and approved at the 5th meeting of the Fourth Session of the Board of Directors on 26 March 2010. The Board of Directors and all its members jointly and severally accept responsibility for the authenticity, accuracy and completeness of the report.

As a Chinese company listed on the New York Stock Exchange of the United States of America, the Company engaged KPMG to audit the internal control over financial reporting as of 31 December 2009, pursuant to Sarbanes-Oxley Act of the United States. KPMG carried out an audit on the internal control over financial reporting in accordance with the Auditing Standard No 5 of Public Company Accounting Oversight Board (United States). The report of KMPG stated that the Company maintained, in all material aspects, effective internal control over financial reporting as of 31 December 2009, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organization

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors of Sinopec Corp. is pleased to present their report for the year ended 31 December 2009 for review.

1 MEETINGS OF THE BOARD OF DIRECTORS

During the reporting period, five Board meetings were held, details of which are as follows:

- (1) The 27th meeting of the Third Session of the Board of Directors was held in the Headquarter of Sinopec Corp. on 27 March 2009, whereby the Company's performance of 2008 was reviewed and approved.
- (2) The 28th meeting of the Third Session of the Board of Directors was held by way of written resolution on 28 April 2009, at which the First Quarterly Report of 2009 was examined and approved.
- (3) The 1st meeting of the Fourth Session of the Board of Directors was held in the Headquarter of Sinopec Corp. on 22 May 2009. At the meeting, Mr. Su Shulin was elected as the Chairman of the Board and Mr. Wang Tianpu and Mr. Zhang Yaocang were elected as the Vice Chairman; the compositions of the Strategy Committee, the Audit Committee and the Remuneration & Performance Evaluation Committee to the Fourth Board were adjusted; the senior management were appointed.
- (4) The 2nd meeting of the Fourth Session of the Board of Directors was held in the Headquarter of Sinopec Corp. on 21 August 2009, whereby the Company's performance of the first half of 2009 was reviewed.
- (5) The 3rd meeting of the Fourth Session of the Board of Directors was held by way of written resolution on 29 October 2009, whereby the Third Quarterly Reports of 2009 was examined and approved.

For details of each meeting, please refer to the announcements published in China Securities Journal, Shanghai Securities News and Securities Times on the next working day from holdings thereof and on website of Hong Kong Stock Exchange.

2 IMPLEMENTATION OF RESOLUTIONS PASSED AT SHAREHOLDERS' MEETING BY THE BOARD OF DIRECTORS

During the reporting period, all members of the Board of Directors of Sinopec Corp. carried out their duties diligently and responsibly in accordance with relevant laws and regulations and the Articles of Association, duly implemented the resolutions passed at the shareholders' meetings, and accomplished the various tasks delegated to them by the shareholders' meetings.

3 ATTENDANCE OF DIRECTORS AT THE BOARD OF DIRECTORS MEETINGS

During the reporting period, Sinopec Corp. held five Board meetings, the attendance of directors at meetings are as follows:

The Fourth Session of the Board of Directors

Name	Attendance in	
	Attendance by person (times)	proxy (times)
Su Shulin	3	0
Wang Tianpu	3	0
Zhang Yaocang	1	2
Zhang Jianhua	3	0
Wang Zhigang	3	0
Cai Xiyou	3	0
Cao Yaofeng	2	1
Li Chunguang	3	0
Dai Houliang	3	0
Liu Yun	3	0
Liu Zhongli	3	0
Ye Qing	3	0
Li Deshui	3	0
Xie Zhongyu	3	0
Chen Xiaojin	3	0

The Third Session of the Board of Directors

Name	Attendance in person (times)	Attendance by proxy (times)
Su Shulin	2	0
Zhou Yuan	2	0
Wang Tianpu	2	0
Zhang Jianhua	2	0
Wang Zhigang	2	0
Dai Houliang	2	0
Liu Zhongli	2	0
Shi Wanpeng	1	1
Li Deshui	2	0
Yao Zhongmin	1	1
Fan Yifei	1	1

Explanation on attendance by proxy for two consecutive times

Due to official duties, Zhang Yaocang, the Vice President, did not attend the Board meetings in person for two consecutive times, but he reviewed all documents prior to both meetings and delegated the authority of examining and voting for the proposals of the meetings in advance.

4 MEETINGS OF PROFESSIONAL COMMITTEES

During the reporting period, the Audit Committee held four meetings while the Remuneration & Performance Evaluation Committee and Strategy Committee held one meeting respectively, and all the members of these committees had attended the corresponding meetings. Details of those meetings are as follows:

(1) Meetings of the Audit Committee

- a. The 11th meeting of the Third Session of the Audit Committee was held in Beijing, China on 25 March 2009, whereby “Explanation on the Business Performance and Financial Positions for the year 2008”, “Explanation on Audit and Adjustment Issues for 2008”, the Financial Statements for 2008 as audited by KPMG Huazhen and KPMG respectively in accordance with ASBE and IFRS, the “Management Report on Internal Control”, the “Proposal on the Audit Expenses of KPMG Huazhen and KPMG for 2008”, the “Proposal on the Engagement of Domestic and Overseas Auditors for 2009 and Submitting to Annual General Meeting of Shareholders for Approval and Authorizing Board of Directors to Determine their Remunerations”, the “Reports on Auditing Work for 2008 and Plan of Auditing Work for 2009”, were reviewed; the report on auditing of financial report for 2008 by KPMG Huazhen and

KPMG was heard and the “Opinions on Reviewing the Financial Statements for 2008 and related issues” was issued.

- b. The 12th meeting of the Third Session of the Audit Committee was held by way of written resolution on 28 April 2009, whereby the “First Quarterly Report of 2009” was reviewed and the “Opinions on Reviewing the Financial Statements for the First Quarter of 2009” was issued.
- c. The 1st meeting of the Fourth Session of the Audit Committee was held in Beijing, China on 19 August 2009, whereby the “Explanation on the Business Performance and Financial Positions for the First Half of 2009”, the “Explanation on Audit and Adjustment Issues for the First Half of 2009”, the Financial Statements for the First Half of 2009 as audited by KPMG Huazhen and KPMG respectively in accordance with ASBE and IFRS and “Report on Auditing Work for the First Half of 2009 and Auditing Work Plan for the Second Half of 2009 ” were reviewed; the Report on Auditing of Financial Report for the First Half of 2009 by KPMG Huazhen and KPMG was heard and “Opinions on Reviewing the Reports for the First Half of 2009” was issued.
- d. The 2nd meeting of the Fourth Session of the Audit Committee was held by way of written resolution on 29 October 2009, whereby the “Third Quarterly Report of 2009” was reviewed and the “Opinions on Reviewing the Third Quarterly Report of 2009” was issued.

(2) Meeting of the Remuneration and Performance Evaluation Committee

The 4th meeting of the Third Session of the Remuneration and Performance Evaluation Committee was held in Beijing, China on 25 March 2009, whereby the “Report on Implementation of the Rules of the Remuneration of Directors, Supervisors and Other Senior Management for 2008 and Remuneration and Expenses of Directors and Supervisors of the Fourth Session” was reviewed and the “Opinions on Reviewing the Implementation of the Rules of the Remuneration of Directors, Supervisors and Senior Management and Remuneration and Expenses of Directors and Supervisors of the Fourth Session” was issued.

(3) Meeting of Strategy Committee

The 1st meeting of the Fourth Session of Strategy Committee was held in Beijing, China on 19 August 2009, whereby the “Outline on Three-year (from 2009 to 2011) Rolling Development Plan of Sinopec Corp.” was reviewed and the “Opinions on Reviewing the Outline on Three-year (from 2009 to 2011) Rolling Development Plan of Sinopec Corp.” was issued.

5 FINANCIAL PERFORMANCE

The financial results of the Company for the year ended 31 December 2009 prepared in accordance with IFRS and its financial position as at that date and its analysis are set out from page 138 to page 192 in this Annual Report.

