China Petrochemical Corporation (Sinopec Group) is a super-large petroleum and petrochemical enterprise group, established in July 1998 on the basis of the former China Petrochemical Corporation. Sinopec Group is a state-owned company solely invested by the state, functioning as a state-authorized investment organization in which the state holds the controlling share. Headquartered in Beijing, Sinopec Group has a registered capital of 182 billion yuan. The President of Sinopec Group is its legal representative.

Sinopec Group executes the investor rights over related state assets owned by its full subsidiaries, controlled companies and share-holding companies. These rights include receiving returns on assets, making major decisions and appointing management teams. The Group operates, manages and supervises state assets according to related laws, and shoulders the corresponding responsibility of maintaining and increasing the value of state assets. China Petroleum and Chemical Company (Sinopec Corp.), controlled by Sinopec Group, issued H-shares and A-shares at overseas and home respectively in October 2000 and August 2001 and was listed on stock markets in Hong Kong, New York, London and Shanghai.

Sinopec Group's key business activities include: the exploration, production, storage and transportation (including pipeline transportation), marketing and comprehensive utilization of oil and natural gas; oil refining; the wholesale and retail of oil products; the production, marketing, storage, transportation of petrochemicals and other chemical products; industrial investment and investment management; the design, construction and installation of petroleum and petrochemical engineering projects; the overhaul and maintenance of petroleum and petrochemical equipments; the manufacturing of electrical and mechanical equipments; the research, development, application and consulting services of technology, information and alternative energy products, the import and export business.

Sinopec Group ranked the 7th in the Fortune Global 500 in 2010.


中国石化

Su Shulin, President of Sinopec Group

President's Address

I would like to thank you for following our development in the past year and look forward to your continued support and understanding.

In the face of a complex business environment in 2010, under the strong leadership of the Chinese government and tremendous support from all aspects, we thoroughly implemented the scientific outlook on development, forged ahead pragmatically and progressively, and hit new highs in all aspects of our business performance amidst the extended crisis.

Seizing the opportunity of stable and rapid economic growth in China, we actively increased resources, expanded markets, optimized operation, and achieved remarkable growth. Annual crude oil production was 60.96 million tonnes, in which overseas production was 18.40 million tonnes, up by 10.4% and 43.9% respectively year on year. Natural gas production was 12.5 billion cubic meters, up by 47.6%. Refining throughput was 213 million tonnes, up by 13.1%. Ethylene production was 9.19 million tonnes, up by 36.9%. And sales volume of oil products reached 149 million tonnes, up by 14%. Our total revenue was 1969.0 billion yuan, up by 41.5%. Total pre-tax profit was 347.7 billion yuan, in which net profit was 105.2 billion yuan, increased by 27.0% and 29.2% respectively, both hitting historic highs.

Based on the principle of capitalizing strengths to make up for weaknesses, we rigourously implemented our strategies of resources, markets, integration and global operation. The Sichuan to East China Gas Transmission project started commercial operation while the Yulin-Jinan Gas Pipeline was completed and operational, laying a solid ground for fast track growth of natural gas business. Zhenhai Ethylene cracker and Tianjin integrated refining and ethylene facilities started production, in addition to scheduled progress of oil products upgrading programmes, further consolidating our competitive strength. Oil products marketing networks were further improved while chemicals marketing branches addition accelerated, leading to increased market penetration of the company. We made new breakthrough in global operation by concluding the Canadian Syncrude oil sands acquisition project.

We integrated domestic and international peer companies' experiences into a Sinopec management model. We pushed forward system and organization innovation and further adjusted regulations, procedures and related documentation. We carried out pilot programmes of total cost management and propose-to-improve, gave full play to information technology and system, emphasized on internal control and auditing, thus comprehensively elevating our corporate management standards.

In 2010, we promoted innovation in science and technology to support core businesses. We established matrix management system for research projects, institutionalized a system of R&D institute-branch institute, set up innovation merit award and

outstanding creative team award, greatly incentivizing the creativity of our R&D staff. As a result, a series of important research goals were reached. We maintained our leading position among SOEs in terms of numbers of patent application and authorization.

We adhered to the people-first principle, established and improved the mechanism of staff recruitment, training, and career development, continuously improved incentive system, vigourously implemented talent training programmes and extensively carried out skills competition and technical contest. We carried out group-wide quest for excellence programme, by benchmarking performances among employees and encouraging ongoing improvement.

We took solid steps to fulfill our corporate social responsibility and make every effort to increase public welfare, establishing a good corporate image. We played an important role in securing fuels supply in disaster relief, agricultural consumption peaks in summer and autumn, for events like Shanghai Expo and Guangzhou 2010 Asian Games, and in particular eased supply tension of diesel and natural gas in some domestic regions in the fourth quarter 2010. We actively participated in public welfare activities, including poverty alleviation and aid Tibet programmes, sponsorship of "Lifeline Express", donation to education and disaster relief programmes, all of which yielded positive recognition from the public.

We attribute our remarkable 2010 achievements to the invaluable support and assistance from all sectors of the society, and we deeply appreciate that.

Year 2011 is the first year of the 12th Five-year Plan period and will present still complexes and demanding tasks. However, we will stick to scientific development, accelerate the transformation of growth pattern and sharpen our competitive edge. We will make great effort to promote structural adjustment, energy saving and emission reduction, technology innovation, management innovation and talent team construction, strive to improve the quality and efficiency of development, so as to make the first step solid for the next five years.

With the spirit of sincerity and mutual trust, we look forward to seeking win-win cooperation with companies and friends home and abroad.

Production and Operation at Home

Oil and Gas E&P

Petroleum Engineering and Technology Service

Refinery Operation

Sales of Oil Products

Chemical Production and Operation

Chemicals Sales

Oil and Gas E&P

In 2010, Sinopec Group made great progress in oil and gas exploration and production, with its effort in all aspects leading to sustainable development and substantial achievements.

In this year, the Group discovered 270 million tons of oil, and 35.8 billion cubic meters of natural gas in proven reserves, produced 42.56 million tons of crude oil and 12.5 billion cubic meters of natural gas – a record high level. The newly added crude oil production capacity reached 5.92 million tons and the natural gas production capacity, 7.1 billion cubic meters. The natural decline rate of oilfields maintained 16.5% and the gross water cut rate, 88.5%.

Oil and Gas Exploration In 2010, the Group focused on the risk exploration of new areas, fine exploration of mature areas, implementation of exploration projects, and evaluation of unconventional resources, with the aim of making breakthrough in new areas and increasing reserves in mature areas. As a result, the Group made three major breakthroughs, three key progress and seven new discoveries and progress.

Three Major Breakthroughs: First, Xinglong-1 Well in Changxing Formation was tested to find an industrial gas flow of daily yield as high as 517, 000 cubic meters and a trap resource of 133. 9 billion cubic meters, thereby making a breakthrough in exploration of areas of platform reef-bank facies in the southeast part of Sichuan Province, broadening the explored areas, and showing a promising prospect in Fuling area. Second, Yubei-1 Well was tested at the Ordovician to find an industrial oil flow of 41.9 cubic meters, making a pilot breakthrough in the new Tarim Basin area, and indicating

a prospective landscape of new oil resources. Third, Chuanke-1 Well in Ma'antang Formation was tested to find an industrial gas flow of daily yield as high as 868, 000 cubic meters, making a breakthrough in exploration of the marine strata in Sichuan Basin, and broadening the explored areas.

Three Major Progress: First, the exploration of subtle reservoir in the Jiyang depression achieved great progress, adding new reserves of 300 million tons for the three-grade reserves. Second, the exploration of carbonate rocks at Ordovician of Tahe made significant achievements, adding new reserves of 200 million tons for the three-grade reserves. Third, the stereo exploration of natural gas in the Yuanba region made substantial progress, adding new reserves of 300 billion cubic meters for three-grade natural gas reserves.

Seven New Discoveries and Progresses: The Group made new discoveries and progress in the following seven areas and aspects: the "Three New" (new belt, new layer and new type oil reservoir) of the mature areas, west border of Junggar, paleozoic marine strata in the lower Yangtze area, deep strata in the western Sichuan, exploration area in Inner Mongolia, Hangjinqi, and unconventional resource assessment.

Oilfield Development In 2010, the Group achieved sustainable development in oilfield exploration by taking the goals of "Keep Growth, Control Costs, Increase Profits", focusing on structure adjustment and production optimization to continuously to increase the use of reserves, recovery ratio and output per well.
The Group also worked to avoid the effects of natural disasters and took initiatives to involve in crude oil production. Faced the severe production situation, all the oilfields of Sinopec dealt with difficulties by taking the whole situation into consideration, working hard, and organizing disaster relieve activities and taking active measures to resume production. The eastern old area harvested 34.53 million tons of crude oil in annual output thanks to its reasonable organization and implementation of works, maintaining a moderate level. The western area reaped 8.03 million tons of crude oil in annual output thanks in part to its newly added production, indicating a fast growing trend.

The Group made more efforts in assessment and use of reserves, optimizing the capacity structure, speeding up the construction pace, and as a result, its new wells harvested 3.6 million tons of oil in annual production. On the basis of capacity construction, it also optimized the arrangements, plans and design, conducting persistently rolling exploration, reserve evaluation, and construction as an all-in-one activity. Consequently, the construction was sped up and quality was improved. Moreover, the Group carefully arranged production activities for key projects including infill development the Chengdao old area, Tahe-12 area Phase-III, Tuofutai Phase Ⅱ, and Pai-601 Well in Chunfeng area. During the year 2010, the total newly added capacity reached 5.92 million tons. The newly added capacity in new areas reached 3.49 million tons, accounting for 59% of the new total capacity and used 200 million tons of reserves.

The Group also focused on improving water drive and highlighted classified adjustment management of the reservoir of old oilfields, thus continuously boosting the oilfield development. For integrity reservoirs, we tapped potentials carefully on top of cyclothem, and partly at the oil-water transition zone and small sand body; for middle to high permeability fault block, we re-grouped the reservoirs; for thickened oil reservoirs, we added horizontal wells to make its well network more densely arranged, and made adjustments of turning low-efficiency water flooding to thermal recovery techniques, and turning steam huff and puff to steam flooding techniques. Thanks to its efforts, the oilfield production indexes continued to maintain the same level, a natural decline rate of 16.5%, a composite decline rate of 7.7%, and a gross water content of 88.5%.

The Group also conducted key pilot test project, and greatly boosted the recovery rate. Moreover, it continued to use chemicals in more areas for flooding purposes, launched four industrialization projects in Gudao, Gudong and Shuanghe blocks, and added new reserves of 34.31 million tons, which were expected to raise the oil recovery rate by 9.3%. Our 9 major pilot test projects progressed smoothly, and have stepped into the stage of field use. Substantial achievements were made in developing tertiary oil recovery additives. The self-developed surfactants suitable for use in a major pilot test project of Henan Oilfield were to be put into industrial production, and would be used in oilfields at the second half of 2011.

Natural Gas Business In 2010, the Group achieved a leap in its development of the natural gas business. The natural gas output for the first time exceeded 10 billion cubic meters, reaching 12.5 billion cubic meters, up 47.6%.
The Sichuan-East Natural Gas Transmission Project was in full production in a safe and smooth way. And in the Puguang Gasfield area, the daily output of mixed gas exceeded 20 million cubic meters, and the daily natural gas transported outside was up to 14.5 million cubic meters, bringing the total output during the year to 4.1 billion cubic meters.

The Yuanba exploration and production integration project was on the way. Up to the end of 2010, the Group had explored and assessed 28 wells in total, in which 14 was drilled, 14 was in drilling, 10 was gas tested, and 8 was proven to able to offer industrial gas. Moreover, it had started to conduct gas testing and operations testing for Yuanba-204 Well and Yuanba-11 Well in succession. The plan for producing gas at the Yuanba gas field is in formation according to the schedule.

Output of Oil and Gas at Home

	2010	2009	2008	2007	2006
Crude oil(million tons)	42.56	42.42	41.80	41.08	40.17
Natural gas(billion m^3)	12.50	8.47	8.30	8.00	7.27

The project was included in the "National Eleventh Five-Year Plan" major projects, and also a key project to ensure the transport of gas from the Daniudi gas field to the Greater Northern China area. The completion and of Yulin-Jinan pipeline enables the supply of gas from the Daniudi gas field with a daily output of more than 6 million cubic meters to Shandong, Henan markets.

The Group made good achievements in sales and guaranteeing supplies of natural gas. Taking full advantages of its all-around resources and making great efforts in boosting sales and guaranteeing of natural gas, the Group supplied as much gas as required to key areas along the Sichuan-East Natural Gas Transmission pipeline, Shandong, Henan, Jilin, and western Sichuan. Meanwhile, the Group took active measures in implementation of the national gas prices, achieving remarkable results.

Petroleum Engineering and Technology Service

In 2010, Sinopec Group brought up the construction capability and technical level and market competitiveness through boosting technology research, integration and applications, strengthening the build-up of petroleum engineering teams and fine management, raising the drilling speeding and efficiency in key areas, and vigorously expanding the external markets, thus ensured the achievement of goals in oil and gas reserves and output.

Increased Production Capacity The Group conducted 49,349 kilometers of 2D seismic surveys and 16,194 square kilometers of 3D seismic surveys, up 54.21% in internal, external and overseas markets. The Group drilled 4,298 wells with a total drilling footage of 11.25 million meters, up 4.02% and 8.81% respectively, logged data of wells totaling 385.74 million standard meters and 21,143 times, up 3.70% and 5.55% respectively; logged data of 4,414 wells totaling a footage of 11.18 million meters, up 8.27% and 11.69% respectively; and conducted special underground operations for 6,209 times, and oil testing for 1,761 stratum, up 50.38%. The oilfield construction enterprises produced an output of 20.55 billion yuan, an increase of 24.41%.

