中 国 石 油 化 工 股 份 有 限 公 司

CHINA PETROLEUM & CHEMICAL CORPORATION

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

(Stock Code: 0386)

Results for the Year Ended 31 December 2009

§1. Important Notice

1.1 The Board of Directors (the "Board of Directors") of China Petroleum & Chemical Corporation ("Sinopec Corp.") and the Directors, Supervisors and Senior Management warrant that there are no material omissions from, or misrepresentations or misleading statements contained in this announcement, and jointly and severally accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.

This announcement is a summary of the annual report. The entire report can be downloaded from the websites of the Shanghai Stock Exchange (www.sse.com.cn) and Sinopec Corp. (www.sinopec.com). Investors should read the annual report for the year 2009 for more details.

1.2 The annual report for this year has been approved unanimously at the fifth meeting of the Fourth Session of the Board of Directors of Sinopec Corp.. No Director has any doubt as to, or the inability to warrant, the authenticity, accuracy and completeness of the annual report.

1.3 Mr. Chen Xiaojin, Director of Sinopec Corp., could not attend the fifth meeting of the Fourth Session of the Board for reasons of offical duties. Mr. Chen Xiaojin authorised Mr. Ye Qing to vote on his behalf in respect of the resolutions put forward in the meeting of the Board.

1.4 The financial statements for the year ended 31 December 2009 of Sinopec Corp. and its subsidiaries ("the Company") prepared in accordance with the PRC Accounting Standards for Business Enterprises ("ASBE") and International Financial Reporting Standards ("IFRS") have been audited by KPMG Huazhen and KPMG, respectively, and both firms have issued standard unqualified opinions on the financial statements.

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

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

1.7 Mr. Su Shulin (Chairman of the Board), Mr. Wang Tianpu (Vice Chairman and President) and Mr. Wang Xinhua (Chief Financial Officer and Head of the Corporate Finance Department) warrant the authenticity and completeness of the financial statements contained in the annual report for the year ended 31 December 2009.

§2. Basic Information about Sinopec Corp.

2.1 Basic information of Sinopec Corp.

Stock name	SINOPEC CORP	SINOPEC CORP	SINOPEC CORP	SINOPEC CORP
Stock code	0386	SNP	SNP	600028
Place of listing	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
Registered address and office address	22 Chaoyanmen North Street, Chaoyang District, Beijing, China			
Postcode	100728			
Website	http://www.sinopec.com			
E-mail	ir@sinopec.com / media@sinopec.com			

2.2 Contact persons of Sinopec Corp. and means of communication

	Authorised representatives		Secretary to the Board of Directors	Representative on Securities Matters
Name	Mr.Wang Tianpu	Mr. Chen Ge	Mr. Chen Ge	Mr. Huang Wensheng
Address	22 Chaoyanmen North Street, Chaoyang District, Beijing, China			
Tel	86-10-5996 0028	86-10-5996 0028	86-10-5996 0028	86-10-5996 0028
Fax	86-10-5996 0368	86-10-5996 0368	86-10-5996 0368	86-10-5996 0368
E-mail	ir@sinopec.com / media@sinopec.com			

3 Principal Financial Data and Indicators

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

3.1.1 Principal financial data

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

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

3.1.2 Principal financial indicators

Items	For the years ended 31 December 2009 *RMB*	2008 *RMB*	Change %	2007 *RMB*
Basic earnings per share	0.707	0.328	115.5	0.645
Diluted earnings per share	0.702	0.288	143.8	0.645
Basic earnings per share (before extraordinary gain and loss)	0.707	0.338	109.0	0.651
Fully diluted return on net assets (%)	16.25	8.64	7.61 percentage points	18.12
Weighted average return on net assets (%)	17.25	8.86	8.39 percentage points	19.37
Fully diluted return (before extraordinary gain and loss) on net assets	16.24	8.90	7.34 percentage points	18.29
Weighted average return (before extraordinary gain and loss) on net assets (%)	17.24	9.13	8.11 percentage points	19.56
Net cash flow from operating activities per share	1.832	0.857	113.8	1.426