6 DIVIDEND

At the 5th meeting of the Fourth Session of the Board of Directors of Sinopec Corp., the Board approved the proposal to declare a dividend of RMB 0.18 per share (including tax) in cash. The final cash dividend per share for distribution would be RMB 0.11 for 2009, the total cash dividend for the year would be RMB 15.606 billion. The distribution proposal will be implemented upon approval by the shareholders at the Annual General Meeting for 2009. The final dividends will be distributed on or before 30 June 2010 (Wednesday) to those shareholders whose names appear on the register of members of Sinopec Corp. at the close of business on 11 June 2010 (Friday). The register of members of Sinopec Corp.’s H share will be closed from 7 June 2010 (Monday) to 11 June 2010 (Friday) (both dates are inclusive). In order to qualify for the final dividend for H shares, the shareholders must lodge all share certificates accompanied by the transfer documents with HKSCC Nominees Limited, at 1712-1716 on 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on 4 June 2010 (Friday of week) for registration.

The dividend will be denominated and declared in RMB, the holders of domestic shares will be paid in RMB and the holders of foreign shares will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars will be determined based on the average closing exchange rate of RMB against Hong Kong dollars as announced by the People’s Bank of China for the week prior to the date of declaration of dividend.

In accordance with the Notice on Taxation of Dividends and Stock (Stock Rights) 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 for dividends obtained from companies incorporated in PRC that issue H Shares. As stipulated by the

Notice on Issues Relating to withholding and Paying of Enterprise Income Tax of 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 and paid 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, other Nominees, Trustees, or other organizations or groups, shall be treated as shares being held by a non-resident enterprise shareholder. 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 of taxation agreement (arrangement) after receiving dividends. Shareholders should consult their tax advisers regarding the PRC, Hong Kong and other tax consequences of owning and disposing of the Company's 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. The company has no responsibility and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the law, and withhold and pay the enterprise income tax on behalf of the relevant shareholders based on the H shares share register of members of the Company on the registration date. The Company will not accept any requests relating to any delay in confirming the identity of the shareholders or any errors in the identity of the shareholders.

As for Qualified Foreign Institutional Investors (QFII) holding A shares without selling conditions of the Company, the Company will withhold corporate income tax as per the tax rate of 10% according to the provisions of the “Notice on Withholding of Corporate Income Tax of Dividend, Bonus and Interest Paid by Chinese Resident Enterprise to QFII “(Guo Shui Han [2009] No. 47) issued by the State Administration of Taxation on January 23, 2009.

Generally speaking, an individual shareholder of H shares or an individual holder of American Depository Shares (ADSs) who is resident and domiciled in the UK will be liable for UK income tax on dividend received from Sinopec Corp. (after deducting relevant pre-tax deductions and tax credit). Where an individual shareholder of H shares receives a dividend from Sinopec Corp. without any deduction of tax, the amount of income as the basis of calculating tax liability is the gross amount of the dividend and this is taxed at the applicable rate (currently 10% in case of a taxpayer subject to a basic rate or a lower rate, and 32.5% in case of a taxpayer subject to a higher rate). Where tax is withheld from the dividend, credit may be claimed against UK income tax for any tax withheld from the dividend up to the amount of the UK income tax liability. If such a withholding is required, Sinopec Corp. will assume responsibility for withholding that tax regarding the income deriving from the PRC. The current China-UK Double Taxation Prevention Agreement provides that the maximum withholding tax on dividend payable by a Chinese-domiciled company to UK residents is generally limited to 10% of the gross dividend.

Individual holders of H Shares or holders of ADSs who are UK resident but are not domiciled in the UK (and have submitted a claim to that effect to the UK Inland Revenue), will generally only be liable for income tax on any dividend received from Sinopec Corp. to the extent that it is repatriated to the UK.

Generally speaking, a shareholder of H shares or a holder of ADSs which is a UK resident for tax purposes will be liable for UK income tax or corporation tax (as appropriate and at the rates of tax applicable to the shareholder or holder) on any dividend received from Sinopec Corp., with double tax relief available for withholding tax imposed. In certain cases (not to be discussed here), a shareholder of H shares or a holder of ADSs which is a UK resident for tax purposes may be entitled to relief for “underlying” tax paid by Sinopec Corp. or its subsidiaries.

The cash dividend declared by the Company in the previous three years

	2009	2008	2007
Cash dividends (RMB/share)	0.18	0.12	0.165
Dividend to net profit ratio of the year (%)	25.5	36.6	25.6

The total cash dividend declared by Sinopec Corp. during the three years from 2007 to 2009 was RMB 0.465 per share, which is equivalent to 83.05% of the annual average net profit per share during the same period. It fulfilled the refinancing conditions in the domestic securities market provided by the “Decisions on Modifying Provisions Concerning Cash Dividends of Listed Companies” issued by China Securities Regulatory Commission (CSRC).

7 MAIN SUPPLIERS AND CUSTOMERS

During the reporting period, the total amount of purchases from the five largest suppliers of Sinopec Corp. represented 42.5% of the total amount of purchase by Sinopec Corp., of which purchases from the largest supplier represented 22.2% of the total. The total amount of sales to the five largest customers of Sinopec Corp. represented 8% of the total amount of sales of Sinopec Corp., of which sales to the largest customer represented 4% of the total.

During the reporting period, except for the connected transactions with the controlling shareholder, China Petrochemical Corporation, and its subsidiaries, as disclosed in Connected Transaction section of this Annual Report, none of the directors, supervisors of Sinopec Corp. and their associates or any shareholders holding over 5% shares of Sinopec Corp. had any interest in any of the above-mentioned major suppliers and customers.

8 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of Sinopec Corp. as of 31 December 2009 are set out in note 30 to the financial statements prepared in accordance with IFRS in this annual report.

9 FIXED ASSETS

During the reporting period, changes to the fixed assets of Sinopec Corp. are set out in note 18 to the financial statements prepared in accordance with IFRS in this annual report.

10 RESERVES

During the reporting period, changes to the reserves of Sinopec Corp. are set out in the Consolidated Statement of Changes in Equity in the financial statements prepared in accordance with IFRS in this annual report.

11 DONATIONS

During the reporting period, the amount of philanthropy donations made by Sinopec Corp. totaled around RMB 170 million.

12 PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association of Sinopec Corp. and the laws of the PRC, Sinopec Corp. is not subject to any pre-emptive rights requiring it to issue new shares to its existing shareholders in proportion to their shareholdings.

13 PURCHASE, SALES AND REDEMPTION OF SHARES

During the reporting period, neither Sinopec Corp. nor any of its subsidiaries repurchased, sold or redeemed any securities of Sinopec Corp.

14 RISK FACTORS

In the course of its production and operations, Sinopec Corp. actively takes various measures to mitigate operational risks. However, in practice, it may not be possible to prevent the occurrence of all risks and

uncertainties below.

Variation Risks in Macro-economic Situation: The operating results of the Company are closely related to the economic situation of China and the world. Although many countries are adopting macroeconomic policies to eliminate the negative influences resulting from the financial crisis, there still exists uncertainties as to the time and nature of the recovery of the global economy and world financial market. The business of the Company may be adversely affected by such factors as the impact on export due to trade protectionism of some countries, impact on import which is likely to be resulted from regional trade agreements and etc..

Cyclic Effects: The majority of the operational revenue of the Company comes from the sales of refined oil products and petrochemical products, and part of the operation and its related products are cyclic and are sensitive to macro-economy, cyclic changes of regional and global economy, the changes of the production capacity and output, demand of consumers, prices and supply of the raw materials, as well as prices and supply of the alternative products etc. Although the Company is an integrated energy covering up, middle and down stream business it can only counteract the adverse influences of periodicity of the industry to some extent.

Macroeconomic Policies and Government Regulation: Although the government is gradually liberalizing the market entry regulations on petroleum and petrochemicals sector, the petroleum and petrochemical industries in China are still subject to entry regulations to a certain degree, which include: issuing crude oil and natural gas production license, issuing crude oil and refined oil products business license, setting maximum retail, distribution and wholesale prices for gasoline and diesel, and ex-refinery price for jet fuels, the imposing of the special oil income levy and other tax and fees, formulation of import and export quotas and procedures, formulation of safety, quality and environmental protection standards; meanwhile, the changes may also occur to macroeconomic and industry policies such as: further improvement in pricing mechanism of refined oil products, reforming and improvement in pricing mechanism of natural gas, and reforming in resource tax and environmental tax. Such regulations may have material effect on the operations and profitability of the Company.