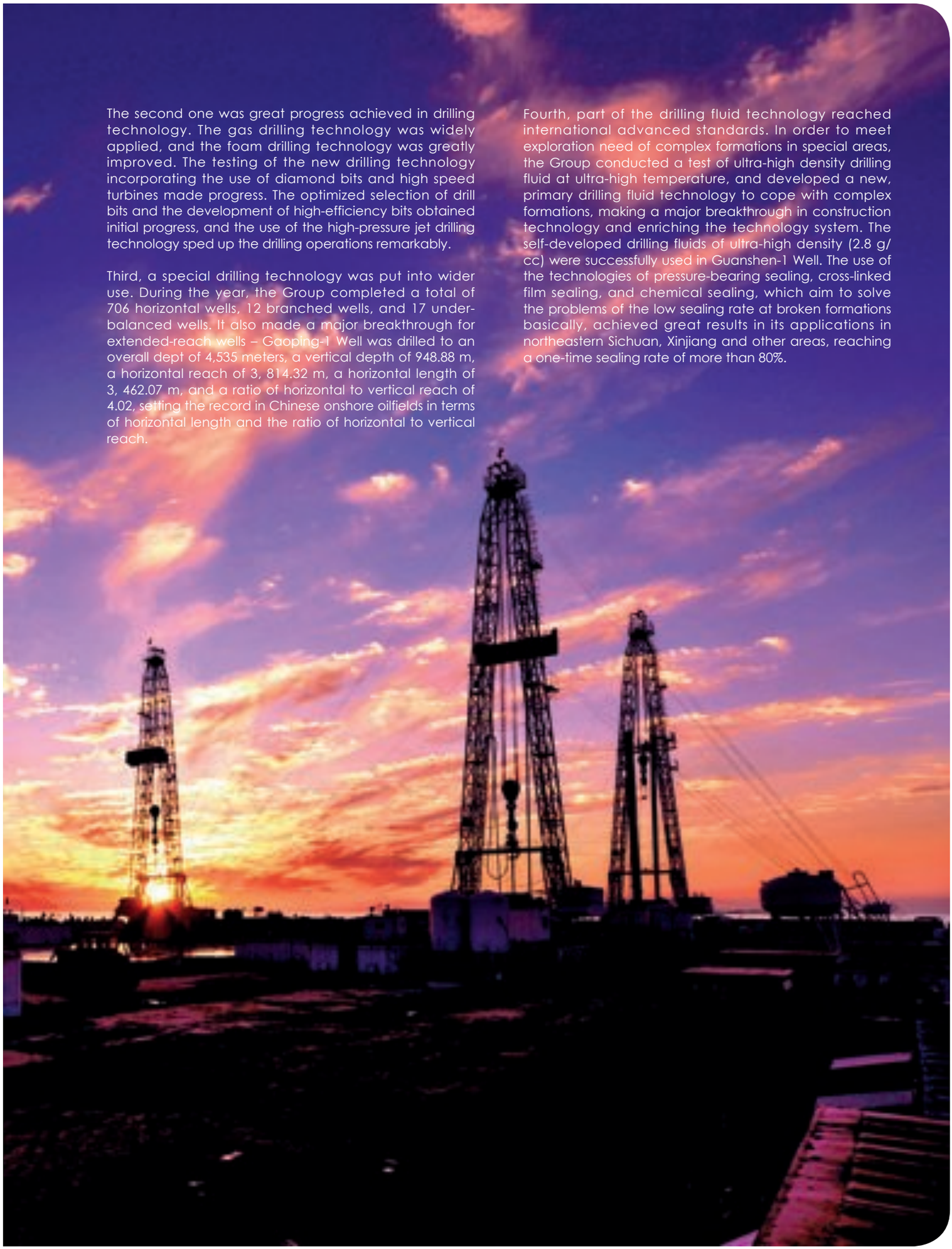
Well Supported Engineering and Technical Services In 2010, the Group made a total of 48 new records in petroleum engineering technology, in addition to other remarkable technology development results.

The first one was continuous progress of seismic technology. The high-precision 3D exploration technology was perfected and put into wide use, and the frequency of seismic data acquisition increased to 5 Hz or above. The effective frequency band was broadened by 8-10 Hz normally for calculating the complex lithologic gas reservoir data in the Shengli area, thus increasing the successful oil and gas exploration rate in complex oil and gas reservoirs in eastern areas. The 3D seismic technology applied in the large desert area ensured discovering gas and oil at Shun-7 Well, Yubei-1 Well in Tazhong oilfield. The highland seismic technology supported exploring natural gas in the northeastern Sichuan area, controlling the reserve scale in the Yuanba area with one hundred billion cubic meters of reserves, and reaping high yield at Xinglong-1 Well in the southeastern Sichuan. The multi-wave, multi-component seismic technology, applied in exploring gas reservoir at deep tight sandstone areas in Xinchang area, increased the success rate to over 80%.

The second one was great progress achieved in drilling technology. The gas drilling technology was widely applied, and the foam drilling technology was greatly improved. The testing of the new drilling technology incorporating the use of diamond bits and high speed turbines made progress. The optimized selection of drill bits and the development of high-efficiency bits obtained initial progress, and the use of the high-pressure jet drilling technology sped up the drilling operations remarkably.

Third, a special drilling technology was put into wider use. During the year, the Group completed a total of 706 horizontal wells, 12 branched wells, and 17 under-balanced wells. It also made a major breakthrough for extended-reach wells – Gaoping-1 Well was drilled to an overall dept of 4,535 meters, a vertical depth of 948.88 m, a horizontal reach of 3, 814.32 m, a horizontal length of 3, 462.07 m, and a ratio of horizontal to vertical reach of 4.02, setting the record in Chinese onshore oilfields in terms of horizontal length and the ratio of horizontal to vertical reach.

Fourth, part of the drilling fluid technology reached international advanced standards. In order to meet exploration need of complex formations in special areas, the Group conducted a test of ultra-high density drilling fluid at ultra-high temperature, and developed a new, primary drilling fluid technology to cope with complex formations, making a major breakthrough in construction technology and enriching the technology system. The self-developed drilling fluids of ultra-high density (2.8 g/cc) were successfully used in Guanshen-1 Well. The use of the technologies of pressure-bearing sealing, cross-linked film sealing, and chemical sealing, which aim to solve the problems of the low sealing rate at broken formations basically, achieved great results in its applications in northeastern Sichuan, Xinjiang and other areas, reaching a one-time sealing rate of more than 80%.



Fifth, the low permeability reservoir fracturing and deep-well large-scale acid fracturing technology was greatly improved. The Group made major breakthroughs in the self-developed staged fracturing technology for sliding sleeve packers of the horizontal well. Xinsha-21-6H Well was the first high pressure gas well that used the five-stage fracturing technology for sliding sleeve packers. The open hole for the compacted sand gas reservoir DP23 Well was fractured on five stages, after its being fractured, the average daily production was nearly 4 times as high as that of that region. The sand jet perforator for SW8P1 Well was fractured on three stages, and after its being fractured, the average daily production was more than 8 times higher than previous one. The large-scale acid fracturing technology obtained breakthrough in Tahe Oilfield by conducting large fracturing operations for 24 wells which added a cumulative amount of 110,500 cubic meters of oil, bringing 205 million yuan in direct economic benefits.

Sixth, the test of the joint-operation technology achieved remarkable results. The "Ultra-deep Three-high" reservoir high pressure modification technologies and the "Ultra-deep Three-high" acid gas reservoir test integrative technology were formed in northeastern Sichuan, which created many international test operation indexes. In Chuanke-1 Well, the acid fracturing joint-test technology was put into trial use, bringing 868,000 cubic meters of industrial air flow in daily output, and a major breakthrough in gas and oil exploration at marine new formations in western Sichuan. In Shengli Oilfield, the in-process testing technology was put into wide use, greatly boosting the exploration rhythm. In Chengdao area, the MFE in-process suspension testing technology was put into use at the weathering crust of the Archean buried hill of the Gu-7 Well, bringing 99.9 tons of crude oil and 111,000 cubic meters of natural gas in daily output. The Group explored the potential of testing tools in the northwest areas, made efforts in selection of high-temperature packers and down hole tools, optimization of in-process testing technology and tubular columns. As a result, the absorption well testing- well completion- oil production integrative technology, open hole staged testing technology and large-scale complex acid fracturing technology were developed, meeting the technical requirements of Tahe Oilfield for high-efficiency exploration and production. At Yubei-1 Well Ordovician, the in-process testing technology was used, bringing 41.9 cubic meters of crude oil in daily output and laying a solid foundation for achieving the goals of finding new reservoirs beyond Tahe.

Seventh, the well logging technology was further improved. The identification and assessment technology of hydrocarbon reservoirs gained good effects, the dynamic monitoring technology was further improved. The horizontal wells, high temperature and pressure deep wells, complex drilling technologies and the logging and perforating capabilities of complex well conditions, were remarkably increased.

Eighth, the self-developed key tools and instruments were further improved. The field test for the automatic strap-down vertical drilling system, for which the Group has intellectual property rights, was conducted to turn out successful. The tools for Xuanye-1 Well had an accumulative operation time of 182 hours in total, in which 114 hours taken for drilling, and a drilling footage of 334.8 meters. The new tools raised the drilling speed by 196%, and brought the deviation from 2.85 ° down to 1.2 °, compared with previous ones. The technology of expandable screens in diameter of 114.3 mm was used in GudaoN32-05 Well to turn out successful, with a depth of 1,256.59 to 1,269.13 meters, and a total length of 12.54 meters–the first of its kind in China.

Drilling Speed and Efficiency Improvement in Key Areas Reaped Remarkable Results The drilling speed was greatly increased by adopting an optimization engineering design and strengthening management, and incorporating the new technologies of gas drilling, underbalanced drilling, and high-efficiency drill bits, which was demonstrated in the deep wells in key areas like Yuanba, western Sichuan, and Tahe. The average drilling cycle in the northwestern Tuofutai area shortened by 22.18 days, and the average drilling speed increases by 19.4%. The average well depth in the Tahe 12 area increased by 50.24 m, the average drilling cycle shortened by 6.47 days, and the average drilling speed increased by 11.95%. The hourly production efficiency was brought up to 90.32%, up 10.83%, the average drilling speed was raised to 0.54 m/h, and the average drilling cycle shortened by 78 days. The Yuanba-10 Well was the first completed well drilled by using the new technology designed to bring up the drilling speed, with its average drilling cycle 121 days shorter than previous cycle in the same area. The average drilling cycle for western Sichuan wells shortens by 76 days compared with the previous cycle. The New-209 Well (in depth of 5,130 m) hit a record by completing the drill for a period of 143 days, 137 days shorter than the previous speed.

Statistics of Petroleum Engineering Operation

	2010	2009	2008	2007	2006
2D seismic(km)	23483	14515	13892	12466	15175
3D seismic(km^2)	6373	11069	6080	9317	7582
Wells-drilling,number	3813	3667	3895	3603	3251
Exploration wells	632	588	565	570	506
Development wells	3181	3079	3330	3033	2745
Wells-drilling,footage(km)	9579.4	8974.3	9661.8	9166.2	7694.2
Exploration wells,footage	1774.3	1642.9	1768.1	1811.4	1438.2
Development wells,footage	7805.1	7331.4	7893.7	7354.8	6256.0
Wells-completion,number	3796	3636	3847	3533	3219
Exploration wells	621	570	544	557	495
Development wells	3175	3066	3303	2976	2724
Wells-completion,footage(km)	9457.4	8943.6	9437.9	8955.1	7490.3
Exploration wells,footage	1711.5	1631.6	1676.2	1707.9	1304.2
Development wells,footage	7745.9	7312.0	7761.7	7247.2	6186.1

Note: The listed data exclude the amount of work done in external and overseas markets.

Refinery Operation

In 2010, Sinopec Group focused on achieving the target of "Ensure Safety, Economic Growth and Benefits" by implementing the strategy of "Deep Processing, Structure Adjusting, Costs Reducing, Market Expanding, Production Optimizing, Indicators Improving". Accordingly, the Group optimized the production operations, and made great efforts to expand the refining business, bringing the business performance in this area to a new high.

Overall Competitiveness Improved Oil refining capacity was raised. The completion and put-into-use of the Changling Branch Quality upgrading project and Tahe heavy oil quality modification Project boosted our oil refining capacity, making it to rank the second in the world. Up to the end of 2010, the Group has built 13 ten-million-ton oil refining bases, 10 high-sulfur crude oil production bases, and 6 high-acid crude oil production bases, bringing three groups of refining subsidiaries into shape,which surrounding the Bohai Bay, Yangtze River Delta and Pan Pearl River Delta. The gasoline quality was improved in an all-around way in this year, with all the refined gasoline meeting the national III-class standards or above.

Refined Oil Output Witnessed Historic Leap During the year, the Group produced 213 million tons of crude oil, exceeding 200 million tons for the first time, up 13.14%, 125 million tons of refined gasoline, diesel, and kerosene, up 9.44%; and 35.12 million tons of light oil for chemical industry, up 30.26%. The proportion of high-grade gasoline accounted for as high as 93.34%, up 4.04 percentage points.

Main Technical and Economic Indexes Continued to Improve The Group put emphasis on optimization of resources, operations, and management, in an effort to tap the potential, increase the efficiency, and reduce the cost. As a result, the main business indexes improved consistently. For example, the overall commodity rate of refined oil is 94.81%, up 0.29 percentage points; the light oil yield rate is 75.70%, up 0.28 percentage points; the comprehensive energy consumption is 58.25 kilograms of standard oil per ton, down 3.09 units; the processing loss rate is 0.57%, down 0.08 percentage points.