	At 31 December			
	2009	**2008**	**Change**	**2007**
Items	***RMB***	***RMB***	***%***	***RMB***
Net assets attributable to equity shareholders of the Company per share	4.350	3.798	14.5	3.558

3.1.3 Extraordinary items and corresponding amounts

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

3.1.4 Accounting captions measured by fair value

Unit: RMB millions

Items	Balance as at 1 January 2009	Fair value change recognised in profit and loss during the year	Fair value change recognised in equity during the year	Provision for impairment losses during the reporting period	Balance as at 31 December 2009
Financial assets					
Among which:					
1. Financial assets at fair value through profit and loss	643	151	—	—	182
Among which:					
Derivative financial assets	643	151	—	—	182
2. Available-for-sale financial assets	154	—	(175)	—	1,461
3. Cash flow hedges	224	—	111	—	142
Total financial assets	1,021	151	(64)	—	1,785
Financial liabilities	(546)	(516)	(57)	—	(976)
Investment properties	—	—	—	—	—
Productive biological assets	—	—	—	—	—
Total	475	(365)	(121)	—	809

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

Items	For the year ended 31 December 2009 *RMB millions*	For the year ended 31 December 2008 *RMB millions*	Change %	For the year ended 31 December 2007 *RMB millions*
Turnover, other operating revenue and other income	1,345,052	1,495,148	(10.0)	1,205,860
Profit attributable to equity shareholders of the Company	61,760	28,525	116.5	55,914
Basic earnings per share (RMB)	0.712	0.329	116.5	0.645
Diluted earnings per share (RMB)	0.708	0.289	145.0	0.645
Return on capital employed (%) *	11.13	5.15	5.98 percentage points	11.66
Net cash generated from operating activities per share (RMB)	1.754	0.767	128.7	1.368

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

Items	At 31 December 2009 *RMB millions*	At 31 December 2008 *RMB millions*	Change %	At 31December 2007 *RMB millions*
Current assets	201,280	165,398	21.7	186,761
Current liabilities	313,419	286,656	9.3	275,533
Total assets	877,842	779,172	12.7	743,371
Total equity attributable to equity shareholders of the Company	375,661	327,889	14.6	307,897
Net assets per share (RMB)	4.333	3.782	14.6	3.551
Adjusted net assets per share (RMB)	4.254	3.690	15.3	3.471

3.3 MAJOR DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS PREPARED UNDER ASBE AND IFRS

√ Applicable □ Not applicable

	ASBE	IFRS
Net profits (RMB millions)	64,000	64,484
Difference analysis	Please see section 9.2.3	

§4. Changes in Share Capital and Shareholdings of the Principal Shareholders

4.1 Changes in the share capital

√ Applicable □ Not applicable

Unit: 10,000 Shares

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

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

Changes in shares with selling restrictions

Name of shareholders	Number of shares with selling restriction at beginning of the year	Number of shares released from selling restriction during the year	Increase of shares with selling restriction during the year	Number of shares with selling restriction of the year	Reason of selling restriction	Date when restriction expired
China Petrochemical Corporation	5,708,780.0	5,708,780.0	—	—	A Share reform	October 16, 2009

4.2 Number of shareholders and shareholdings of principal shareholders

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

(1) Top ten shareholders and top ten shareholders without selling restrictions

Unit: 10,000 Shares

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

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

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

4.3 Information about the controlling shareholder and the de facto controller

4.3.1 Changes of the controlling shareholder and the de facto controller in the reporting period

□ Applicable √ Not applicable

4.3.2 Changes in the controlling shareholders and the de facto controller

(1) Controlling shareholder

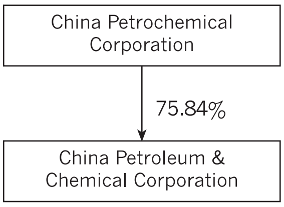
The controlling shareholder of Sinopec Corp. is China Petrochemical Corporation. Established in July 1998, China Petrochemical Corporation is a state authorised investment organisation and a state-owned company. Its registered capital is RMB 130.6 billion, and the legal representative is Mr. Su Shulin. Through reorganisation in 2000, China Petrochemical Corporation injected its principal petroleum and petrochemical business into Sinopec Corp. and retained certain petrochemical facilities and small-scale refineries. It provides well-drilling services, well logging services, downhole operation services, services in connection with manufacturing and maintenance of production equipment, engineering construction, utility services including water and power and social services.