Change of Environmental Legal Requirements: Our production activities produce waste water, gas and solid. The Company has built up supporting effluent treatment systems to prevent and reduce pollution. The relevant government authorities may issue and implement stricter environmental protection laws and regulations, adopt stricter environment protection standards. Under the aforesaid situation, the Company may incur more expenses in relation to the environment protection accordingly.

Uncertainties with Additional Oil and Gas Reserves: The Company's ability to achieve sustainable development is dependent to a certain extent on our ability in discovering or acquiring additional oil and natural gas reserves. To obtain additional oil and natural gas reserves, the Company faces inherent risks associated with exploration and development and/or with acquiring activities. The Company has to invest a large amount of money with no guarantee of certainty of obtaining additional reserves. If the Company fails to acquire additional reserves through further exploration and development or acquisition activities, the oil and natural gas reserves and production of the Company will decline over time, which will adversely affect the Company's financial situation and operation performance.

Risk of External Purchase of Crude Oil: A significant amount of the Company's demand for crude oil is satisfied through external purchases. In recent years, especially impacted by the international financial crisis, the crude oil prices are subject to wild fluctuations, and the supply of crude oil may even be interrupted due to major incidents. Although the Company has taken flexible counter measures, it may not be fully shielded from risks associated with any wild fluctuation of international crude oil prices and disruption of supply of crude oil.

Operational Risks and Natural Disasters: The process of petroleum chemical production is exposed to risks of inflammation, explosion and environmental pollution and is vulnerable to natural disasters. Such contingencies may cause serious impact to the society, grievous injuries to people and major financial losses to the Company. The Company has implemented a strict HSE management system, in an effort to avoid such risks as much as possible. Meanwhile, the main assets and inventories of the Company have been insured. However, such measures may not shield the Company from financial losses or adverse impact resulting from such contingencies.

Investment Risk: Petroleum and chemical sector is a capital intensive industry. Although the Company adopted a prudent investment strategy and conducted rigorous feasibility study on each investment project, certain investment risk may exist resulting that expected returns may not be achieved due to major changes in factors such as market environment, prices of equipment and raw materials, and construction period during the implementation of the projects.

Exchange Rate: At present, China implements an administered floating exchange rate regime based on market supply and demand with reference to a basket of currencies in terms of the exchange rate of RMB. As the Company outsources a significant portion of crude oil in foreign currency which are based on US dollar-denominated international prices, fluctuations in the value of Renminbi against US dollars and certain other foreign currencies may affect our purchasing costs of crude oil.

By order of the Board
Su Shulin
Chairman

Beijing, China
26 March 2010

REPORT OF THE BOARD OF SUPERVISORS

Mr. Wang Zuoran, Chairman of the Board of Supervisors

Dear shareholders:

During the reporting period, the Board of Supervisors, following the principle of good faith, diligently performed the supervision responsibilities, actively participated in the supervision process, carefully reviewed significant decisions in the shareholders' interests and the Company's interests according to Company Law of the People's Republic of China and "Articles of Association of Sinopec Corp..

During the reporting period, the Board of Supervisors held five meetings in total.

On 27 March 2009, the 13th meeting of the Third Session of the Board of Supervisors was held and the following proposals were reviewed and approved: Annual Financial Report of Sinopec Corp. for 2008, Annual Report of Sinopec Corp. for 2008, Sustainable Development Report of Sinopec Corp. for 2008, Internal Control Report of Sinopec Corp. for 2008, Report on the Work of Board of Supervisors of Sinopec Corp. for 2008 and Report on the Work of Third Session of the Board of Supervisors of Sinopec Corp.. Relative resolutions were passed at the meeting.

On 28 April 2009, the 14th meeting of the Third Session of the Board of Supervisors was held and First Quarter Report of Sinopec Corp. for 2009 was reviewed and approved.

On 22 May 2009, the 1st meeting of the Fourth Session of the Board of Supervisors was held and the Chairman and the Vice Chairman of the Board of Supervisors were elected.

On 21 August 2009, the 2nd meeting of the Fourth Session of the Board of Supervisors was held and the following were reviewed and approved: Interim Financial Statement of Sinopec Corp. for 2009, Interim Report of Sinopec Corp. for 2009 and "the Plan of Sinopec Corp. to Purchase Partial Assets and Equity Interests from Sinopec Group Asset Management Co., Ltd.. Relative resolutions were made at the meeting.

On 29 October 2009, the 3rd meeting of the Fourth Session of the Board of Supervisors was held and Third Quarter Report of Sinopec Corp. for 2009 was reviewed and approved.

Moreover, independent supervisors conducted inspection and research in some branch companies, and provided supervision to the production and operation of some subsidiaries.

Through process supervision on significant decision-makings, routine supervision on the operations and inspection and research: the Board of Supervisors hold the following beliefs. in 2009, facing great changes of business environment resulting from the international financial crisis, the Company, deepened study and implementation of the scientific outlook of development and followed the operation principles of “standardization, preciseness and integrity”, It took measures to expand the market, organize the operations of upstream, refineries, chemical and marketing segments carefully, optimize the operating plans, increase production and revenues, and improve profitability. All the aforesaid measures ensured the steady increase of the production and operation of the Company and achieved good operating results.

First, the Board of Directors diligently fulfilled its obligations and exercised its rights under the PRC Company Law and the Company’s Articles of Association, and made scientific decisions on major issues concerning capital operation, production and operation, reform and development and so on; and the senior management carried out the resolutions made by the Board of the Directors, focused on expanding market, reinforced the precision management, strived to lower the costs and enhance efficiency and strengthened the scientific innovation. All of the efforts achieved remarkable results. The Board did not find any behavior of any directors or senior management that violated laws, regulations, the Articles of Association, or is detrimental to the interest of the Company or the shareholders.

Second, the annual financial statement issued by the Company was prepared respectively in accordance with ASBE and IFRS which truly and fairly reflected the Company’s financial status and operation performance. In accordance with ABSE, the Company’s operating income was RMB 1,345.052 billion, the total profit was RMB 80.076 billion, and the net profit attributable to equity shareholders was RMB 61.29 billion; and in accordance with IFRS, the Company’s turnover and other operating revenue was RMB 1,345.052 billion, the earnings before tax was RMB 80.568 billion, and the net profit attributable to equity shareholders was RMB 61.76 billion.

Third, Sinopec Corp. conducted capital operation lawfully and carefully. During the reporting period, the Company acquired, from Sinopec Group or its subsidiaries, property rights of eight oil product pipeline project divisions, equity interest and partial assets in Qingdao Petrochemical Co., Ltd and Shijiazhuang Chemical Fiber Co., Ltd, and acquired all of the assets of six research institutes and all of the equities of 5 enterprises from Sinopec Group Asset Management Company. Meanwhile, the Company disposed of chemical fertilizer equipments of Jinling Branch Company. The operations were strictly in line with relevant laws and regulations. No behaviors detrimental to the interests of non-connected shareholders and the Company such as insider trading were found.

Fourth, all connected transactions complied with supervisory requirements of domestic and overseas places of listing. All connected transactions between Sinopec Corp. and Sinopec Group were in conformity with the relevant rules and regulations of Hong Kong Stock Exchange and Shanghai Stock Exchange. All the connected transactions were conducted on the basis of fair and reasonable price and in line with the principle of “fairness, justness and openness”. Nothing in these transactions was found to be detrimental to the benefits of Sinopec Corp. or the interests of the non-connected shareholders.

In addition, the Company timely disclosed material information according to the regulations of securities supervisory authorities, and the information disclosed was true, accurate and complete.