Fruitful Marketing Results Through optimization of the production process, and enhancing of the marketing management, the Group has grown into the largest asphalt suppliers in China. Up to date, the Group's bids of high-quality asphalt for a range of projects have been accepted, including the Shanghai World Expo, Hongqiao Airport, Yangtze River Tunnel Crossing Sea Bridge, the Guangzhou Asian Games, Shanghai-Nanjing Intercity High-Speed Railway, Beijing-Shanghai High Speed Railway, and Harbin-Dalian, Beijing-Shijiazhuang, Shijiangzhuang-Wuhan, Beijing-Fuzhou, Tianjin-Qinhuangdao high-speed railways. The marketing integration of petroleum coke has achieved significant results, reaping growing market control and influence and greatly improved services, and bringing significant economic benefits. The Group followed the guideline of "Leading Technology, Products and Quality" in producing Changcheng lubricating oils, and worked to greatly increase its products in terms of specialization, branding and internationalization, consequently bringing the sales and profits to a record high for this year. Changcheng lubricating oils have ever been used in the "Chang'e II" lunar exploration satellite and Shenzhou series of manned spacecrafts. The Group also closely tied up with leading companies in the automobile, metallurgy, shipping, and machinery manufacturing industries. Changcheng marine lubricating oils have ever been used in Singaporean VLCCs Taihang Mountain and Emei Mountain, signifying that marine lubricating oils made in China having breaking the foreign monopoly in this field. In 2010, the brand of Changcheng lubricating oils reached 14.38 billion yuan in value, topping the ranking of China's lubricating oils in a row, and becoming the world's fourth-largest brand.

Output of Oil Products In million tons

	2010	2009	2008	2007	2006
Crude oil runs	212.97	188.23	177.53	170.68	161.18
Four major oil products	126.80	115.89	109.47	100.51	94.62
Gasoline	36.39	34.90	30.10	27.02	25.46
Kerosene	12.42	10.39	7.99	8.32	6.35
Diesel fuel	76.56	69.26	70.17	63.85	61.62
Lubricating oil	1.44	1.33	1.21	1.33	1.19
Fuel oil	4.12	4.10	6.57	8.26	7.29
Hydrocarbon solvents	0.51	0.69	0.62	0.91	1.04
Petroleum wax	0.46	0.43	0.45	0.51	0.49
Petroleum asphalt	6.12	4.73	2.86	3.32	3.50
Petroleum coke	12.67	11.05	10.34	8.49	7.54
Light oil for chemical industry	35.12	26.96	23.29	24.12	23.39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Sales of Oil Products

Affected by the macroeconomic factors, changes in international oil prices, natural disasters, and major social events in 2010, the domestic oil prices went up and down, with the periodic market supply and demand contradiction remarkable. In face of new situations, our oil selling branches focused on improving its management and increasing its brand value, boosting the non-oil business, providing customer an all-around service for oil and non-oil products, so as to increase the competitiveness. The Group achieved 140 million tons in total sales in domestic market during the year, an increase of 13.28%.

Marketing and Service of Oil Products The retrofit and renovation enabled its service stations to appear more elegant and nice, and to offer more features. Meanwhile, the Group implemented the "Eight-Step Oil Filling Procedure" to increase its customer service quality, and to allow Chinese customers to receive first-class services in a comfortable environment. During the 2010 Shanghai World Expo and Guangzhou Asian Games, Sinopec service stations not only offered customers services in oil and non-oil fields, but also worked with the organizing committee to create a harmonious and friendly atmosphere, and to organize volunteer teams to give free venue and weather information. The Group also constantly increased features that the Sinopec fuel card carried, provided holders of the Sinopec fuel card with gifts based on credits, and free road assistance services, which were appreciated by customers. Our customer managers around China delivered products and services directly to large customers.

Marketing and Service of Non-Oil Products The non-oil business experienced fast development in 2010, reaping an increase of 90%. The 16,000 convenience stores at gas stations around the country enabled customers to shop in a convenient way; moreover, fast food restaurants like McDonald's and KFC had opened their outlet at our gas stations in 15 provinces, offering a comfortable dinning environment. The automobile service and lottery sale businesses were also witnessing rapid development. In a word, Sinopec service stations were embarked on the road to become a platform of all-around car services step by step.

Ensure Market Supply In 2010 when southwestern drought, Yushu earthquake, Zhouqu landslides, and southern floods took place, the Group actively shouldered its social responsibility to make sure that refined oil was as much as required. In particular, after an earthquake hit Yushu, the sales branch in that area took active measures to ensure the supply of oil for the disaster relief purpose. For this reason, the Group was awarded by the Chinese Party Central Committee, State Council, and Central Military Commission the honorary title of "National Earthquake Relief Collective Hero".

Marketing and Distribution of Oil Products

	2010	2009	2008	2007	2006
Total oil products sales on domestic market (million tons)	140.49	124.02	122.98	119.39	111.68
Retail	87.63	78.90	84.10	76.62	72.16
Direct distribution	32.40	25.61	19.63	20.17	18.95
Wholesale	20.47	19.51	19.25	22.60	20.57
Annual oil volume per service station(tons)	2960	2715	2936	2694	2577
Total number of Sinopec-branded service stations(units)	30116	29698	29279	29062	28801
Company owned and operated stations	29601	29055	28647	28405	28001
Franchised stations	515	643	632	657	800

Chemical Production and Operation

In 2010, Sinopec Group continued to implement the market-oriented, profit-centered strategy, to coordinate between production and marketing, to strive to expand market and increase the market share, and to keep the facilities to operate in a safe and consistent way and at high workloads, and consequently sold out all products that are produced, bringing the overall sales to a new level.

Overall Output Hitting Record High The Sinopec-SABIC (Tianjin) project for producing one million tons of ethylene per year, and the Zhenhai Refining project for producing one million tons of ethylene per year have been put into use successively. During the year, the Group produced 9.19 million tons of ethylene, an increase of 36.88%; 4.02 million tons of para xylene (PX), an increase of 35.12%. The output increase for synthetic resin, synthetic rubber, synthetic materials, synthetic polymers and synthetic fiber were 22.84%, 9.98%, 17.95%, 6.89%, and 6.98% respectively on the year-on-year basis, bringing the overall output of chemicals to a record high.

Main Economic Indexes Continued to Improve During the year 2010, the yield of ethylene was 31.66%, up 0.16 percentage point; and of both ethylene and propylene reached 46.56%, up 0.13 percentage point. The energy consumption of ethylene was 609.28 kilograms of standard oil per ton, down 13.35 units. The energy and material consumption of aromatic hydrocarbon facilities continued to go moderately down, and that of high-density polyethylene, linear low density polyethylene, polypropylene, acrylonitrile, and acrylic fibers, went down compared to the level of the last year.

Strive to Expand the Market and Coordinate Marketing Activities with Production The use of new facilities in 2010 in Sinopec-SABIC and Zhenhai projects has dramatically boosted the output of chemicals. The Group also sold out all chemicals that are produced through efforts of coordinating among production, sales and logistics, adjusting the product portfolio, reducing the downtime of the facilities, frequently visiting customers and getting an understanding of product flow, and adopting the strategy of "Understand Market, Replace Import and Keep Low Inventory".

New Progress Made in Changing Portfolio of Synthetic Products New achievements have been made in development and production of new middle- to high-end products in three types of synthetic materials. The Group have also made following achievements: replacement of import with its four synthetic resin products including high-crystallinity polypropylene; large-scale export of flexible polyethylene; successful test run of brominated butyl rubber processing facilities and their products on trial; large-scale production of environmentally-friendly oil-filled styrene butadiene rubber and its recognition by manufacturers of tires; development of technologies for producing new rubbers including rare earth butadiene rubber and isoprene rubber, and the put-into-construction of the industrial production facilities; and increasingly speed-up development of technologies for producing ethylene propylene rubber in China. Moreover, the dramatic breakthrough made in development of differentiated products like synthetic polymers and synthetic fibers has allowed the Group to move into a new business area, and these new products fill the domestic gap. The proportion of special materials for making synthetic resin has risen by 4 percentage points, and the differential rate by 1.8 percentage points for synthetic fibers, which would further enhance the Group's competitiveness and anti-risk ability.

Chemicals Sales

In 2010, Sinopec Group took full advantages of incorporating production, sales and new product development, and combining domestic and foreign trade, highlighted the overall benefits, operating quality and long-term development, enhanced the ability to get access to resources, profitability and raw material supply ability, served actively downstream customers and manufacturers, and vigorously expanded domestic and international markets, so as to cope with complex situations effectively. The Group sold 36.19 million tons of chemicals in total during this year.

Constant Increase of Customer Satisfaction and Loyalty The Group increasingly highlighted the research of macroeconomics, chemical market and industrial chain, cooperated and communicated closely with foreign petrochemicals producers, trading companies and advisory bodies. Following the business concept of "Services Create Values", the Group constantly improved service satisfaction and customer loyalty through working hard to offer customers high-quality products and services, promoting strategic cooperation with key customers, taking full advantages of its customer service center, and continuously carrying out satisfaction survey.

Continuous Addition of Sales Outlets The Group accelerated the pace of the construction of its sales network. Up to date, it has set up 26 domestic sales outlets and two overseas offices, in which the Vietnam office was able to market 80,000 tons of chemicals and had owned a number of core customers, making itself one of major sellers in the chemical market of Vietnam, and the Taiwan office served as a platform for the Group to establish close cooperation with Taiwan's petrochemical companies.

Remarkably Strengthened Core Competitiveness of Logistics Business Adhering to the leading marketing strategy, launching its PX contract price(SPCP) innovatively, Sinopec Group stabilized and enhanced its advantages of competitive and leading in chemical business. The Group put emphasis on optimization of logistics by arranging insurance for all the transport activities, conducting standardized management of logistics services, and installing real-time GPS monitoring system on more than 4,700 vehicles and ships, and also took active steps to increase the ocean transportation capability, for example, putting the domestic first purchased ethylene vessel into commercial use.


建设具有竞争力的世界级大型石油化工企业

Output of Chemical Products

In million tons

	2010	2009	2008	2007	2006
Ethylene	9.19	6.71	6.36	6.69	6.33
Propylene	7.53	6.34	6.13	6.17	5.65
Synthetic resins	13.40	10.91	10.26	10.63	9.58
PE	6.20	4.77	4.47	4.50	4.11
LDPE	1.38	1.42	1.41	1.28	1.22
LLDPE	2.42	1.60	1.39	1.55	1.45
HDPE	2.36	1.73	1.66	1.65	1.45
PP	5.20	4.40	4.07	4.13	3.66
PS	0.69	0.63	0.58	0.64	0.57
PVC	0.60	0.51	0.57	0.67	0.72
Synthetic rubbers	1.29	1.17	1.08	1.07	0.91
BR	0.36	0.33	0.32	0.33	0.33
SBR	0.53	0.43	0.42	0.38	0.24
IIR	0.04	0.04	0.04	0.04	0.04
SBS	0.33	0.34	0.28	0.30	0.29
Raw materials for synthetic fibers	5.97	5.07	4.72	5.23	4.52
PTA	3.38	3.29	2.89	3.34	2.84
Acrylonitrile	0.57	0.50	0.49	0.54	0.53
EG	1.71	1.05	1.09	1.14	0.98
CPL	0.29	0.18	0.19	0.19	0.18
Polymers for synthetic fibers	3.26	3.05	2.67	2.91	2.85
PET	3.05	2.91	2.51	2.74	2.66
PVA	0.13	0.10	0.12	0.13	0.13
Synthetic fibers	1.41	1.31	1.27	1.44	1.52
Polyester fiber	1.08	0.99	0.94	1.06	1.13
Acrylic fiber	0.31	0.30	0.31	0.36	0.37
Synthetic ammonia	1.19	1.35	1.24	1.14	1.09
Nitrogen fertilizer(100% N base)	0.71	0.93	0.89	0.86	0.89
Urea	1.22	1.75	1.65	1.56	1.61

International Operation

Overseas Exploration and Production

Domestic Joint Ventures and Cooperation

Overseas Petroleum Engineering

Overseas Refining & Chemical Project

International Trade

In 2010, Sinopec Group seized opportunities, implemented a strategy of "Going Global", gave full play to advantages of conglomeration and integration, expanded international business scope and scale and adhered to coordinated development of absorbing foreign capital, boosting export. As a result, it has achieved a rapid development in overseas oil and gas resource production, built a high reputation as an overseas project technical service provider, accelerated overseas business expansion, enhanced the level of domestic joint ventures and cooperation and achieved a considerable accomplishment in international cooperation.

Overseas Exploration and Production

By taking advantage of opportunity arising from financial crisis, Sinopec Group vigorously launched new projects. In 2010, it signed nine projects, including seven successfully settled projects such as Canada Syncrude Oil Sand 9.03% Equity project, Kazakhstan Circor International Inc (CIR) 50% Equity project, Repsol Brazilian Assets 40% Equity Acquisition project and two projects to be settled. As a result, the Group has increased overseas gas and oil resource scale rapidly. Additionally, the Group centered on making commercial discovery, increasing economically recoverable reserves and optimizing deployment and thus has achieved a significant accomplishment in exploration. For instance, our share-holding Angola 15/06 Block has resource base for announcing commercial discovery and Kazakhstan S Block is to be developed and constructed. Through these initiatives, Sinopec Group could guarantee a stable developed and production. In 2010, it produced equity oil output of 18.4 million tons, a year-on-year increase of 43.9%.

Domestic Joint Ventures and Cooperation

A number of new projects such as Sinopec-KNPC Guangdong petrochemical project, Wuhan ethylene joint venture project, Shanghai Gaoqiao phenol/acetone project and Maoming air separation project have accomplished preliminary achievements. Projects such as BASF-YPC phase II expansion project, SECCO and Fujian Petrochemical de-bottleneck upgrading projects and Sinopec-SABIC Tianjin Petrochemical Company Limited PC project have increased the operation scale of our joint ventures. The cooperation in exploration and

development of unconventional oil and gas, such as shale gas and tight oil, has made great progress and the Group signed memorandums of cooperation or joint research agreements with bp, Chevron, HESS and other international petroleum corporations. Sinopec Group has strengthened cooperation with domestic large enterprises and established Zhong'an (Sinopec-Anhui) United Coal & Chemical Industry Co., Ltd., Bijie Zhongcheng Energy Co., Ltd., Longyu Compressed Natural Gas Co., Ltd., Sinopec Qingdao Liquefied Natural Gas Co., Ltd. etc., building up Sinopec's coal resource reserves and expanding natural gas terminal sales market.