(2) Except for HKSCC (Nominees) Limited, no other legal person shareholders hold 10% or more of the shares of Sinopec Corp.

(3) Basic information of the de facto controller

China Petrochemical Corporation is the de facto controller of Sinopec Corp.

(4) Diagram of the equity and controlling relationship between Sinopec Corp. and its de facto controller



§5. Directors, Supervisors and Senior Management and Employees

5.1 Information on the changes in the shares held by the Directors, Supervisors and Senior Management and employees, and their remunerations

5.1.1 Information of Directors

Name	Gender	Age	Position with Sinopec Corp.	Tenure	Remuneration paid by the Company in 2009 (RMB10,000, before tax)	Whether paid by the holding Company	Shares held at Sinopec Corp. (as at 31 December) 2009	2008
Su Shulin	Male	47	Chairman	2009.05-2012.05	—	Yes	0	0
Wang Tianpu	Male	47	Vice Chairman, President	2009.05-2012.05	72.57	No	0	0
Zhang Yaocang	Male	56	Vice Chairman	2009.05-2012.05	—	Yes	0	0
Zhang Jianhua	Male	45	Board Director, Senior Vice President	2009.05-2012.05	72.04	No	0	0
Wang Zhigang	Male	52	Board Director, Senior Vice President	2009.05-2012.05	72.04	No	0	0
Cai Xiyou	Male	48	Board Director, Senior Vice President	2009.05-2012.05	72.04	No	0	0
Cao Yaofeng	Male	56	Board Director	2009.05-2012.05	—	Yes	0	0
Li Chunguang	Male	54	Board Director	2009.05-2012.05	—	Yes	0	0
Dai Houliang	Male	46	Board Director, Senior Vice President	2009.05-2012.05	72.04	No	0	0
Liu Yun	Male	53	Board Director	2009.05-2012.05	—	Yes	0	0
Liu Zhongli	Male	75	Independent Non-executive Director	2009.05-2012.05	24 (Director's Fees)	No	0	0
Ye Qing	Male	76	Independent Non-executive Director	2009.05-2012.05	14 (Director's Fees)	No	0	0
Li Deshui	Male	65	Independent Non-executive Director	2009.05-2012.05	24 (Director's Fees)	No	0	0
Xie Zhongyu	Male	66	Independent Non-executive Director	2009.05-2012.05	14 (Director's Fees)	No	0	0
Chen Xiaojin	Male	65	Independent Non-executive Director	2009.05-2012.05	14 (Director's Fees)	No	0	0

5.1.2 Supervisors

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

5.1.3 Other Members of the Senior Management

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

Note: During the reporting period, each of the above Directors, Supervisors and senior management personnel held no share at the beginning of the year, no share at the end of the year, no option of Sinopec Corp., and no shares with selling restrictions. The Company did not implement any equity incentive programme.