In the year ahead, the Board of Supervisors will continue to implement the scientific outlook of development, stick to the principles of honesty and good faith, focus on significant decision-making, internal control, connected transactions and information disclosure. The Board of Supervisors will fulfill its duty of supervision, carefully strive to promote the steady growth of the benefits and continuing healthy development of Sinopec Corp. in 2010, and defend the interests of shareholders and the Company.

Wang Zuoran
The Chairman of the Board of Supervisors

Beijing, China
26 March 2010

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DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

1. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(1) DIRECTORS

Su Shulin, aged 47, Chairman of Board of Directors of Sinopec Corp., President and Secretary of Communist Party of China (CPC) Leading Group of China Petrochemical Corporation. Mr. Su is a professor level senior engineer and obtained a master degree. In January 1999, he was appointed as the President and Deputy Secretary of CPC Committee of Daqing Petroleum Administration Bureau; in October 1999, he served as Vice President of PetroChina Company Limited, and concurrently as Chairman, President, and Secretary of CPC Committee of Daqing Oilfield Company Limited; in August 2000, he served as Vice President, Member of CPC Leading Group of China National Petroleum Corporation (CNPC) and concurrently as Vice President of PetroChina Company Limited and Chairman, President and Secretary of CPC Committee of Daqing Oilfield Company Limited; in November 2002, he concurrently served as Board Director of PetroChina Company Limited; in December 2002, he served as Vice President, Member of CPC Leading Group of CNPC, and concurrently as Board Director and Senior Vice President of PetroChina Company Limited; in September 2006, he was appointed as Member of Liaoning CPC Provincial Committee and its Standing Committee; in October 2006, he was appointed as Member of Liaoning CPC Provincial Committee and its Standing Committee and Director of its Organization Department; in June 2007, he was appointed as President and Secretary of CPC Leading Group of China Petrochemical Corporation. In August 2007, he was elected as Chairman of Board of Directors of Sinopec Corp. Mr. Su was elected as Alternative Member of 16th and 17th Session of CPC Central Committee.

Wang Tianpu, aged 47, Vice Chairman of Board of Directors and President of Sinopec Corp. Mr. Wang is a professor level senior engineer and obtained a PhD Degree. In March 1999, he was appointed as Vice President of Qilu Petrochemical Company, China Petrochemical Corporation; in February 2000, he was appointed as Vice President of Sinopec Qilu Branch Company; in September 2000, he was appointed as President of Sinopec Qilu Branch Company; in August 2001, he was appointed as Vice President of Sinopec Corp.; in April 2003, he was appointed as Senior Vice President of Sinopec Corp.; in March 2005, he was appointed as President of Sinopec Corp.; in May 2006, he was elected as Board Director and appointed as President of Sinopec Corp.; in May 2009, he was elected as Vice Chairman of Board of Directors and President of Sinopec Corp.

Zhang Yaocang, aged 56, Vice Chairman of the Board of Directors of Sinopec Corp. and Vice President of China Petrochemical Corporation. Mr. Zhang is a professor level senior engineer and obtained a graduate degree of Graduate School. In November 1990, he was appointed as Deputy Director General of Bureau of Petroleum Geology and Marine Geology, Ministry of Geology and Mineral Resources (MGMR); in February 1994, he was appointed as Secretary of CPC Committee and Deputy Director General of Bureau of Petroleum Geology and Marine Geology, Ministry of Geology and Mineral Resources (MGMR); in June 1997, he was appointed as Deputy Secretary of CPC Leading Group and Executive Vice President of Sinopec Star Petroleum Co. Ltd; in April 2000, he was appointed as Assistant to President of China Petrochemical Corporation and concurrently as President of Sinopec Star Petroleum Co., Ltd.; in August 2000, he was appointed concurrently as Secretary of CPC Committee of Sinopec Star Petroleum Co. Ltd; in July 2001, he was appointed as Vice President of China Petrochemical Corporation; in May 2009, he was elected as Vice Chairman of the Board of Directors of Sinopec Corp.

Zhang Jianhua, aged 45, Board Director and Senior Vice President of Sinopec Corp. Mr. Zhang is a professor level senior engineer and obtained a master degree. In April 1999, he was appointed as Vice President of Shanghai Gaoqiao Petrochemical Company, China Petrochemical Corporation; in February 2000, he was appointed as Vice President of Sinopec Shanghai Gaoqiao Branch Company; in September 2000, he was appointed as President of Sinopec Shanghai Gaoqiao Branch Company; in April 2003, he was appointed as Vice President of Sinopec Corp.; in November 2003, he was appointed concurrently as Director General of Production and Operation Management Department of Sinopec Corp.; in March 2005, he was appointed as Senior Vice President of Sinopec Corp.; and in May 2006, he was elected as Board Director and appointed as Senior Vice President of Sinopec Corp.

Wang Zhigang, aged 52, Board Director and Senior Vice President of Sinopec Corp. Mr. Wang is a professor level senior engineer and obtained a PhD Degree. In February 2000, he was appointed as Vice President of Sinopec Shengli Oilfield Co., Ltd.; in June 2000, he served as Board Director and President of Shengli Oilfield Co., Ltd.; in November 2001, he was appointed temporarily as Deputy Director General and Deputy Secretary of CPC Leading Group of Economic and Trade Commission, Ningxia Hui Autonomous Region; in April 2003, he was appointed as Vice President of Sinopec Corp.; in June 2003, he was appointed as Director General of Oilfield Exploration and Development Department of Sinopec Corp.; in March 2005, he was appointed as Senior Vice President of Sinopec Corp.; in May 2006, he was elected as Board Director and appointed as Senior Vice President of Sinopec Corp.

Cai Xiyong, aged 48, Board Director and Senior Vice President of Sinopec Corp. Mr. Cai is a professor level senior economist and obtained a master degree. In June 1995, he was appointed as Vice President of Jingzhou Petrochemical Corporation of the former China Petrochemical Corporation; in May 1996, he was appointed as Vice President of Dalian West Pacific Petrochemical Corporation; in December 1998, he was appointed as Vice President of Sinopec Sales Co., Ltd.; in June 2001, he was appointed as Executive Vice President of Sinopec Sales Co., Ltd.; in December 2001, he served as Board Director and President of China International United Petroleum & Chemicals Co., Ltd. (UNIPEC); in April 2003, he was appointed as Vice President of Sinopec Corp.; in November 2005, he was appointed as Senior Vice President of Sinopec Corp.; in May 2009, he was elected as Board Director and appointed as Senior Vice President of Sinopec Corp.

Cao Yaofeng, aged 56, Board Director of Sinopec Corp. and Vice President of China Petrochemical Corporation. Mr. Cao is a professor level senior engineer and obtained a master degree. In April 1997, he was appointed as Deputy Director General of Shengli Petroleum Administration Bureau; in May 2000, he served as concurrently as Vice Chairman of Board of Directors of Sinopec Shengli Oilfield Co., Ltd.; in December 2001, he served as Board Director and President of Sinopec Shengli Oilfield Co., Ltd.; in December 2002, he served as Director General of Shengli Petroleum Administration Bureau of China Petrochemical Corporation and Chairman of Board of Directors of Shengli Oilfield Company Limited; from April 2003 to May 2006, he served as Employee Representative Board Director of Sinopec Corp.; in October 2004, he was appointed as Assistant to President of China Petrochemical Corporation; in November 2005, he was appointed as Vice President of China Petrochemical Corporation; in May 2009, he was elected as Board Director of Sinopec Corp.

Li Chunguang, aged 54, Board Director of Sinopec Corp. and Vice President of China Petrochemical Corporation. Mr. Li is a professor level senior engineer and obtained a university diploma. In August 1991, he was appointed as Deputy General Manager of Sinopec Sales Company North China Branch; in October 1995, he was appointed as Deputy General Manager of Sinopec Sales Company; in June 2001, he was appointed as General Manager of Sinopec Sales Co., Ltd.; in December 2001, he was appointed as Director General of Oil Product Sales Department of Sinopec Corp.; in April 2002 he was elected as Chairman of Board of Directors and General Manager of Sinopec Sales Co., Ltd.; in April 2003, he was appointed as Vice President of Sinopec Corp.; in November 2005, he was appointed as Vice President of China Petrochemical Corporation; in May 2009, he was elected as Board Director of Sinopec Corp.