Overseas Petroleum Engineering

Sinopec Group pursued a strategy of developing overseas market, changed development mode, provided high-end and integrated services, and enhanced the level of integrated management. As a result, our overseas petroleum engineering business has been brisk and took a stable market share in Middle East, Africa, Latin America, Central Asia and other countries and regions, served as the mainstay of overseas business, and Sinopec brand image improved steadily. By the end of 2010, our upstream enterprises had executed 448 petroleum engineering service contracts with a total value of 9.48 billion dollars in 35 countries. In 2010, our newly signed contracts totaled 2.82 billion dollars and an accomplished contract value amounted to 2.64 billion dollars. Up to date, the Group has had 382 overseas outlets and 18,764 employees, including 6,315 Chinese employees and 12,449 foreign employees.

Overseas Refining & Chemical Project

In 2010, our overseas refining & chemical project segment undertook 19 engineering contracting projects with a total contract amount of 6.2 billion dollars in Saudi Arabia, Iran, Kazakhstan, United Arab Emirates and other countries and completed 7 projects including Saudi Arabia Yenbo HDPE and Saudi Arabia Kayan EO / EG with a total contract amount of 1.14 billion dollars. By giving full play to its advantages and actively developing new market, Sinopec Group won bids for 12 overseas projects and the newly signed contract totaled 2.04 billion dollars. By the end of 2010, our overseas refining & chemical projects had totaled 9,065 overseas managerial and operating employees, including 745 employees of Sinopec, 1,641 domestic engaged workers and sub-contractors and 6,679 overseas engaged workers and local sub-contractors.

International Trade

Sinopec Group attached importance to increasing market overall operation capability, enhanced resource organizational capacity and increased international trade scale. To that end, it implemented diversification strategy towards import of crude oil, increased long-term contract number, enhanced the capability of resource acquisition, market operation and integrated trade, ensured domestic demand and cut procurement costs. Therefore, an annual trade volume of crude oil reached 189 million tons, including a third-party trade volume of 55.89 million tons. In addition, Sinopec flexibly arranged import and export of petroleum products, stabilized refining process load and adjusted and balanced domestic supply and demand. Consequently, the annual volume of trade in petroleum products hit 19.66 million tons, including a third-party trade volume of 10.37 million tons.

The Group adhered to market-oriented principle, ensured the supply of imported production and construction materials, attached importance to the export of refining and chemical products, materials and equipment, focused on developing international market. As a result, the transit trade in petroleum cokes has come true for the first time and the great breakthrough has been made in Sinopec building asphalt self-support export and Sinopec catalyst export to the U.S. In addition, it targeted at the markets in Middle East, Russia, Africa, Southeast Asia and other countries and regions and promoted the export of Sinopec ethylene cracking furnace, natural gas compressors, high-strength tank shell and high-tech wound-tube heat exchanger. Sinopec Group gave full play to its advantages of integration of domestic and foreign trade, actively implemented import substitution strategy, enhanced the capacity for product acquisition and material supply and promoted domestic resource balance and overseas market development. As a result, the annual import and export of chemical products totaled 3.88 million tons and 1.08 million tons respectively, increased by 28.05% and 9.53% over the same period of previous year. The annual foreign trade volume of chemical products, petroleum products including petroleum cokes, catalyst, equipment and materials hit 5.9 billion dollars.

President Su Shulin met with Mr. Khalid Al-Falih, President and CEO of Saudi Aramco.

Investment in Fixed Assets

Key Oilfield Surface Projects

Key Refining and Chemical Projects

Key Pipeline, Storage and Transportation Projects

Oil & Gas Stations and Tanks

In 2010, according to development program of the 11th Five-year Plan and optimum program of three-year rolling plan, and relying on the general requirements of "control amount, emphasize key points, make overall plan, take benefit first, strict and tight control", the thought of "protect production, successive construction and key points, adjust structure and strictly control new projects", the principle of "all round development of upstream, midstream and downstream projects in a harmonious and sustainable manner and maximizing the efficiency to unify planning,", and investment policy of "keep expenditures within the incomes, control amount, centralize decision making, adjust structure, optimize project and increase return", Sinopec Group strictly controled the investment, optimized and adjusted investment project, scientifically set investment pace, strengthened the sense of investment cost, elaborately organized project construction and made great achievements.

The Group realized investment in fixed assets of 245.9 billion yuan (excluding profit and loss). Among them, oil-gas field enterprises (including overseas exploration and development) fulfilled 173.3 billion yuan, oil refining enterprises 38.4 billion yuan, oil product sales enterprises 26.2 billion yuan, commodity storage base construction enterprises 5.1 billion yuan, and scientific research and information enterprises 2.9 billion yuan.

Key Oilfield Surface Projects

Sichuan-East Natural Gas Transmission project, crossing Sichuan, Chongqing, Hubei, Jiangxi, Anhui, Jiangsu, Zhejiang and Shanghai and with annual gas transmission capacity of 12 billion cubic meters, was finished and put into use on Mar.29th, 2010 and went into commercial operation on Aug.31st. Besides, since it realized annual capacity of two billion cubic meters in 2009, Puguang gas gathering project has finished its successive project with annual capacity of 8.5 billion cubic meters; four sets of integrated units of Puguang Natural Gas Clarification Plant have been put into production successively. Since the main line was finished in 2009, 2,150m long-distance gas transmission pipeline, including all branches such as Nanjing line, Jiangxi line and Jinling line, has been put into use. The gathering and delivery project in Dawan ,Puguang Gasfield, with capacity of three billion cubic meters, is under construction now and design and purchase have been finished. Shengli Oilfield Chengdao Center No.3 Platform and land prefabrication of its offshore auxiliary project have started.

Key Refining and Chemical Projects

15 key refining and chemical projects have started, 35 sets of refining and chemical units have been put into operation, with increasing primary processing capacity of 18.50 million tons per year and ethylene capacity of 2.19 million tons per year. Ethylene projects with capacity of one million tons per year at Tianjin and Zhenhai respectively have been finished. Heavy crude oil modification project at Tahe has been finished and put into operation. Seven sets of units in the south area of 8 million ton/year refining upgrading Project at Changling have been put into operation; civil engineering in the north area has been finished. Catalytic gasoline adsorption desulphurizing units at Guangzhou, Cangzhou, Qilu, and Changling have been put into operation. 300,000 ton/year Vinyl Acetate Project at Sichuan Vinylon Work has been finished. Yangtze BP acetic acid project has been put into production. Wuhan 800,000 ton/year ethylene project, Yanshan lubricant, synthetic material and rubber projects, Beihai 200,000 ton/year polypropylene upgrading and expanding project, Zhongyuan Petrochemical MTO Project, and several oil product upgrading projects atMaoming, Anqing, Shijiazhuang, and Shanghai have started.

Key Pipeline, Storage and Transportation Projects

Qingdao liquefied natural gas project has been approved by National Development and Reform Committee. Long-distance pipeline projects of crude oil, natural gas and oil product are under construction now. 78% of assembly welding of Rizhao-Yizheng crude oil pipeline project has been finished; Yulin-Puyang Section of Yulin-Jinan natural gas pipeline project, which is 1,045km long and of designed annual capacity of three billion cubic meters, has been finished and put into operation. So far, the main trunk line has been put into use. Southern Jiangsu, Liuzhou-Guilin oil product pipeline projects have been finished and put into operation; Zhengzhou-Tangyin section, the last section of Shandong-Anhui section II (west line) oil product pipeline, has been finished and put into operation; The north line of Fujian Refinery oil product pipeline has been finished and put into operation, and the south line has been partly finished; Ningbo-Shaoxing-Jinhua-Quzhou oil product pipeline project is 402km long with assembly welding of 98km; the second phase of 498km Pearl River Delta oil product pipeline project is under construction; 60% of assembly welding of Beihai-Nanning –Baise oil product project has been finished. Up till now, the Group has finished long-distance oil product pipeline of 8,216km.

Oil & Gas Stations and Tanks

Sinopec Group newly added 1,893 service stations in 2010. Aiming to tap the potential and perfect functions, it sped up extension project of small service stations. Besides, the Group will continue to cooperate with the enforcing departments to clear up the illegal service stations, close inefficient stations, build new stations, purchase and remould stations to optimize station distribution.

Technological Innovation

Scientific and technological achievements

Major Technological Development

New Product Development

Scientific and Technological Achievements

In 2010, the numbers of patents Sinopec Group applied for and got licensed reached a new record high: totaling 2,937 patents applied for, 2,823 home and 114 abroad respectively; adding up to 1,056 patents granted, 984 inland and 72 outland, with 78% of the inventive Patent among China patents.

Accreditated by the National Awards Committee, there were 12 technologies being granted the National Science and Technology Progress Award and the Technical Invention Award. Of these, "the exploration and development of a supergiant Ordovician carbonate oil and gas field in Tahe County" was granted the National Science and Technology Progress Award First Prize; such 10 items were awarded the National Science and Technology Progress Award Second Prize as "the breakthrough of the key 3D3C seismic technology and efficient exploration of deep and compact large gas field", "the quantitative description and control technology of dominant channels in high water-cut oilfield and the industrial application", "the nonlinear percolation theory and development methodologies on the effective development of ultra low permeability reservoir and the industrial application", "the development and application of key equipment and technology for heavy oil catalytic cracking post reaction system", "the development and application of key technology in large-scale PTA production - hydrorefining catalyst and reaction process", "the development and industrial application of uniserial large-scale refining technology integration", "the development and engineering application of super large hydrogenation reactor", "a number of key technologies for ocean engineering safety and disaster prevention and their applications", "the microbial enhanced oil recovery (MEOR) control technology for the protective and sustainable reservoir development and its industrial application", "the energy-saving and emission-reducing key technique for the coupled system of dense multiphase flow and chemical reaction and its application"; and "a new material for catalytic oxidation - hollow silicon-titanium molecular sieve" was prized the National Technical Invention Award Second Prize.

Major Technological Development

In terms of exploration and production technologies, the reef flat reservoir exploration technique in Yuanba area got further enhanced, the suitable reservoir prediction technology in Tuofutai-Aiding area took shape and the concentrated prospecting field in Bachu-Maigaiti area was raised. The main oilfield flooding technology in the east tended to mature, and the pilot tests of low-permeability reservoir carbon dioxide flooding and viscous crude reservoir steam flooding obtained staged results. The strapdown automatic vertical drilling system was successfully developed, and the 3D3C and a new generation of high-density single-point seismic technologies were made breakthroughs.

Concerning oil refining technologies, the selective hydrogenation technology and adsorption desulfurization (S-Zorb) for catalytic gasoline was promoted and used in a number of enterprises, improving the oil quality. Liquid phase cycling hydrogenation and ultra-deep hydrodesulfurization of diesel completed the process package development, reaching the industrial test conditions. The selective FCC and FGO selective hydrogenation integration technology finished the pilot plant test, and the development of process package of new rubber extender oil was accomplished and the industrial test is under way.

With regard to chemical technologies, the one million-ton ethylene projects at Tianjin and Zhenhai, with the self-developed technology, were put into operation one after another. As parts of large-scale ethylene technology, the 650,000-ton ethylbenzene, 300,000-ton cumene, and 300,000-ton gas-phase polyethylene technologies have achieved their industrial applications. The 60,000-ton OCC propylene technology finished the industrial application. The 30,000-ton brominated butyl rubber plant, with the self-developed technology, was built.

In terms of utility technologies, complete technologies for Sichuan-East Natural Gas Transmission pipeline project, PO / SM catalytic oxidation technology for exhaust gas treatment, the treating technology for obnoxious gas from refineries, and pipeline leakage detection technique by the sub-sonic wave method all realized their industrial applications. The 300,000-ton high-density polyethylene loop reactor was successfully developed, and FCC regenerated flue gas desulfurization and denitration passed the pilot plant test.

In respect of new energy and new materials, the Group carried out the screening of biodiesel production-oriented microalgae bacteria, bred with carbon dioxide, developed the photocatalytic reactor, and completed the catalyst improvement and reactor development of 3,000-ton/year biomass ethanol to ethylene technology. The 30,000-ton carbon dioxide capture demonstration plant was built and the process package for the demonstration project of one million-ton carbon dioxide capture and purification, displacement of reservoir oil and keeping was developed.

New Product Development

Remarkable results have been gained on new product development by actively capturing market hot spots and following the differentiated and high-end development. New industrial products were successfully developed and widely used, involving propylene-butene copolymers, high crystallinity polypropylene, high MI (melting index) and impact resistant polypropylene, high chemical-resistant and anti-aging polyethylene, heavy packaging films, and polyethylene for medical, as well as the special materials for butene rotational moulding compound, lithium battery separator, and automotive interiors respectively, and more. New silver catalyst was put into industrial application, competing similar foreign products.

Enterprise Management

Enterprise Reform and Management

Construction and Application of Information

Enterprise Reform and Management

In 2010, centering on the overall development strategy and sticking to the main line of building Sinopec management mode, the Group further strengthened foundation, improved management and promoted innovation, which have further enhanced the inherent vitality and power for the development of company, significantly improved the management level, and supported the realization of Sinopec's scientific development and strategic goal in institutional mechanism and management.

Management System Integration and Professional Management Through promoting the organization integration of the headquarter, re-arranging and defining the management functions, Sinopec Group not only resolved the business problem of overlapping management, but also further better troops, simplified administration and made devolution of powers, which stimulated the enthusiasm of enterprises. By innovating technology system and sticking to the main line of project management, the Group initially established the management mode of "company directly under the headquarter – branch" and the matrix technology management system, where technology and production management departments "have clear division of labor, place emphasis on different things and complement each other" , promoting the organic combination of scientific research and production and further perfecting the operation mechanism of the management of the research projects, optimal allocation of resources for scientific research, incentive and constraint, and so on. In accordance with the principle of setting up one flag in one county (region) and creating one public

service platform and business vertical management, the Group has launched a pilot project for adjustment of oversea management system and strengthened international operation management. By deepening the professional management of natural gas, fuel oil, foreign oil, chemical products, water utilities and so on, the Group has further optimized resources and improved market competitiveness and influence, particularly the marketing system adjustment of foreign oil and the organization of fuel oil company, achieving the exponential growth in sales and fully revealing the productivity release effect of system integration.