5.2 New Appointment or Termination of Directors, Supervisors and Senior Management

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

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

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

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

§6 Report of the Board of Directors

6.1 Business review in the reporting period

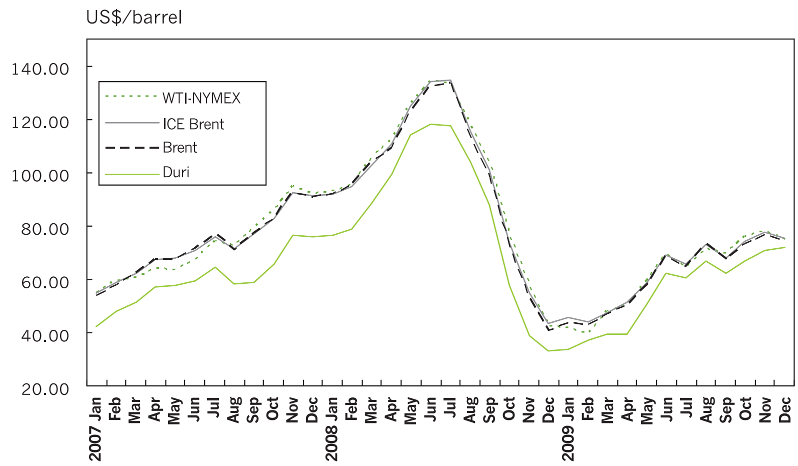
6.1.1 Business review

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

6.1.1.1 Review of Market Environment

(1) Crude oil market

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



(2) Refined oil products market

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

(3) Chemicals market

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

6.1.1.2 Production and Operation

(1) Exploration and Production

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

Summary of Operations of Exploration and Production Segment

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

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

(2) Refining

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

Summary of Production and Operations of Refining Segment

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

Note: 1. The data of 2007 and 2008 was restated for the acquisition of Qingdao Petrochemical.
2. Refinery throughput is converted at 1 tonne to 7.35 barrels.

(3) Marketing and Distribution

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

Summary of Operations of Marketing and Distribution Segment

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

(4) Chemicals

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

Summary of Production of Major Chemical Products

Unit: thousand tonnes

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

Note: 100% production of joint ventures was included.

(5) Research and Development

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

(6) Health, Safety and Environment

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

(7) Cost Reduction

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

(8) Capital Expenditure

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

6.1.2 Management Discussion and Analysis

Part of the financial information presented in this section is derived from the Company's audited financial statements that have been prepared in accordance with IFRS.

6.1.2.1 Consolidated Results of Operations

In 2009, the Company's turnover, other operating revenues and other income were RMB 1345.1 billion, and the operating profit was RMB 84.4 billion, representing a decrease of 10.0%, and an increase of 220.6% respectively over the year of 2008. This was mainly due to positive response to international financial crisis. We strove to expand the market, improve marketing and service, optimize material structure and take the advantage of business scale and

Integration, which contributed to a good operational result under the circumstances of implementation of reform on pricing mechanism of oil products and relevant taxation and fees policy , and gradually increased demand for chemical products.

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

	Years ended 31 December		
	2009	**2008**	**Change**
	RMB millions		**(%)**
Turnover, other operating revenues and other income	**1,345,052**	**1,495,148**	**(10.0)**
Of which: Turnover	1,315,915	1,413,203	(6.9)
Other operating revenues	29,137	31,088	(6.3)
Other income	—	50,857	(100.0)
Operating expenses	**(1,260,621)**	**(1,468,812)**	**(14.2)**
Of which: Purchased crude oil, products, and operating supplies and expenses	(990,459)	(1,286,106)	(23.0)
Selling, general and administrative expenses	(40,500)	(39,392)	2.8
Depreciation, depletion and amortization	(50,487)	(46,321)	9.0
Exploration expenses (including dry holes)	(10,545)	(8,310)	26.9
Personnel expenses	(28,836)	(23,381)	23.3
Taxes other than income tax	(132,884)	(57,214)	132.3
Other operating expenses (net)	(6,910)	(8,088)	(14.6)
Operating profit	**84,431**	**26,336**	**220.6**
Net finance costs	(7,234)	(5,190)	39.4
Investment income and share of profit less losses from associates and jointly controlled entities	3,371	970	247.5
Profit before taxation	**80,568**	**22,116**	**264.3**
Income tax (expense)/benefit	(16,084)	2,840	—
Profit for the year	**64,484**	**24,956**	**158.4**
Attributable to:			
Equity shareholders of the Company	61,760	28,525	116.5
Non-controlling interests	2,724	(3,569)	—

(1) Turnover, other operating revenues and other income

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

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

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

Note: Crude oil, natural gas sold externally shown above are self produced.

Most of crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production and the remainings were sold to other customers. In 2009, the total revenue from crude oil, natural gas and other upstream products that were sold externally were RMB 19.3 billion, representing a decrease of 26.7% over 2008. The change was mainly due to the decrease in the price of crude oil.