Dai Houliang, aged 46, Board Director and Senior Vice President of Sinopec Corp. Mr. Dai is a professor level senior engineer and obtained a PhD Degree. In December 1997, he was appointed as Vice President of Yangzi Petrochemical Corporation; in April 1998, he served as Board Director and Vice President of Yangzi Petrochemical Co., Ltd.; in July 2002, he served as Vice Chairman of Board of Directors, President of Yangzi Petrochemical Co., Ltd. and Board Director of Yangzi Petrochemical Corporation; in December 2003, he served as Chairman and President of Yangzi Petrochemical Co., Ltd. and concurrently as Chairman of Yangzi Petrochemical Corporation; in December 2004, he served as concurrently as Chairman of Board of Directors of BASF-YPC Company Limited; in September 2005, he was appointed as Deputy CFO of Sinopec Corp.; in November 2005, he was appointed as Vice President of Sinopec Corp.; in May 2006, he served as Board Director, Senior Vice President and CFO of Sinopec Corp.; and in May 2009, he was elected as Board Director and appointed as Senior Vice President of Sinopec Corp.

Liu Yun, aged 53, Board Director of Sinopec Corp., Chief Accountant of China Petrochemical Corporation. Mr. Liu is a senior accountant and obtained a master degree. In December 1998, he was appointed as Deputy Director General of Financial Department of China Petrochemical Corporation; in February 2000, he was appointed as Deputy Director General of Financial Department of Sinopec Corp.; in January 2001, he was appointed as Director General of Financial Department of Sinopec Corp.; in June 2006, he was appointed as Deputy CFO of Sinopec Corp.; in February 2009, he was appointed as Chief Accountant of China Petrochemical Corporation; and in May 2009, he was elected as Board Director of Sinopec Corp.

Liu Zhongli, aged 75, Independent Non-executive Director of Sinopec Corp. Mr. Liu is a senior economist and obtained a college diploma. In July 1982, he was appointed as Deputy Director General and Member of CPC Leading Group of Heilongjiang Provincial Planning Commission; in May 1983, he was appointed as Director General and Secretary of CPC Leading Group of Heilongjiang Provincial Planning Commission (later as Planning & Economics Commission); in May 1985, he was appointed as Deputy Governor of Heilongjiang Province; in February 1988, he was appointed as Vice Minister and Deputy Secretary of CPC Leading Group of Ministry of Finance; in July 1990, he was appointed as Deputy Secretary General and Deputy Secretary of organizational CPC Leading Group of the State Council; in September 1992, he was appointed as Minister and Secretary of CPC Leading Group of Ministry of Finance; in February 1994, he was appointed concurrently as Director General of State Administration of Taxation; in March 1998, he was appointed as Head and Secretary of CPC Leading Group of Economic System Reform Office of the State Council; in August 2000, he was appointed as Chairman of Board of Trustees and Secretary of CPC Leading Group of National Council for Social Security Funds; in March 2003, he was appointed as Standing Committee Member of the 10th Session of Chinese People's Political Consultative Conference (CPPCC) and Director General of Economics Committee of CPPCC; in October 2004, he was appointed as President of the Chinese Institution of Certified Public Accountants; in May 2006, he was elected as Independent Non-executive Director of Sinopec Corp. Mr. Liu was elected as Member of 14th and 15th Session of CPC Central Committee.

Ye Qing, aged 76, Independent Non-executive Director of Sinopec Corp. Mr. Ye is a senior engineer and obtained a college diploma. In January 1976, he was appointed as Deputy Director of Revolutionary Committee and Chief Engineer of Jixi Mining Bureau; in March 1982, he was appointed as Vice Minister, Member of CPC Leading Group, Chief Engineer and Secretary of CPC Leading Group of Ministry of Coal Industry; in August 1986, he was appointed as Deputy Director General and Member of CPC Leading Group of National Economy Commission; in May 1988, he was successively appointed as Deputy Director General, Member of CPC Leading Group and Deputy Secretary of CPC Leading Group of State Planning Commission, as well as Director General of State Council Production Commission; in July 1991, he was appointed as Deputy Director and Member of CPC Leading Group of State Planning Commission; from April 1998 to July 2003, he served as Chairman of Board of Directors and Secretary of CPC Leading Group of Shenhua Group Company Limited; from February 1999 to December 2000, he served concurrently as President of Shenhua Group Company Limited; in May 2009, he was elected as Independent Non-executive Director of Sinopec Corp. Mr. Ye was elected as Alternate Member of 14th Session of CPC Central Committee and Standing Committee Member of 9th and 10th Session of CPPCC.

Li Deshui, aged 65, Independent Non-executive Director of Sinopec Corp. Mr. Li is a senior engineer, a research fellow, a part time professor at Schools of Economics at both Peking University and Renmin University of China, and obtained a university diploma. In 1992, he was appointed as Deputy Director General of National Economy Comprehensive Department of State Planning Commission; in May 1996, he was appointed as Director General of National Economy Comprehensive Department of State Planning Commission; in November 1996, he was appointed as Vice Mayor of Chongqing City in Sichuan Province; in March 1997, he was appointed as Vice Mayor of Chongqing Municipality directly under the Central Government; in November 1999, he was appointed as Deputy Director General and Member of CPC Leading Group of State Council Research Office; in April 2002, he was appointed as Secretary of CPC Leading Group and Vice President of China International Engineering Consulting Corporation; in March 2003, he was appointed as Secretary of CPC Leading Group and Director General of State Statistics Bureau, Member of Monetary Policy Committee of the People's Bank of China, and President of China Statistics Institute; in March 2005, he was elected as Vice Chairman of 36th Session United Nations Statistics Commission; in March 2005, he served as Member of 10th Session CPPCC; in April 2006, he was appointed as Member of Economy Commission of CPPCC; in March 2006, he was appointed as Consultant of State Statistics Bureau; in March 2008, he served as Member of 11th Session CPPCC and Deputy Director General of its Economy Commission; in May 2006, he was elected as Independent Non-executive Director of Sinopec Corp.

Xie Zhongyu, aged 66, Independent Non-executive Director of Sinopec Corp. Mr. Xie is a senior engineer and obtained a university diploma. In May 1986, he was appointed as Deputy Director General for both Investigation and Research Office and Policy Research Office in Ministry of Chemical Industry; in November 1988, he was appointed as Director General of Department of Policy, Laws & Regulations of Ministry of Chemical Industry; in December 1991, he was appointed as Director General of Department of Policy, Laws & Regulations of Ministry of Chemical Industry; in September 1993, he was appointed as Director General of General Office of Ministry of Chemical Industry; in June 1998, he was appointed as Deputy Director General, Member of CPC Leading Group of State Petroleum and Chemical Industry Bureau; from June 2000 to December 2006, he served as Chairman of the Board of Supervisors for Key Large-scaled State Owned Enterprises; in October 2007, he was elected as Board Director of Nuclear Power Technology Corporation; and in May 2009, he was elected as Independent Non-executive Director of Sinopec Corp.

Chen Xiaojin, aged 65, Independent Non-executive Director of Sinopec Corp. Mr. Chen is a senior engineer (research fellow level) and obtained a university diploma. In December 1982, he was appointed as President of Tianjin Ship Industry Corporation; in January 1985, he was appointed successively as Vice President and President of CNOOC Platform Corporation; in February 1987, he was appointed successively as Director General of Operation Department, Director General of Foreign Affairs Bureau, Director General of International Affairs Department in China State Shipbuilding Corporation and Deputy President of China State Shipbuilding Trading Company; in December 1988, he was appointed as Vice President of China State Shipbuilding Corporation; in January 1989, he was appointed concurrently as President of China State Shipbuilding Trading Company; in October 1996, he was elected as concurrently as Chairman of Board of Directors of China State Shipbuilding Trading Company; from June 1996 to July 2008, he served as President and Secretary of CPC Leading Group of China State Shipbuilding Corporation; in May 2009, he was elected as Independent Non-executive Director of Sinopec Corp.