Build Sinopec Management Mode According to the overall work plan, the Group has planned and coordinated to promote the integration of management system, standardization and informatization of system, normalization of "three bases" management, elaboration of cost management, long-term performance evaluation, systematization of risk control, internalization of corporate culture and other key work, all of which have achieved initial results. Especially, the Group made steady progress in the standardization and informatization of system, initially built a framework of standardized system, and made a great breakthrough in the reform of the standardization of system, construction of system management information system and the informatization of system. Combined with the construction of business process system, the Group further improved the level of management standardization, normalization and elaboration. Focusing on improving executive force, the Group has been deepening the "three bases" work, establishing "three bases" work evaluation system in the aspects of corporate and grass-roots units, refining the quantitative evaluation criteria in 6 aspects, and effectively promoting the in-depth implementation of Sinopec management mode in each key work. At the same time, the Group has been exploring for the construction of the self-perfection mechanism of operation and management. By the way of encouraging the staff to provide recommendations for improvement, the Group carried out the work of recommendations to improve the operation and management, which has achieved good results, and further enhanced the quality and level of management.

Innovate the Content and Way of Performance Appraisal The consistently perfecting appraisal ibdex system aimed at enhancing the level of value creation and the further improved incentive and constraint mechanism have played an active role in leading the whole staff to strengthen the overall profitability, developing capacity, operating capacity and so on, especially the term performance appraisal of leaders on party management carried out on the basis of annual performance appraisal, which made leaders care about both current target and the medium and long term sustainable and healthy development, and further promoted the implementation of the Scientific Outlook on Development in appraisal mechanism. Meanwhile by adhering to the constraint appraisal index of safety, environmental protection,

quality, stability and so on, the Group further enhanced the staff's sense of social responsibility, and promoted a good situation of harmony and stability in the Group. With the initial formation of benchmarking appraisal index tree, through carrying out multi-level benchmarking, target chasing and target creating, the Group has vigorously promoted the "weak business" appraisal, formed a thick atmosphere of encouraging ongoing improvement in the whole group, which has effectively promoted the activity of excel in their performances, and also enhanced the core competitiveness. As the concept of full performance appraisal was gradually accepted and the process of closed-loop management assessment increasingly standardized, the Group initially formed a full performance check-up system with standard work, fully covered management, no blind zone for assessment, and well-based rewards and punishments. At the same time of continuing to enhance the personal growth of our staff, the Group also promoted the consistent improvement of overall performance and the realization of strategic goals. In the appraisal of central enterprises made by SASAC of the State Council, the Group has won grade A for 6 years and 2 consecutive terms and was honored as "outstanding performance enterprise".

Strengthen Internal Control and Risk Management By promoting the integrated construction of internal control system of listed and unlisted companies and the unification of risk-management function and internal control in the level of headquarter, the Group further constructed the centralized management and control platform. Through continuous improvement, the scope of internal control has been expanding and infiltrating into various operational and management activities, which has gradually formed a relatively complete "home rules and disciplines", and effectively protected the sustained, steady, rapid and healthy development of the Group. The internal control work has been highly affirmed by the Ministry of Finance and SASAC of the State Council. While paying close attention to internal control work, the Group also explored to carry out overall risk management work. the Group has initiated the organizational structure and working mechanism for comprehensive risk management, and established standards related to risk management and three-level list of important risks. the Group have also established corresponding relations with internal control, further optimized control processes and perfected control measures. In this way, the Group initially blended the risk management requirements into the internal control system and further enhanced the risk control capacity.

Law-abiding Enterprise Governance and Regulation-honored Culture Construction The Group further improved legal management system and management function, early realized the three-year objective in legal system and deepened the law education according to the "5th Five-year Law Popularization Plan" so as to strengthen the legal consciousness of management and staff, standardize the authorization and contract management, and effectively prevent legal risk.

Construction and Application of Information

In 2010, centering on the Group's overall strategic objectives of development, adhering to the principle of "six-into-one" and the working policy of "combine construction and application, mainly application" , sticking to centralization and integration, deepening the application of working thoughts, Sinopec Group has further accelerated the construction of information and enhanced the enterprise's informationized comprehensive ability.

Construction and Application of ERP Stepped to a New Level The Group realized full coverage of ERP in the listed part of our group and made smooth progress in the ERP construction in the unlisted part. There were a total of 101 companies on ERP, which was a realization of 100% target compliance of enterprise ERP application. With the great effect of focusing on application and setting examples, the application level of enterprise ERP has been significantly improved. The ERP-based integrated data warehouse system provides means to the headquarters for grasping business situation and making comprehensive analysis in a timely manner. ERP has become a powerful tool for the headquarters to strengthen management and control. The application of ERP has gradually extended vertically from resource planning and management to business analysis and decision support.

The Application of Key Management System Achieved New Results As the funds centralized management system has achieved full coverage in the group, the concentration of capital expenditures and internal financing was over 90%, and the effect of domestic and foreign "capital pool" has been brought into full play, the financial needs were effectively protected and the cost of capital was reduced. As the on-line inspection and comparison, early warning and other new features have been added to the public system of key business, the public supervision mechanism on the normalization of foreign business was realized. Overall budget management system has achieved hierarchical budget making and on-line summary and approval from business department to the smallest production units in the refining sector, which has improved the timeliness of the budget and achieved whole-process closed-loop management of the implementation monitoring, analysis and appraisal of budget, realized the profitability analysis and ADM (Aid in Decision Making) of chemical products, and played an obvious role in cost control and cost efficiency. Integrated Audit Information Management System has been fully applied in the audit department at all levels, providing strong support for the information's integration and sharing and daily communication and collaboration between the headquarter and corporate audit departments. The promotion of Human Resource Management (SAP-HR), Group Centralized Accounting, Management Standardization and Informatization, Distance Education and other systems was carried out smoothly.

The Functions of Production, Operation, Management and Control Were Again Upgraded The platform of production and operation was stable. The functions of the headquarters' command on production and operation, supply chain, logistics management and so on were further improved. As monitoring on petroleum products pipeline's operation was added into production scheduling command system, the scope of track on tanker's operation and dynamic monitoring on service stations was expanded. Chemical production scheduling command has achieved the refined management of devices and products' trademarks, enhancing the production and consumption balance of chemical energy. HSE management and emergency command system have completed the construction of headquarter and five pilot enterprises and initiated the business connection of HSE operation management between the headquarters, enterprises directly under the headquarters and grass-roots units. In this way, the production and operation centralized control capacity and scientific management level of the Group are further enhanced.

The Enterprise Deepening Application Achieved on a New Level In the oilfield enterprises, the construction of exploration and development data resources was carried forward steadily. There have been 6 oilfield enterprises achieving the data standards collection of 12 categories of exploration and development sources. Integrated reservoir interpretation, oilfield development and deployment, drilling engineering design and other softwares with self-developed property rights have been widely promoted in the oilfield enterprises. In the refining and chemical enterprises, centering on the manufacturing execution system (MES), the production, operation and management system with "real-time monitoring and digital management" was basically established, providing support for enterprise's optimization of production processes, cost efficiency and energy saving. The advanced process control system (APC) enhanced the stability of plant operation, achieved the ultimate capacity operation of product quality and improved the yield of target products. The laboratory quality management system (LIMS) played an important role in the production data monitoring, quality traceability, analysis and statistics and other aspects. The enterprise-class real-time monitoring and analysis system has been put into use in five pilot enterprises, which supported the production and operation analysis and ADM. In the sales enterprises, the system design, software development, network deployment, etc. has been completed for the upgrading of fuel card system. The retail management system has completed the centralized and unified management of oil and non-oil data of 31 enterprises. In research institutes and engineering enterprises, the databases of exploration and development, seismic data and so on have supported the overseas exploration and development operations. Part of the engineering enterprises have increased the integrated application of three-dimensional plant design, intelligent process piping and instrument process design and other specialized softwares, and established a integrated system of process design, engineering design, project management, which improved the design quality and efficiency.

Team Building

Management Building

Talent Building

Management Building

In 2010, while planning and paying adequate attentions to ideological and political work, organization construction, style construction, capability development as well as construction of combating against corruption and advocating clean administration, Sinopec Group earnestly made painstaking efforts in internationalization, marketization, rejuvenation and institutionalization with the mainline of improving credibility in talent selection and allocation, and thus attained new achievements in the management.

Centering on the internationalization strategy of Sinopec, we reinforced the selection and cultivation of international leaders. The Group conducted researches on overseas management of companies like Addax and optimized its own. The Group kept at strengthening targeted training of international talents with leading abilities in the stressed aspects of international view, strategic thinking, international management and cross-culture communication, and recommended management leaders with sound language base and comprehensive abilities to well-known institutions abroad, e.g. Harvard Business School for international management training, which advanced their global visions. The Group attached great importance of management of international talent reserve. A database that covers different divisions, levels and fields took on an initial scale and the Group also set up a global shared platform that is dispersedly operated while unifiedly used.

With regards to marketization strategy of Sinopec, we set up leading body and correspondent team. Out of needs of market competition, the Group laid great stress on discovering, training and testing talents in market competitions, assigning those excellent cadres that are ideology emancipative, open-minded, enterprising and flexible to change to meet frontline competition, and further enhanced the Group's competition power.

Arounding the aim of rejuvenation of the management, the Group steadily moved forward in the cultivation and promotion of excellent young cadres. The Group made unremitting efforts in the development of a good healthy growth environment. While impelling the combination of aged, middle-aged and young and putting cadres of all ages in good place, the Group persevered in younger cadre priority, steadily raising the proportion of young cadres and optimizing the age grading of the management.

With regards to the institutionalization and standardization of the management, the Group exerted itself to system building and implementation. Ten Rules of Forbidding Leaders and Cadres to seek personal interest out of the Platform and Resources of Sinopec, Several Rules of Distant Communication of Party Group Leaders(Trial), Temporary Measures regarding Recruitment of Foreign Senior Management in Sinopec's Overseas Institution, etc., were released and further enriched the system of management and supervision over leaders and cadres. By means of investigation of leading group and inspection tours, the Group reinforced urge of system implementation. There were increased credibility and satisfaction of our cadre selection and allocation and our work was acknowledged and approved by Chinese Enterprise Staff Selection and Allocation Supervision Team of State-owned Assets Supervision and Administration Commission and Organization Department of the CPC Central Committee.

Talent Building

Securing the Scientific Outlook of Talents, Sinopec Group considered talent asset as the core and laid great stress on international and high-level talents to vigorously carry forward the building of talents team.

The Group was keen on propelling the building of talent development paths to give all talents with an accessible developing space. Occupational competence improvement oriented, the Group built a unified position system with Sinopec characteristics accommodating the management, professional skills and technical operation teams, based on duty fulfillment and performance contribution evaluation. The Group combined grading and categorization, quantity and quality determination, highlighted performance and abilities to optimize the selection standards featuring the three teams. In 2010, the Group conscientiously studied the implementation opinions on talent growth path building and scheme

for salary allocation system optimization, organized several experimental units and gained sound results. In the meantime, the Group also strengthened labor management and adjusted the labor structure. Annuity system was comprehensively implemented, mid and long term encouragement system was perfected and thus the vigor of the team was increased.

The Group intensified the development of high-level talent team and cultivation of young mainstay talents. It steadily carried forward "Thousand Talent Plan" concerning the introduction of overseas high-level talents and recommended two overseas' talents to be involved in the National Thousand Talent Plan, giving full play to the benefits of talents introduction. Adhering to the right orientation, the Group organized a series of high-level talent appraisal and honor activities. 55 were selected and recommended to be candidates enjoying special allowance from the State Council, two got Sinopec Technology Innovation Feats award. One was awarded the title of China High-tech Talent Top Ten Models, and one won China Technology Prize. There were 5 talents winning the title of National Technology Expert and the Group appraised and honored 160 Sinopec technology experts. Business competition activities were widely promoted, and a group of advanced teams and talents were exposed. The Group emphasized the optimization of inner talents resource and equipped key projects with mainstay talents, giving full scope to the post-doctorate station's role in talents introduction and cultivation. Post-doctorate stations in Shengli OilField and Zhongyuan OilField were appraised as National Outstanding Station.

To meet the need of international management development, the Group reinforced the HR management overseas and substantiated its management force. Through in-depth research, the Group kept clear mind in strengthening and regulating overseas HR management. Five document files, including Several Opinions regarding Enhancing the Construction of International Management Telent Team were revised and optimized to provide system assurance for the facilitation of team building. Seizing upon the platform of Sinopec, the Group brought in a batch of high-level versatile talents to the development of overseas business, and actively enrolled international talents. The Group valued the foreign employees remained in the acquisition projects, developed a high-rank foreign staff team gradually. In the meantime, the Group also increased the cultivation of international management talents, actively engaged in the diversification of overseas employee configuration and thus made significant improvements in the building of overseas staff team.

To enhance training macro-management and foundation construction, the three training projects were vigorously carried forward. The Group reinforced the training responsibilities and management of business departments and gave full play to business departments in key talents training and professional training, as well as optimized the planning and construction of training base, steadily impelled the distant education system construction and organized training program evaluations. The Group strengthened the researches regarding training needs and management of training plans, innovated training content, methods and patterns and further improved the pertinence and effects of trainings. The Group propelled three training projects in depth and increased the trainings of key and mainstay talents. There were 3,175 person-time key talents, around 6,000 person-time mainstay talents in all areas enrolled in the trainings directly organized by the headquarters, more than 200 short-term application training sessions hold too. Subordinate units engaged large-scale trainings in levels by their own and trained 301,000 managing individuals, 291,000 technicians, 1.144 million skilled training operators and 704,000 labor workers, facilitating improvement of the team's overall quality.