DIRECTORS OF THE 4TH SESSION OF BOARD OF DIRECTORS

Name	Gender	Age	Position with Sinopec Corp.	Tenure	Remuneration paid by the Company in 2009 (RMB10,000, before tax)	Whether paid by the Company	Shares held at Sinopec Corp. (as at 31 December)	2009	2008
Su Shulin	Male	47	Chairman	2009.05-2012.05	—	Yes	0	0	
Wang Tianpu			Vice Chairman,						
Zhang Yaocang	Male	47	President	2009.05-2012.05	72.57	No	0	0	
Zhang Jianhua	Male	56	Chairman	2009.05-2012.05	—	Yes	0	0	
	Male	45	Director,	2009.05-2012.05	72.04	No	0	0	
Wang Zhigang			Senior Vice President						
	Male	52	Director,	2009.05-2012.05	72.04	No	0	0	
Cai Xiyou			Senior Vice President						
	Male	48	Director,	2009.05-2012.05	72.04	No	0	0	
Cao Yaofeng			Senior Vice President						
	Male	56	Director	2009.05-2012.05	—	Yes	0	0	
Li Chunguang			Board						
	Male	54	Director	2009.05-2012.05	—	Yes	0	0	
Dai Houliang			Board						
	Male	46	Director,	2009.05-2012.05	72.04	No	0	0	
Liu Yun			Senior Vice President						
	Male	53	Director	2009.05-2012.05	—	Yes	0	0	
Liu Zhongli			Independent						
	Male	75	Non-executive Director	2009.05-2012.05	24 (Director's Fees)	No	0	0	
Ye Qing			Independent						
	Male	76	Non-executive Director	2009.05-2012.05	14 (Director's Fees)	No	0	0	
Li Deshui			Independent						
	Male	65	Non-executive Director	2009.05-2012.05	24	No	0	0	

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Xie Zhongyu	Male	66	executive Director Independent Non-2009.05-2012.05	(Director's Fees) 14	No	0	0
Chen Xiaojin	Male	65	executive Director Independent Non-2009.05-2012.05	(Director's Fees) 14	No	0	0

DIRECTORS OF THE 3RD SESSION OF BOARD OF DIRECTORS

Name	Gender	Age	Position with Sinopec Corp.	Term of Office
Su Shulin	Male	47	Chairman	2007.08-2009.05
Zhou Yuan	Male	62	Vice Chairman	2006.05-2009.05
Wang Tianpu	Male	47	Director, President	2006.05-2009.05
Zhang Jianhua	Male	45	Director, Senior Vice President	2006.05-2009.05
Wang Zhigang	Male	52	Director, Senior Vice President	2006.05-2009.05
Dai Houliang	Male	46	Director, Senior Vice President, CFO	2006.05-2009.05
Liu Zhongli	Male	75	Independent Non-executive Director	2006.05-2009.05
Shi Wanpeng	Male	72	Independent Non-executive Director	2006.05-2009.05
Li Deshui	Male	65	Independent Non-executive Director	2006.05-2009.05
Yao Zhongmin	Male	57	Board Director	2006.05-2009.05
Fan Yifei	Male	45	Board Director	2006.05-2009.05

(2) SUPERVISORS

Wang Zuoran, aged 59, Chairman of Board of Supervisors of Sinopec Corp., Leader of Discipline Inspection Group for CPC Leading Group of China Petrochemical Corporation. Mr. Wang is a professor level senior economist and obtained a university diploma. In October 1994, he was appointed as Vice President and Secretary of CPC Committee of Shengli Petroleum Administration Bureau; in February 2000, he was appointed as Assistant to the President of China Petrochemical Corporation; in July 2001, he was appointed as Leader of Discipline Inspection Group for CPC Leading Group of China Petrochemical Corporation; in February 2000, he was elected as Supervisor of Sinopec Corp.; and in April 2003, he was elected as Chairman of Board of Supervisors of Sinopec Corp.

Zhang Youcai, aged 68, Vice Chairman of Board of Supervisors of Sinopec Corp. and Independent Supervisor. Mr. Zhang is a professor and obtained a university diploma. In February 1983, he was successively appointed as Vice Mayor, Deputy Secretary of CPC committee, and Mayor of Nantong City; in December 1989, he was appointed as Vice Minister and Member of CPC Leading Group of Ministry of Finance (From May 1994 to March 1998, he served concurrently as Director General of National State-Owned Assets Administration); in March 2003, he was elected as Standing Committee Member of 10th Session of National People's Congress (NPC) and Deputy Director General of Finance & Economy Commission of NPC; in April 2003, he was elected as Independent Supervisor of Sinopec Corp.; and in May 2006, he served as Vice Chairman of Board of Supervisors and Independent Supervisor of Sinopec Corp.

Geng Limin, aged 55, Supervisor of Sinopec Corp., Director General of Supervision Department of Sinopec Corp., Vice Leader of Discipline Inspection Group for CPC Leading Group of China Petrochemical Corporation, Director General of Supervision Bureau of China Petrochemical Corporation. Mr. Geng is a senior administration engineer and obtained a college diploma. In February 2000, he was appointed as Deputy Director General of Supervision Department of Sinopec Corp. and Deputy Director General of Supervision Bureau of China Petrochemical Corporation; in January 2007, he was appointed as Deputy Secretary of CPC Committee, Secretary of Discipline Inspection Committee as well as Trade Union Chairman of Sinopec Chemical Products Sales Company; in August 2008, he was appointed as Director General of Supervision Department of Sinopec Corp. and Vice Leader of Discipline Inspection Group for CPC Leading Group of China Petrochemical Corporation and Director General of Supervision Bureau of China Petrochemical Corporation; and in May 2009, he was elected as Supervisor of Sinopec Corp.

Zou Huiping, aged 49, Supervisor of Sinopec Corp. and Director General of Auditing Department of Sinopec Corp; Director General of Auditing Bureau of China Petrochemical Corporation. Mr. Zou is a professor level senior accountant and obtained a university diploma. In November 1998, he was appointed as Chief Accountant in Guangzhou Petrochemical General Plant of China Petrochemical Corporation; in February 2000, he was appointed as Deputy Director General of Finance & Assets Department of China Petrochemical Corporation; in December 2001, he was appointed as Deputy Director General of Finance & Planning Department of China Petrochemical Corporation; in March 2006, he was appointed as Director General of Finance & Assets Department of Assets Management Co., Ltd. of China Petrochemical Corporation; in March 2006, he was appointed as Director General of Auditing Department of Sinopec Corp. and Director General of Auditing Bureau of China Petrochemical Corporation; and in May 2006, he was elected as Supervisor of Sinopec Corp.

Li Yonggui, aged 69, Independent Supervisor of Sinopec Corp. Mr. Li is a senior economist, a Certified Public Accountant (CPA) and obtained a university diploma. In February 1985, he was appointed as Deputy Director General of Taxation Administration of Ministry of Finance; in December 1988 he was appointed as Chief Economist in State Taxation Administration; in April 1991, he was appointed as Deputy Director General of State Taxation Administration; in February 1995, he was appointed as Chief Economist of State Taxation Administration; in April 2000, he started to serve as President of Chinese Certified Tax Agents Association; in July 2008, he started to serve as Consultant of Chinese Certified Tax Agents Association; in November 2004, he started to serve as Vice President of the Chinese Institution of Certified Public Accountants; and in April 2003, he was elected as Independent Supervisor of Sinopec Corp.

Liu Xiaohong, aged 55, Employee Representative Supervisor of Sinopec Corp., Sinopec General Representative of Sinopec Corp. based in Hong Kong. Mr. Liu is a senior administration engineer and obtained a graduate degree from Graduate School. In February 1992, he was appointed as Deputy Director General of General Office of the former China Petrochemical Corporation; in December 1998, he was appointed as Deputy Director General of General Office of China Petrochemical Corporation; in December 2001, he was appointed as Director General of President's Office of Sinopec Corp.; in February 2005, he was appointed as Director General of General Office of China Petrochemical Corporation; in September 2005, he was appointed again as Director General of President's Office of Sinopec Corp.; in September 2009, he was appointed as General Representative of Sinopec Corp. based in Hong Kong; in May 2009, he was elected as Employee Representative Supervisor of Sinopec Corp.