Corporate Culture

Propagandize the Core Values and Put Them into Practice

Care for Employees

Democratic Management of Enterprise

Employee Charisma

The Group attaches importance to the corporate cultural construction. In order to enhance the cohesive and centripetal forces in enterprise and offer the strong intellectual impetus and cultural support, the Group takes various measures, including conducting vigorous propaganda about core enterprise values, building the united, progressive and positive corporate culture, fostering the awareness of innovation, teamwork and prevention of risk and the operation philosophy of honesty, actively carrying forward the cultural convergence, caring for the daily life, health and safety of employees, creating a harmonious environment of people oriented, etc.

Propagandize the Core Values and Put Them into Practice

In the light of the outline of the corporate cultural construction of Sinopec, the Group focused on propagandizing the core values of the corporate culture and put them into practice. Use various media and measures, such as holding the training course of the corporate culture, compiling A Brief Introduction to Development of the China Petroleum and Chemical, Illustration of Ideas and other books, establishing the online Sinopec cultural museum, holding the competition in the DV short film for the corporate culture, collecting the "Song of Sinopec", etc. to conduct an all-round propaganda about the company tenet of "developing enterprise, contributing to the country, repaying shareholders, serving for society and benefiting employees" , the corporate vision of "building a multinational energy & chemical corporation with a stronger international competitiveness, the enterprise spirit of "Loving China & Revitalizing Petrochemical", the fine style "fineness and preciseness, pragmaticism and innovation" and the operation philosophy of "integrity and normalization and win-win cooperation". Through cultivating the positive corporate culture vigorously, give play to its instructive, cohesive and incentive functions, increase confidence and sense of identity of employees and push the enterprise to develop in sustainable, efficient and harmonious way.

Care for Employees

The Group always insists on the purpose of "developing the enterprise and serving for employees", actively put the idea of "people oriented" into practice, stress the subject status of employees, and really fulfill the principle that everything is done for the people and by the people and that achievements of the enterprise shall be shared together with employees. According to the principle of "helping those who really need to be helped", make a great effort to do the relief work in helping and supporting vulnerable groups and care for their lives. In this way, the stability of workers and staff members is guaranteed and the long-term mechanism of the support work is formed primarily. During the Spring Festival and the National Day holidays in 2010, the Group supported about 152,288 person-time of needy workers. This ensured the business stability and was appreciated universally by the employees.

Managed the staff canteen well, further improved its service quality and try to meet the leading Party group's request that "the staff canteen shall offer best meal". Besides, the retirement service and management were done well, such as meticulously organizing the retirees to study and take part in activities, expressing sympathy for them, fulfilling their political treatment and living benefits, etc. Besides, the community environment has been improved by taking such measures as actively implementing the mechanism of sharing the cost of communities, ensuring a reasonable investment in the communities, eliminating potential safety hazard in communities, etc. These warmhearted measures that were very popular with employees brought a closer relationship between the Party and masses, between cadres and masses and were helpful to build a harmonious enterprise.

Carried out recreational and sports activities. The Group sent a team to attend the fourth National Sports Meeting and the members of the team won 3 gold medals, 2 silver medals and 6 bronze medals. Among them, one member obtained a top performance in the history by breaking the world record. Besides, they also won the Sports Moral Awards. Moreover, Other activities were held too, including the Second Staff Badminton Match, the Third Staff I-go & Chinese Chess Tournament, selection of winners of the Rising-sun Literature and Art Prize in Arts and in Calligraphy, the Fourth Staff Performance through Artistic Videotape, the table tennis, badminton and swimming matches & photography exhibit of "Ode to Our Motherland" for staff in organs directly under the corporation, etc., these activates enriched the cultural lives of staff and lead cadres and employees to work with vigorousness.

Democratic Management of Enterprise

Seriously carried out Guidelines of Establishment and Perfection of System of Workers' Congress of the Enterprises and Institutions under the Group, affiliated units of the Group established and perfected the system of workers' congress and actively promoted openness of factory affairs. Besides, the Group adhered to integrate the democratic management with crucial and global issues in the production and management of enterprise, with hot issues and difficulties that employees concerned, and with vital interests of employees, further broaden channels of the democratic management and supervision of enterprise so that the administrative decisions of enterprise have been made in scientific, democratic, normalized and orderly way.

Employee Charisma

Closely around the central tasks, the Group made great efforts to select and promote advanced models that achieve remarkable performances in their positions, and make them play role models. The Group has strongly promoted outstanding deeds of the senior technician Dai Xusheng of the Shengli Oilfield, elaborately organized the activity "Examples Around You"——modals of growth and success of youth in Sinopec, through which the Group set up 100 advanced youth models and 10 youth pacesetters in growth and success; meanwhile, the Group has chosen and awarded the advanced workers in the construction of project of transmitting gas from Sichuan to Eastern China. As a result, a vivid atmosphere of encouraging ongoing improvement has been formed.

The Group actively carried out such activities as technological competition and breakthrough, and rationalization proposals, etc. and built a platform for growth of employees and stimulated them to develop creativity. In 2010, in the whole system, 28 staff members were chosen as "National Model Worker"; eight workers got "National May 1st Labor Medal"; six units gained "National May 1st Labor Award"; 10 units gained the title of "National Worker Pioneer"; one unit was chosen as "Collective with China May 4th Youth Medal"; 62 teams were chosen as "Red-flag Teams (departments) of Central Enterprises"; 62 workers were awarded the title of "Advanced Workers of Central Enterprises"; two units won the title of "Benchmark for the Red-flag Teams (Departments) of Central Enterprises"; two workers won the title of "Advanced Worker Pacesetter of Central Enterprises"; Sinopec Qinghai Petroleum Branch was awarded the honorary title of "National Heroic Collective in Earthquake Relief"; and Wang Wenqing, the head of Zhengyi service station under Yangzhou Branch of Sinopec Jiangsu Petroleum, was listed as one of "Virtuous Chinese People" by the Central Civilization Office.

The Group took great efforts to carry out various activities such as "Youth Civilization", "Outstanding Youth Expert", "Youth Innovation and Efficiency", etc. Among these activities, 5 employees were awarded the title of "Outstanding Youth Expert in China", one unit was recommended as "National Youth Safety Demonstration in Production" to the Central Committee of Communist Youth League, 6 units and 3 employees were recommended as "Youth Civilization of Central Enterprises" and "Outstanding Youth Experts of Central Enterprises" respectively to the Working Committee of Communist Youth League of Central Enterprises. Besides, in the Commendation Meeting of the Second "Shenhua Cup" Youth Innovation Award of Central Enterprises, 11 projects of innovation and efficiency submitted by the corporation won one gold medal, 2 silver medals and 8 excellence awards respectively.

Social Responsibility

Safety & Environment

Energy Saving & Emission Reduction

Public Welfare

To focus on the livelihood of people and reciprocate the society is our unremitting pursuit. For years Sinopec Group has been working hard to realize the integration of the economic responsibility, political responsibility and social responsibility of the enterprise, to fulfill the corporate social responsibility and promote the harmonious development of enterprise and society while we are accelerating our growth.

In 2010, the Group proposed a slogan of the corporate social responsibility solemnly, which is "Every drop of oil is a commitment". That is a solemn promise that we will practice, and effectively advance the management and fulfillment of the corporate social responsibility to a new stage.

Safety & Environment

In 2010, with the Scientific Development Concept as the guideline of overall work of health, safety and environment (HSE), adhering to the policy of people oriented, the Group tried to guarantee the health of all staff, aim at the harmonious development of safety, environment and health, and honor our commitments to society. By intensifying education and training, and strict fine management, the Group has realized stable safety in production, steadily raised the level of environmental protection.

Taking the functioning of HSE management system as the mainline, by carrying out activities themed "I want to be safe", and with the absolute adherence to Safe Production Injunctions, through intensifying the process control and realizing the HSE responsibility system at all levels, the Group enhanced the awareness of HSE and the consciousness to follow rules of all staff. The Group limited the accidental mortality of the year to 0.005‰ and serious injury to 0.003‰, realized safe and stable production.

The Group continued to launched the programs to check and remove hidden hazards and reinforced the management system called "Three Simultaneities", namely supervision of production safety, environmental protection and vocational sanitation that should be carried out simultaneous, which helped to uproot the hidden hazards and consolidate safety bedrock. The Group has invested a total of 2.62 billion yuan to rectify 664 safety threats and further enhance the intrinsic safety of equipment and facilities.

The Group actively introduced cleaner production, intensified the source control of pollutant, strengthened the environmental management of project under construction, and gave priority to carry out pollution remediation. Organized to assess the status of environmental protection, intensified prevention and control of environmental risk, and guaranteed no major environmental pollution case and ecological damage case. While the production scale was expanding continuously, the Group has achieved to decrease the total quantity of COD emission by 2.1%, and the emission of sulfur dioxide by 6.9%, to complete the task reduction of emission of the National "11th Five-Year Plan" comprehensively.

By adhering to the Law on Prevention and Control of Occupational Diseases, being People-oriented, and doing research on the production field, the Group did highly effective work on treating of occupational disease hazards, monitoring of occupational disease hazards, guarding of vocational health and so on. The incidence of occupational diseases was controlled within 0.01%, and there was no acute poisoning case of 3 persons and above. All those works have played very active roles in improving working conditions, insuring the health of the staff, and promoting harmonious and sustainable development of petrochemical industry.

Energy Saving & Emission Reduction

In 2010, Sinopec Group has been giving top priority to energy saving and emission reduction. By adopting measures of adjusting structure, advancing technology and strengthening management, the Group promoted the efficiency of utilizing resources and the level of waste treatment, and achieved actual progress. Compared to 2009, the comprehensive energy consumption of each ten thousand yuan industrial output value was decreased a little, the industrial water demand was decreased 2.0%, and the industrial water reuse ratio was kept above 95%. In 2010, the Group approved 235 projects of energy saving and emission reduction with an investment of 1.11 billion yuan, and saved 332,600 tons of standard coal. The Group made special effort to replace the motors with high consumption of energy and low efficiency, which the State has publicly ordered to be obsolete, and invested 223 million yuan and replaced 7,100 motors.

New Technologies of Energy Saving The newly developed and applied technology of heat-transfer equipments online scale prevention by ultrasonic has been listed into National Key Energy Saving Technologies Category (3rd Batch). In 2010, the Group introduced efficient drilling technologies, such as double drive combined drilling technology, air drilling and rotary percussion drilling, double-well pumping-unit technology, mechanical production Technology, model heating oven complete technology, process simulation technology, steam power system and heat-transfer net optimization technology, refinery hydrogen resources optimization technology, cracking furnace air preheating energy-saving technology, cracking furnace twisted tube enhanced heat transfer technology, and many other technologies as net electric driller and rare earth permanent magnet synchronous motor.

Oilfield Enterprises Carried out energy auditing, launched contract energy management pilot project, revised and improved energy saving standard system. Devoted major efforts to key works towards energy saving and consumption reduction, such as the power grid upgrading and reforming, optimization of water flooding and oil transferring system, mechanical production with higher liquid rate and lower energy consumption, recovery and utilization of natural gas, comprehensive utilization of oilfield sewage instead of clean water, and replacement of old motors. Compared with previous year, the comprehensive energy consumption of each unit oil and gas was decreased by 1.98%, and the comprehensive energy consumption of each ten thousand yuan output value was 2.28% down, equals saving 134,400 tons of standard coal.

Refining Enterprises Promoted energy saving and emission reduction fine management, improved refining energy consumption evaluation system, and adhered to the energy consumption quota administration regulations. Promoted the special energy saving missions such as comprehensive utilization of low temperature residual heat, mechanical vacuuming technology and coking optimization technology. Developed and applied refining enterprise fuel-power model in order to promote

the efficiency of utilities system, raise the management level of utilities system and strengthen energy saving of equipments. In 2010, the comprehensive energy consumption of each ten thousand yuan output value was declined by 5.86%, equals saving 1.49 million tons of standard coal. The freshwater consumption per ton of crude oil and sewage discharge were deceased by 10.3% and 14.3% respectively year on year.

Chemical Enterprises By carrying out energy saving reform, especially on equipment energy saving, steam energy utilization, steam network optimization, promotion of heat efficiency of heating oven, insulation modification, utilities system optimization, process optimization, heat-transfer net optimization and utilizing low temperature residual heat, great progress has been made. In 2010, ethylene energy consumption was decreased to 609.28kg/t, 13.35 units down. The comprehensive energy consumption of each ten thousand output value was decreased by 3.33%, equals saving 1.32 million tons standard coal. The total water saved is 8 million tons, averaged 1,000t/h.

Auxiliary Production and Utility System Intensified energy saving target management, indexes decomposition and tracking monitoring. The index of caloric value difference of incoming coal and feeding coal was lowed by strengthening coal quality management. By deepening the thermoelectric professional management, promoting boiler efficiency, the field operation has been optimized continuously and the boiler modification work gradually shows effect. Through carrying out standard control to steam condenser system of power station, the operation indexes of vacuum systems and the steam condensers of most enterprises were remarkably improved. In 2010, standard coal consumption for power supply of our thermal power stations was 349.13g/(kwh), 4 units down, equals saving 110.3 thousand tons of standard coal.

Sales Enterprises Focusing on merchandise losses management and logistics optimization, by optimizing primary and secondary logistics and exchanging resources, to achieve energy saving and consumption reduction. In 2010, the loading rate of railway tank cars was 93.28%, 1.45% high than previous year. Oil product losses during secondary sections were controlled within 3‰, lower than previous year. 530 million yuan were saved by comprehensive logistics optimization.

Public Welfare

In 2010, under the circumstance that the influence of world-wide economic crisis was still remaining and the operation was facing huge challenge, Sinopec Group actively supported and participated in the public welfare undertakings, paid close attention to the benefit of the whole society all the time, through which, the group had made positive contribution in constructing harmonious community, offering relief, helping poor and aiding Tibet, sponsoring "Lifeline Express", donating for education, and developing the nationwide sports undertaking and promoting sports across the country. Meanwhile, according to the requirement of the State-owned Assets Supervision and Administration Commission of the State Council, strictly adhering to Sinopec Donation Administration Regulations, the Group further intensified the budget management and regulation management of donations to make the donation work more orderly, prompt and effective.