Zhou Shiliang, aged 52, Employee Representative Supervisor of Sinopec Corp. and Director General of Personnel Departments of both Sinopec Corp. and China Petrochemical Corporation. Mr. Zhou is a professor level senior engineer and obtained a master degree. In February 2000, he was appointed as Deputy Director General of Yunnan-Guizhou-Guangxi Petroleum Exploration Bureau; in September 2000, he was appointed as President of Sinopec Yunnan-Guizhou-Guangxi Oilfield Company; in April 2002, he was appointed as Secretary of CPC Committee and Vice President in Sinopec South Exploration & Development Company; in April 2006, he was appointed as Secretary of CPC Committee and Deputy Director General in Sinopec Henan Petroleum Exploration Bureau; in November 2007, he was appointed as Director General of Sinopec Personnel Department of both Sinopec Corp. and China Petrochemical Corporation; and in May 2009, he was elected as Employee Representative Supervisor of Sinopec Corp.

Chen Mingzheng, aged 52, Employee Representative Supervisor of Sinopec Corp., Vice President of Sinopec Northwest Oilfield Company, Secretary of CPC Committee of Northwest Petroleum Bureau of China Petrochemical Corporation. Mr. Chen is a senior engineer and obtained a graduate degree from Graduate School. In November 2000, he was appointed as Deputy Director General of North China Petroleum Bureau under Sinopec Star Petroleum Co. Ltd.; in June 2003, he was appointed as Deputy Director General of North China Petroleum Bureau under China Petrochemical Corporation; in October 2004, he was appointed as Secretary of CPC Committee in North China Petroleum Bureau under China Petrochemical Corporation; in March 2008, he was appointed as Secretary of CPC Committee in Southwest Petroleum Bureau of China Petrochemical Corporation and Vice President of Sinopec Northwest Oilfield Company; in May 2009, he was elected as Employee Representative Supervisor of Sinopec Corp.

Su Wensheng, aged 53, Employee Representative Supervisor of Sinopec Corp. Mr. Su is a senior engineer and obtained a master degree. In September 1986, he was appointed as Deputy Secretary of CPC Committee and Secretary of Discipline Inspection Commission of Beijing Design Institute of former China Petrochemical Corporation; in November 1996, he was appointed as Secretary of CPC Committee of Beijing Design Institute of former China Petrochemical Corporation; in December 1998, he was appointed as Director General of Political and Ideological Department, and Deputy Secretary of CPC Committee directly affiliated to China Petrochemical Corporation; in December 2001, he was appointed concurrently as Executive Deputy Secretary of CPC Work Committee in Sinopec West New Region Exploration Headquarters; in October 2007, he served as Secretary of CPC Committee and Vice Chairman of Directors of Beijing Yanshan Petrochemical Company; and in April 2003, he was elected as Employee Representative Supervisor of Sinopec Corp.

SUPERVISORS OF THE 4TH SESSION OF BOARD OF SUPERVISORS

Name	Gender	Age	Position with Sinopec Corp.	Term of Office	Remuneration paid by the company in 2009 (RMB10,000, before tax)	Whether Shares held at Sinopec Corp. paid by the holding Company (as at 31 December)	2009	2008
Wang Zuoran	Male	59	Chairman of Board of Supervisors	2009.05-2012.05	—	Yes	0	0
Zhang Youcai	Male	68	Vice Chairman of Board of Supervisors, Independent Supervisor	2009.05-2012.05	24 (Supervisor's Fees)	No	0	0
Geng Limin	Male	55	Supervisor	2009.05-2012.05	—	Yes	0	0
Zou Huiping	Male	49	Supervisor	2009.05-2012.05	44.76	No	0	0
Li Yonggui	Male	69	Independent Supervisor	2009.05-2012.05	24 (Supervisor's Fees)	No	0	0
Liu Xiaohong	Male	55	Employee Representative Supervisor	2009.05-2012.05	31.79	No	0	0
Zhou Shiliang	Male	52	Employee Representative Supervisor	2009.05-2012.05	32.17	No	0	0
Chen Mingzheng	Male	52	Employee Representative Supervisor	2009.05-2012.05	38.69	No	0	0
Su Wensheng	Male	53	Employee Representative Supervisor	2009.05-2012.05	45.03	No	0	0

SUPERVISORS OF THE 3RD SESSION OF BOARD OF SUPERVISORS

Name	Gender	Age	Position with Sinopec Corp.	Term of Office
Wang Zuoran	Male	59	Chairman of Board of Supervisors	2006.05-2009.05
Zhang Youcai	Male	68	Vice Chairman of Board of Supervisors, Independent Supervisor	2006.05-2009.05
Kang Xianzhang	Male	61	Supervisor	2006.05-2009.05
Zou Huiping	Male	49	Supervisor	2006.05-2009.05
Li Yonggui	Male	69	Independent Supervisor	2006.05-2009.05
Su Wensheng	Male	53	Employee Representative Supervisor	2006.05-2009.05
Zhang Jitian	Male	62	Employee Representative Supervisor	2006.05-2009.05

Cui Guoqi	Male	56	Employee Representative Supervisor 2006.05-2009.05
Li Zhonghua	Male	58	Employee Representative Supervisor 2006.05-2009.05

(3) OTHER MEMBERS OF SENIOR MANAGEMENT

Wang Xinhua, aged 54, CFO of Sinopec Corp., Director General of Financial Department of Sinopec Corp. Mr. Wang is a professor level Senior accountant and obtained a university diploma. In January 2001, he was appointed as Deputy Director General of Finance & Assets Department of China Petrochemical Corporation; in December 2001, he was appointed as Deputy Director General of Finance & Planning Department of China Petrochemical Corporation; in October 2004, he was appointed as Director General of Finance & Planning Department of China Petrochemical Corporation; in May 2008, he was appointed as Director General of Financial Department of China Petrochemical Corporation; in March 2009, he was appointed as Director General of Financial Department of Sinopec Corp.; in May 2009, he was appointed as CFO of Sinopec Corp.

Zhang Kehua, aged 56, Vice President of Sinopec Corp., Director General of Engineering Department of Sinopec Corp. Mr. Zhang is a professor level senior engineer and obtained a master degree. In February 1994, he was appointed as Vice President of No.3 Construction Company of the former China Petrochemical Corporation; in April 1996, he was appointed as Deputy Director General of Engineering & Construction Department (concurrently Vice President of Engineering & Construction Co., Ltd.) of the former China Petrochemical Corporation; in December 1998, he was appointed as Deputy Director General of Engineering & Construction Department of China Petrochemical Corporation; in September 2002, he was appointed as Director General of Engineering & Construction Department of China Petrochemical Corporation; in June 2007, he was appointed as Director General of Engineering Department of Sinopec Corp.; in May 2006, he was appointed as Vice President of Sinopec Corp.

Zhang Haichao, aged 52, Vice President of Sinopec Corp, Chairman of Board of Directors and General Manager of Sinopec Sales Co., Ltd. Mr. Zhang is a senior economist and obtained a master degree. In March 1998, he was appointed as Deputy General Manager of Zhejiang Petroleum Corporation; in September 1999, he was appointed as General Manager of Zhejiang Petroleum Corporation; in February 2000, he was appointed as General Manager of Sinopec Zhejiang Petroleum Co., Ltd.; in April 2004, he served as Chairman of Board of Directors of Sinopec-BP Zhejiang Petroleum Sales Co., Ltd.; in October 2004, he served as Secretary of CPC Committee, Vice Chairman of Board of Directors, and Deputy General Manager of Sinopec Sales Co., Ltd.; in November 2005 he served as Secretary of CPC Committee, Chairman of Board of Directors, and Manager of Sinopec Sales Co., Ltd.; in June 2006, he served as Chairman of Board of Directors, and General Manager of Sinopec Sales Co., Ltd.; in April 2003, he was elected as Employee Representative Supervisor of Sinopec Corp. and in November 2005, he was appointed as Vice President of Sinopec Corp.

Jiao Fangzheng, aged 47, Vice President of Sinopec Corp, President of Sinopec Northwest Oilfield Company. Mr. Jiao is a professor level senior engineer and obtained a PhD Degree. In January 1999, he was appointed as Chief Geologist in Zhongyuan Petroleum Exploration Bureau of China Petrochemical Corporation; in February 2000, he was appointed as Vice President and Chief Geologist of Sinopec Zhongyuan Oilfield Company; in July 2000, he was appointed as Deputy Director General of Sinopec Petroleum Exploration & Development Research Institute; in March 2001, he was appointed as Deputy Director General of Oilfield Exploration & Development Department of Sinopec Corp.; in June 2004, he was appointed as President of Sinopec Northwest Oilfield Company; and in October 2006, he was appointed as Vice President of Sinopec Corp.

Lei Dianwu, aged 47, Vice President of Sinopec Corp, Director General of Development & Planning Department of Sinopec Corp. Mr. Lei is a senior engineer and obtained a university diploma. In October 1995, he was appointed as Vice President of Yangzi Petrochemical Corporation; in December 1997, he was appointed as Director of Planning & Development Department in China Donglian Petrochemical Co., Ltd.; in May 1998, he was appointed as Vice President of Yangzi Petrochemical Corporation; in August 1998 he was appointed as Vice President in Yangzi Petrochemical Co., Ltd.; in March 1999, he was appointed temporarily as Deputy Director General of Development & Planning Department of China Petrochemical Corporation; in February 2000, he was appointed as Deputy Director General of Development & Planning Department of Sinopec Corp.; in March 2001, he was appointed as Director General of Development & Planning Department of Sinopec Corp.; in May 2009, he was appointed as Vice President of Sinopec Corp.

Chen Ge, aged 47, Secretary of Board of Directors of Sinopec Corp., Director General of Coporate Reform and Management Department of Sinopec Corp. Mr. Chen is a senior economist and obtained a master degree. In July 1983, he started working for Beijing Yanshan Petrochemical Corporation; in February 2000, he was appointed as Deputy Director General of Secretariat of Board of Directors of Sinopec Corp.; in December 2001, he was appointed as Director General of Secretariat of Board of Directors of Sinopec Corp.; in April 2005, he was appointed as Director General of Coporate Reform and Management Department of Sinopec Corp.; and in April 2003, he was appointed as Secretary of Board of Directors of Sinopec Corp.

OTHER SENIOR MANAGEMENT

Name	Gender	Age	Position in the Company	Remuneration	Whether paid by the holding Company	Shares held at Sinopec Corp (as at 31 December)	
				paid by the Company in 2009 (RMB 10,000, before tax)		2009	2008
Wang Xinhua	Male	54	CFO	35.49	No	0	0
Zhang Kehua			Vice President				
Z h a n g	Male	56	President	53.85	No	0	0
Haichao			Vice President				
J i a o	Male	52	President	52.53	No	0	0
Fangzheng			Vice President				
Lei Dianwu	Male	47	President	52.53	No	0	0
			Vice President				
Chen Ge	Male	47	President	36.15	No	0	0
			Board				
	Male	47	Secretary	44.01	No	0	0

2 APPOINTMENT OR TERMINATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In 2008, the Annual General Meeting of Shareholders of Sinopec Corp. elected the 4th Session of Board of Directors, whose members are as follows: Mr. Su Shulin, Mr. Wang Tianpu, Mr. Zhang Yaocang, Mr. Zhang Jianhua, Mr. Wang Zhigang, Mr. Cai Xiyou, Mr. Cao Yaofeng, Mr. Li Chunguang, Mr. Dai Houliang, Mr. Liu Yun, Mr. Liu Zhongli, Mr. Ye Qing, Mr. Li Deshui, Mr. Xie Zhongyu, and Mr. Chen Xiaojin. Members of the 3rd Session of Board of Directors of Sinopec Corp., Vice Chairman Mr. Zhou Yuan, Directors Mr. Shi Wanpeng, Mr. Yao Zhongmin and Mr. Fan Yifei no longer hold posts in the new session.

The 4th Session of Board of Supervisors of Sinopec Corp. were also elected, whose members are as follows: Mr. Wang Zuoran, Mr. Zhang Youcai, Mr. Geng Limin, Mr. Zou Huiping and Mr. Li Yonggui. In addition, through the democratic election by employees, Mr. Liu Xiaohong, Mr. Zhou Shiliang, Mr. Chen Mingzheng and Mr. Su Wensheng were elected as Employee Representative Supervisors in the 4th Session of Board of Supervisors of Sinopec Corp.. Supervisors of the 3rd Session of Board of Supervisors Mr. Kang Xianzhang, Mr. Zhang Jitian, Mr. Cui Guoqi, Mr. Li Zhonghua no longer act as Supervisors in the new session.

The first meeting of the 4th Session of Board of Directors of Sinopec Corp. elected Mr. Su Shulin as Chairman, and Mr. Wang Tianpu, Mr. Zhang Yaocang as Vice Chairman. The Board of Directors appointed Mr. Wang Tianpu as President, and appointed Mr. Zhang Jianhua, Mr. Wang Zhigang, Mr. Cai Xiyou, Mr. Dai Houliang as Senior Vice President. Mr. Wang Xinhua was appointed as CFO and Mr. Zhang Kehua, Mr. Zhang Haicao, Mr. Jiao Fangzheng and Mr. Lei Dianwu were appointed as Vice Presidents. Mr. Chen Ge was appointed as Secretary of Board of Directors.

The first meeting of the 4th Session of Board of Supervisors of Sinopec Corp. elected Mr. Wang Zuoran as Chairman of Board of Supervisors and Mr. Zhang Youcai as Vice Chairman.

3 DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

Till December 31 2009 or any time during this year, none of Board Directors or Supervisors had any beneficial interest in any material contract to which Sinopec Corp., its holding company or any its subsidiary or fellow subsidiary was one party.

4 SALARIES OF DIRECTORS, SUPERVISORS AND THE SENIOR MANAGEMENT

During this reporting period, the number of Directors, Supervisors and other Senior Management is 19 in total, with their annual remuneration is RMB 9.192 million in total.

5 THE COMPANY'S EMPLOYEES

As at 31 December 2009, the number of employees of the Company is 371,333 in total.

Breakdown according to business department structures:

	Number of Employees	Percentage to Total Employees (%)
Exploration and Production	142,869	38.4
Refining	83,511	22.5
Marketing and Distribution	66,424	17.9
Chemicals	68,991	18.6
R&D and Others	9,538	2.6
Total	371,333	100

Breakdown according to functions:

	Number of Employees	Percentage to Total Employees (%)
Production	192,752	51.9
Sales	58,269	15.7
Technical	49,181	13.2
Finance	9,847	2.7
Administration	29,706	8.0
Others	31,578	8.5
Total	371,333	100

Breakdown according to education background:

	Number of Employees	Percentage to Total Employees (%)
Master's Degree or above	7,718	2.1
University	73,176	19.7
Tertiary education	78,055	21.0
Technical/polytechnic school	33,002	8.9
Secondary, technical/polytechnic school or below	179,382	48.3
Total	371,333	100

6 EMPLOYEE BENEFITS SCHEME

Details of the Company's employee benefits scheme are set out in the Annex of the financial statements prepared under IFRS which are contained in this annual report. As at 31 December 2009, the Company has a total of 167,817 retired employees. All of them participate in the basic pension schemes administered by provincial (autonomous region or municipalities) governments. Government-administered pension schemes are responsible for the payments of basic pensions.

PRINCIPAL WHOLLY-OWNED, CONTROLLING AND NON WHOLLY-OWNED SUBSIDIARIES

At 31 December 2009, details of the principal wholly-owned, controlling and non wholly-owned subsidiaries of the Company were as follows:

Name of Company	Registered capital RMB millions	Percentage of shares held by	Total assets RMB millions	Net assets RMB millions	Net profit/ (loss) RMB millions
		Sinopec Corp. (%)			