By the end of 2010, Sinopec had donated over 2.2 billion yuan to the society. The Group has sustainably sponsored "Lifeline Express" and Spring-bud Program, actively participated in the Poverty Alleviation & Aid to Tibet. Sinopec Group received the China Charity Award 2009 from the Ministry of Civil Affairs in April 2010, the China Red Cross Medal from Red Cross Society of China in June and the only Brightness Contribution Special Award from China Lifeline Express Foundation in November.

Disaster Relief Charity nourished drought area. In the spring of 2010, the biggest drought in a century hit the southwest provinces as Yunnan, Guangxi and Guizhou, and the disaster are was over 100 million mu. In order to help local people to fight with the worsening drought, Sinopec Group helped local people to drill well for water, offered oil and water, devoted to support and carry out work against the drought. Meanwhile, the Group expressed its sympathy and solicitude for people in Yunnan, Guangxi and Guizhou, and donated 15 million yuan.

Rush to the rescue of Yushu. On April 14th, 2010, an earthquake of magnitude 7.1 occurred in Yushu, Qinghai. After the earthquake, Sinopec Group initiated the emergency preplan immediately, took part in the work of offering relief to the disaster area as quick as possible. The management of the Group called an emergency meeting to arrange the work to offer relieves. The Group donated 15 million yuan in two times to Yushu disaster area and undertook to provide free product oil to the disaster area. The Group set up green channel in its service stations along the way to disaster area, gave priority to rescue vehicles, and supplied free water and food, guaranteed ample supply of oil products to rescue vehicles. Meanwhile, the Group increased supply to disaster area by adding 2,000 tons more to the planned supply each day to meet the oil demand in disaster area.

Fight against flood. In 2010, since the flood period, several heavy and widespread rainfalls occurred in China, Fujian, Guangxi, Guangdong, Hunan, Jiangxi and many other provinces were experiencing severe flood. Sinopec responded at the earliest time, initiated emergency preplan, mobilized enterprise resources to guarantee oil products supply in the flooded area while saving itself from the flood. The Group did the best to guarantee supply, to help and donate. In total, Sinopec donated 6 million yuan to Hunan and Jiangxi.

After Hainan suffered the biggest storm in 49 years, Sinopec, while saving its enterprises in Hainan from the disaster, participated in the fight against disaster actively, by refining supply measures and ensuring product oil supply to Hainan. In Wenchang, Sinopec sent oil products to the very front of the rescuing, charged fuel for motorboat, transport vehicles and so on. Sinopec donated 8 million yuan to Hainan disaster area to support people there to fight against the disaster and rebuild home.

Rescue the disaster in Zhouqu. On the early morning of August 8th, 2010, extraordinarily serious debris flow and flush flood natural calamity occurred in Zhouqu, Gansu, caused tremendous losses in the lives and properties of the people. Sinopec initiated emergency preplan, arranged to carry out disaster relief immediately. A team was set up to ensure the oil products supply in disaster area and went up to the front to provide free oil products to rescuing vehicles and heavy duty machines. And 5 million yuan was donated to the Zhouqu disaster area.

Support Poverty-stricken Counties In 2010, guided by China Rural Areas Poverty Alleviation and Development Outline, Sinopec focused on supporting infrastructure construction, assisted the industrial development of poverty-stricken counties, strengthened the labor export training and helped to develop education and so on. Within the year, 11.80 million yuan were invested into four state poverty-stricken counties, Yingshang and Yuexi of Anhui Province, Luxi and Fenghuang of Hunan Province, to improve the local infrastructure. Since undertook new round poverty reduction work in specific areas, Sinopec has invested 100 million yuan to these four counties.

In 2010, Sinopec invested 2 million yuan to the above-mentioned counties as student fund, and has sponsored 1,260 students. Since the foundation of Sinopec Student Fund in 2008, Sinopec has sponsored 3,784 students in those four specific poverty-stricken counties. The help towards students with outstanding achievement from poor family, which was warmly welcomed by the local governments and students parents, has obtained great social benefits. So far the Group has received 265 letters of thanks from aid-receiving students.

Aid to Tibet Attaching great importance to the aid to Tibet, Sinopec has established special working system, set up special leading group and office, opened special account to manage fund for the aid to Tibet, and made the work more normalized, institutionalized and scientific. The key works of supporting Tibet is the projects that focus on people's living and improve it. Started from improving production and living conditions, the Group gave priority to assist local government to build and improve infrastructure and public welfare facilities closely related to daily life of farmers and herdsmen, and has improved basic production and living conditions and achieved well benefits. For which, Sinopec was selected as Central Stat Organ Specific Poverty Alleviation Advanced Unit by State Council Poverty Alleviation and Development Leading Group. By the end of 2010, Sinopec has invested totally 136 million yuan to support construction of Tibet in 10 years accumulatively, with 25.83 million yuan invested in 2010.

In 2010, Sinopec continued support towards Baingoin County, Baingoin primary School, herdsmen housing, and solar lighting in pasturing area, education and training, and some other important projects were completed. The herdsmen housing projects involved 10 towns, 86 villages, and 1,026 families. Since the beginning of the housing projects from 2006, 5,279 families were helped. In 2010, Sinopec arranged special fund to install 271 sets of solar lighting equipments that can provide power for lights and TV, for some families with no power for lighting. In 2010, Sinopec trained 30 teachers, 35 volunteers, 35 vets, and 100 herdsmen. Besides, Sinopec has purchased a fire engine for newly founded fire station.

Spring-bud Program In 2010, Sinopec Group invested 5,976 thousand yuan to sponsor 9,960 dropouts from poverty-stricken areas in Sichuan, Guizhou, Gansu, Hunan to finish their high school. In June, 3,320 senior school students sponsored by Sinopec attended the college entrance examination, and over 2,500 of them were enrolled by high schools across the country. Till now, 4,100 high school students under the Spring-bud Program have fulfilled their college dream.

Lifeline Express – Bright Journey Lifeline Express is the only eye hospital opened on train in China; there are four such trains till now. Since Sinopec started to sponsor Lifeline Express Project from 2004, over 83.50 million yuan have been donated to the fund of the Project, and a train as Lifeline Express at the whole cost of Sinopec. Until now, the Lifeline Express donated by Sinopec has driven to poverty-stricken areas in over ten outlying provinces, and cured and treated about 18,000 cataract patients. In 2010, this express has driven to Mianzhu in Sichuan, Kashi in Xinjiang, Guilin in Guangxi, to continue its bright journey.

Contribution to Cultural and Sports Events In addition to providing oil products with high quality, strengthening recycling controlling, and purifying living environment as Sinopec has always been doing, the Group has contributed to offer financial, material and manpower support to major sports and cultural events held in home as well, over 6,000 persons served for Shanghai Expo and Guangzhou Asian Games. In 2010, Sinopec invested 7 million dollars to support Beijing in hosting the 2015 World Track & Field Championships as an official partner of IAAF.

Financial Statement

Balance Sheet

(For the years ended 31 December)

Item	2010	2009 (as restated)	2009 (as previously reported)	2008
Current assets				
Cash at bank and in hand	35,398.09	30,795.88	30,795.88	26,615.44
Financial assets held-for-trading	2,478.22	10.22	10.22	157.41
Bills receivable	18,326.90	3,731.40	3,731.40	3,552.44
Trade accounts receivable	58,361.74	44,315.85	44,315.85	24,147.94
Advance payments	12,601.53	10,079.39	10,079.39	12,919.91
Interest receivable	240.30	142.99	142.99	123.51
Dividend receivable	23.82	110.39	110.39	342.13
Other receivables	9,323.67	15,254.46	15,781.25	18,302.52
Inventories	187,158.30	168,295.62	168,278.13	120,864.97
Raw materials	48,916.89	48,146.19	48,146.19	36,794.26
Stock commodities (or finished products)	74,021.04	65,756.37	65,738.89	45,416.50
Current portion of non-current assets	5,463.14	10,759.71	10,759.71	7,936.18
Other current assets	2,590.34	1,728.29	1,201.50	4,822.72
Total current assets	331,966.06	285,224.21	285,206.72	219,785.18
Non-current assets				
Financial assets held-for-trading	9,206.57	10,649.70	10,649.70	5,830.84
Investments held-to-maturity	658.23	156.87	156.87	110.38
Consignment loan	138.50	209.00	209.00	109.14
Long-term receivable	37,223.86	32,890.24	32,890.24	38,857.94
Long-term equity investments	111,220.79	48,504.14	48,504.14	37,672.77
Investment property	935.77	729.30	729.30	786.27
Fixed assets at cost	816,714.69	743,034.36	743,034.36	671,866.21
Less: Accumulated depreciation	359,711.79	327,264.85	327,264.85	304,172.38
Net value of fixed assets	457,002.90	415,769.51	415,769.51	367,693.82
Less: Impairment for fixed assets	22,148.33	17,128.57	17,128.57	12,754.01
Net fixed assets	434,854.57	398,640.94	398,640.94	354,939.82
Oil and gas assets at cost	593,522.91	502,283.12	498,653.55	342,163.21
Less: oil and gas assets depreciation	252,273.12	213,417.80	213,155.29	164,146.51
Net value of oil and gas assets	341,249.80	288,865.32	285,498.26	178,016.69
Less: Impairment for oil and gas assets	14,158.24	11,131.51	11,131.51	7,204.57
Net oil and gas assets	327,091.56	277,733.81	274,366.76	170,812.13
Construction inventory	1,437.83	1,012.17	1,012.17	464.99
Construction in progress	116,922.25	134,163.04	134,163.04	133,246.99
Fixed assets in liquidation	8.37	0.94	0.94	112.37
Oil and gas assets in liquidation		0.65	0.65	
Intangible assets	50,392.22	46,301.25	46,233.42	44,130.04
Land use right	42,882.55	39,836.77	39,836.77	39,242.91
Development expenditure	58.25	63.84	63.84	98.67
Goodwill	33,414.24	28,922.55	29,928.31	17,019.79
Long-term deferred expenses	12,494.33	11,435.26	11,435.26	11,591.40
Deferred tax assets	16,002.09	14,012.20	14,012.20	13,889.87
Other non-current assets	1,215.09	686.92	686.92	1,122.41
Physical assets reserve specifically authorized				
Total non-current assets	1,153,274.51	1,006,112.83	1,003,683.70	830,795.81
Total assets	1,485,240.57	1,291,337.04	1,288,890.42	1,050,580.99

Note: The Group grants housing allowance in accordance with Notice on Financial Transaction in Housing System Reform of Enterprises issued by the Ministry of Finance and performs retroactive adjustment of the relevant data in 2009 according to Accounting Standards for Business Enterprises.

RMB millions

Item	2010	2009 (as restated)	2009 (as previously reported)	2008
Current liabilities				
Short-term loans	88,236.99	64,096.71	64,096.71	59,819.13
Financial liabilities held-for-trading	1,000.00	31,000.00	31,000.00	15,000.00
Bills payable	5,896.26	25,590.09	25,590.09	18,562.94
Trade accounts payable	162,291.99	129,166.72	129,166.72	78,852.77
Receipts in advance	79,331.21	53,418.75	53,418.75	49,408.05
Staff costs payable	23,407.49	22,184.66	21,103.43	17,665.53
Payrolls payable	12,442.31	12,508.55	13,508.55	12,732.42
Welfare benefits payable	293.83	311.51	311.51	458.23
Taxes and fees payable	39,838.34	20,534.61	20,534.61	9,475.30
Taxes payable	31,890.64	14,865.50	14,865.50	84.61
Interest payable	2,004.86	1,625.38	1,625.38	1,071.27
Dividend payable	224.42	165.49	165.49	196.79
Other creditors	67,285.13	67,164.66	69,179.57	52,972.91
Current portion of non-current liabilities	6,403.43	19,543.56	19,543.56	22,981.45
Other current liabilities	16,537.79	26,614.95	24,600.10	26,698.20
Total current liabilities	492,457.91	461,105.59	460,024.41	352,704.36
Non-current liabilities				
Long-term loans	157,926.06	111,116.72	111,116.72	110,257.37
Debentures payable	121,160.32	103,728.50	103,728.50	66,192.26
Long-term accounts payable	9,102.66	8,660.01	8,660.01	8,350.21
Special accounts payable	975.67	950.45	950.45	2,307.56
Deferred income	2,004.16	1,926.71	1,926.71	950.02
Contingent liabilities	18,820.88	14,036.56	14,036.56	9,616.82
Deferred tax liabilities	48,998.24	39,589.89	37,015.75	9,943.96
Other non-current liabilities	190.90	58.13	58.13	8,342.26
Special reserve fund				
Total non-current liabilities	359,178.90	280,066.97	277,492.83	215,960.45
Total liabilities	851,636.82	741,172.56	737,517.23	568,664.81
Shareholders'equity				
Paid-in capital	206,997.62	182,029.35	182,029.35	167,342.81
State-owned capital	206,997.62	182,029.35	182,029.35	167,342.81
Collective-owned capital				
Legal person capital				
State-owned legal person's capital				
Collective-owned legal person's capital				
Personal capital				
Foreign investors'capital				
Net value of paid-in capital	206,997.62	182,029.35	182,029.35	167,342.81
Capital reserve	44,327.97	44,656.91	44,656.91	42,194.01
Special reserves	1,049.50			51.33
Surplus reserve	131,218.90	109,155.12	109,155.12	88,558.49
General risk preparation	568.48	556.69	556.69	544.69
Retained profits	123,778.08	97,760.58	98,969.29	81,629.92
Converted difference in foreign currency statements	-3,569.96	-1,805.79	-1,805.79	-1,273.75
Shareholders' equity attributed to equity shareholders of the Group	504,370.59	432,352.85	433,561.56	379,047.49
Minority interests	129,233.16	117,811.63	117,811.63	102,868.69
Total shareholders' equity	633,603.75	550,164.48	551,373.19	481,916.18
Total liabilities and shareholders' equity	1,485,240.57	1,291,337.04	1,288,890.42	1,050,580.99

Income statement

RMB millions

Item	2010	2009 (as restated)	2009 (as previously reported)	2008
Operating income	1,969,042.21	1,391,951.96	1,391,951.96	1,466,489.72
Main operating revenues	1,947,869.60	1,375,430.95	1,375,430.95	1,450,922.04
Other operating revenues	21,172.61	16,521.01	16,521.01	15,567.68
Total operating expenses	1,873,200.96	1,313,092.79	1,312,838.36	1,500,427.37
Operating expenses	1,556,403.34	1,047,770.08	1,047,515.65	1,317,451.98
Main operating expenses	1,539,253.60	1,029,259.83	1,029,005.41	1,299,365.89
Other operating expenses	17,149.75	18,510.25	18,510.25	18,086.09
Operating taxes and surcharges	166,614.67	139,050.95	139,050.95	60,280.11
Sales taxes and surcharges	165,899.58	138,435.10	138,435.10	59,777.86
Selling expenses	33,681.97	29,218.86	29,218.86	26,629.49
Administrative expenses	71,233.60	61,073.01	61,073.01	53,528.92
Exploration expneses	17,484.05	13,909.19	13,909.19	10,693.36
Financial expenses	9,967.21	9,507.73	9,507.73	11,433.90
Asset impairment losses	17,816.11	12,562.97	12,562.97	20,409.60
Add: Changes of fair value of assets	−166.61	−363.35	−363.35	3,960.89
Investment income	8,693.25	5,113.19	5,113.19	4,633.71
Investment income of associates and jointly controlled entities	7,325.91	4,033.44	4,033.44	1,093.18
Operating profit	104,367.89	83,609.00	83,863.43	−25,343.05
Add: Non-operating income	3,681.27	2,587.22	2,587.22	54,447.66
Less:Non-operating expenditure	2,833.19	4,759.90	4,759.90	3,253.98
Total profit	105,215.96	81,436.32	81,690.75	25,857.00
Less: income tax	33,091.51	23,578.76	23,705.71	6,310.31
Net profit	72,124.46	57,857.56	57,985.03	19,546.69
Less: Minority interests	20,484.20	18,667.89	18,667.89	6,418.39
Net profit attributable to equity shareholders of the Group	51,640.26	39,189.67	39,317.14	13,128.30

Note: The Group grants housing allowance in accordance with Notice on Financial Transaction in Housing System Reform of Enterprises issued by the Ministry of Finance and performs retroactive adjustment of the relevant data in 2009 according to Accounting Standards for Business Enterprises.

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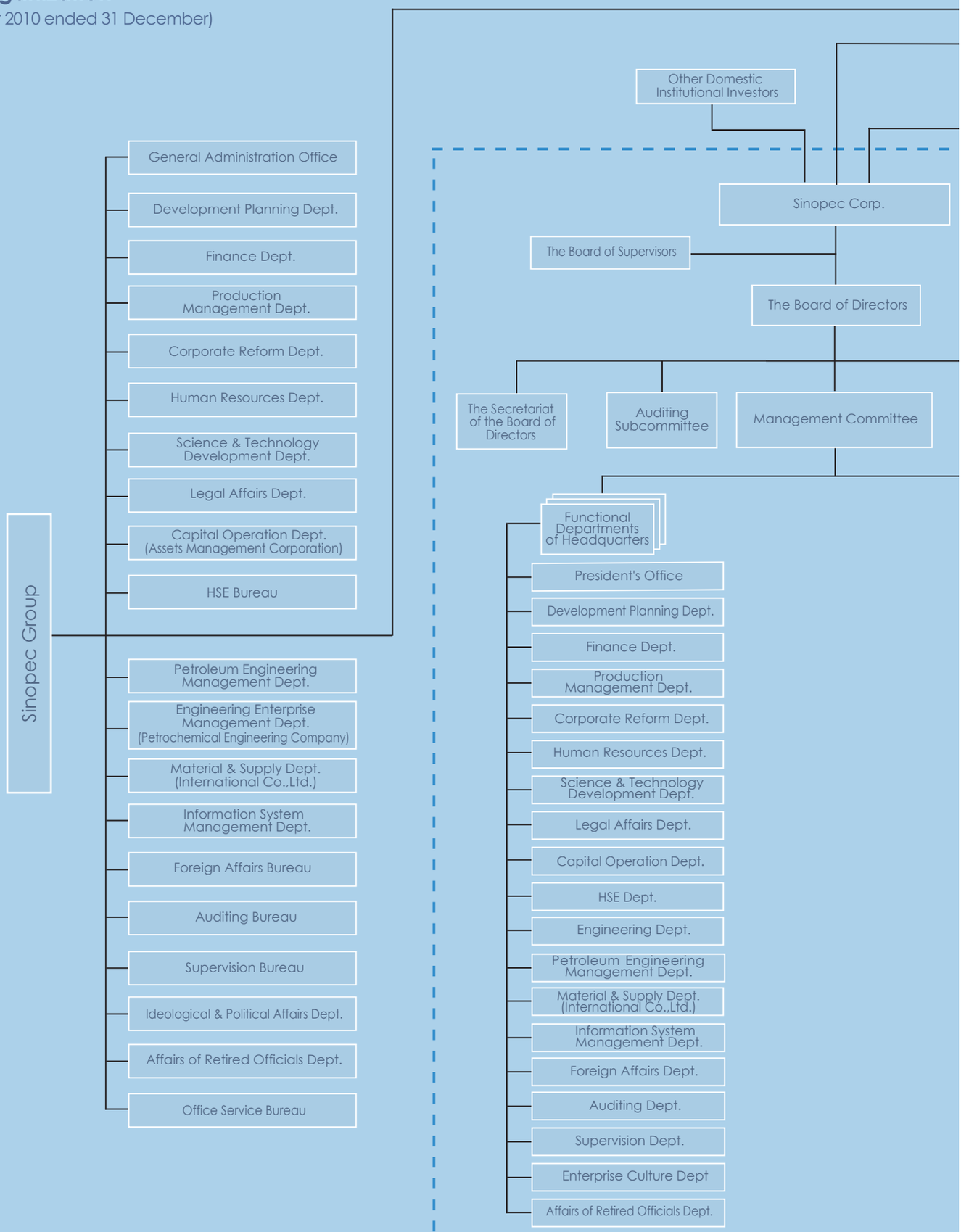
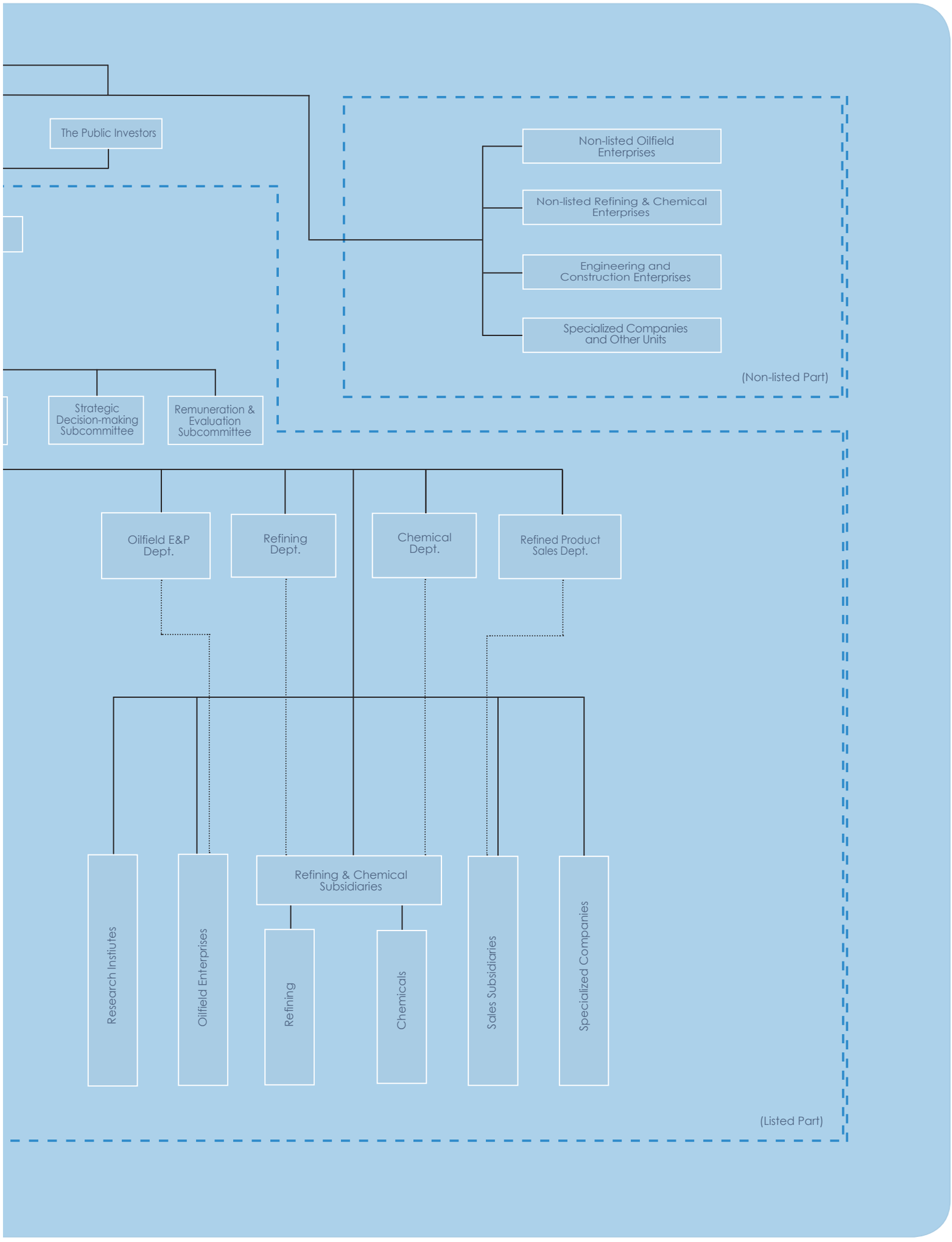
Organization

(For 2010 ended 31 December)




The Public Investors
Non-listed Oilfield Enterprises
Non-listed Refining & Chemical Enterprises
Engineering and Construction Enterprises
Specialized Companies and Other Units
(Non-listed Part)
Strategic Decision-making Subcommittee
Remuneration & Evaluation Subcommittee
Oilfield E&P Dept.
Refining Dept.
Chemical Dept.
Refined Product Sales Dept.
Research Instiutes
Oilfield Enterprises
Refining & Chemical Subsidiaries
Refining
Chemicals
Sales Subsidiaries
Specialized Companies
(Listed Part)

Events

Jan.11, In the National Science and Technology Awards Ceremony held in Beijing, 11 scientific achievements of Sinopec were awarded the National Prize for Progress in Science and Technology (2009) , of which 1 won the first prize and 10 the second.

Jan.18, Anqing Petrochemical refining and chemical integration project with 8 million tons per year and Anqing Chemical Industrial Park starting ceremony was held in Anhui.

Jan. 24, Li Changchun, member of the Political Bureau of the CPC Central Standing Committee, paid a visit to Tianjin Petrochemical ethylene project with millions of tons output and related supporting projects

March 23, China's space industry strategic partnership signing ceremony was held in Beijing. Sinopec became the first strategic partner of China's space industry.

March 26, Brazil's GASENE pipeline project contracted by Sinopec, the first project on the strategic cooperation between China and Brazil was completed.

March 29, Sinopec announced that The Sichuan-East Natural Gas Transmission Project was completed and put into operation. The project's pipeline boasts a total length of more than 1,700km and is designed to transport 12 billion cubic meters natural gas, with a total investment of 62.68 billion yuan.

April 12, Xi Jinping, member of the Political Bureau of the CPC Central Standing Committee and China's Vice President, visited Hainan Refinery and Petrochemical Co., Ltd

April 12-21, In accordance with Chinese President Hu Jintao's visit to Brazil, Su Shulin led a delegation to visit Brazil. They paid a courtesy call to Sérgio Gabrielli, head of Brazil National Oil Company, signing Strategic Cooperation Agreement and BM-PAMA-3 and BM-PAMA-8 Block Right Transfer Agreement in exploration, petroleum engineering, refinery engineering, oil trade and raw material equipments etc. They also visited Batista, chairman of Brazil OGX Company, signing Memorandum of Understanding concerning upstream block transfer.

April 14, A 7.1 magnitude earthquake attacked Yushu, Qinghai. Sinopec immediately started its emergency preplan and actively joined in the earthquake relief work in the first time, ensuring the supply of oil in disaster area. It donated 15 million yuan in two times to Yushu disaster area on April 15th and April 20th.

April 20, Zhenhai Petrochemical's ethylene cracking plant, the key equipment of one-million-tons ethylene project, produced standard ethylene and achieved an initial success.

April 27, the 2010 National Model Workers and Advanced Workers Commendation Congress was held in Beijing. 20 workers of Sinopec were awarded the title of National Model Worker.

May 11, Tianjin million tons ethylene and ten million tons refining oil integration project official commercial operation starting ceremony and commendation congress was held in Dagang district, Tianjin.

May 14, Wen Jiabao, member of the Political Bureau of the CPC Central Standing Committee and State Prime Minister, visited million ton ethylene project of Tianjin Petrochemical Company.

May 14, He Guoqiang, member of the Political Bureau of the CPC Central Standing Committee and secretary of the Central Commission for Discipline Inspection, visited Lianyungang Soda Plant of Nanjing Chemical Industry Co., Ltd.

May 29, Jia Qinglin, member of the Political Bureau of the CPC Central Standing Committee and President of CPPCC, visited million ton ethylene project of Tianjin Petrochemical Company.

May 29, Sinopec Shijiazhuang Petrochemical's 8 million tons oil products quality upgrading project starting ceremony was held in circulation chemical demonstration base, Shijiazhuang, Hebei.

June 5, Sinopec Fuel Oil Company inauguration ceremony was held in Beijing National Conference Center.

June 9, Su Shulin accompanied He Guoqiang to attend and witness the signing ceremony of framework agreement concerning building Sino-Icelandic green energy geothermal development corporation of Star Petroleum Corporation and Iceland Geysir.