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

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

(2) Operating expenses

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

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

- Crude oil purchase expenses were RMB 405.4 billion, representing a decrease of 41.3% over 2008. In 2009, the total throughput of crude oil that was purchased externally was 135.14 million tonnes (excluding the amount processed for third parties), an increase of 0.2% over 2008; average unit cost for processing crude oil purchased externally was RMB 3,000 per tonne, a decrease of 41.5% over 2008.

- Other purchasing expenses were RMB 585.1 billion, representing a decrease of 1.7% over 2008. This was mainly due to the decrease in the cost of gasoline, diesel, kerosene and other feedstock purchased externally.

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

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

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

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

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

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

(3) Operating profit was RMB 84.4 billion, representing an increase of 220.6% over 2008.

(4) Net finance costs were RMB 7.2 billion, representing an increase of 39.4% over 2008. Of which, the Company's interest expenses were RMB 7.4 billion, a decrease of RMB 4.5 billion over 2008; the foreign currency exchange gains were RMB 0.4 billion, a decrease of RMB 2.9 billion over 2008. There was also a loss of RMB 0.2 billion arising from the fair value change of embedded financial derivative instruments in convertible bonds as a result of change in H share's stock price, compared with a profit of RMB 3.9 billion caused by the fair value change of embedded financial derivative instruments in convertible bonds in 2008.

(5) Profit before taxation was RMB 80.6 billion, representing an increase of 264.3% over 2008.

(6) Income tax was RMB 16.1 billion, increased by RMB 18.9 billion. The increase was mainly due to substantial growth of profit before taxation over 2008.

(7) Profit attributable to non-controlling interests of the Company was RMB 2.7 billion, an increase of RMB 6.3 billion compared with 2008.

(8) Profit attributable to equity shareholders of the Company was RMB 61.8 billion, representing an increase of 116.5% over 2008.

6.1.2.2 Assets, Liabilities, Equity and Cash Flows

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

(1) Assets, liabilities and equity Unit: RMB millions

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

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

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

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

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

- The current liabilities were RMB 313.4 billion, an increase of RMB 26.8 billion compared with the end of the previous year, which was mostly attributable to the increase of amounts payable of RMB 41.3 billion and bills payable of RMB 4.4 billion as a result of the rise in prices of raw materials, such as crude oil; and the increase of amounts payables such as accounts received in advance and income tax payable of RMB 17.5 billion; in addition, the Company increased direct financing and cut borrowings by RMB 36.4 billion to adjust debt structure.

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

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

(2) Cash flow

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

Unit: RMB millions

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

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

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

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

(3) Contingent liabilities

Please refer to section 7.3.

(4) Capital expenditures

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

(5) Research & development and environmental expenses

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

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

(6) Analysis of financial statements prepared under ASBE

The following table sets forth each of its segments' income and profit from principal operations, costs of sales, taxes and surcharges, as prepared under ASBE.

	Years ended 31 December	
	2009	**2008**
	RMB millions	**RMB millions**
Operating income		
Exploration and production segment	123,835	196,501
Refining segment	703,571	829,686
Marketing and Distribution segment	783,091	806,923
Chemicals segment	218,457	253,456
Others	521,869	716,484
Elimination of inter-segment sales	(1,005,771)	(1,358,759)
Consolidated operating income	1,345,052	1,444,291
Operating profit/(loss)		
Exploration and production segment	19,893	66,839
Refining segment	23,046	(104,680)
Marketing and Distribution segment	30,280	28,343
Chemical segment	13,098	(13,200)
Others	(2,323)	(2,581)
Financial expenses, investment income and loss from changes in fare value	(3,792)	(3,487)
Consolidated operating profit/(loss)	80,202	(28,766)
Net profit attributable to equity shareholders of the Company	61,290	28,445

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

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

Financial data prepared under ASBE:

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

Analysis of changes:

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

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

Shareholder's equity: The equity of the Company at the end of 2009 was RMB 400.6 billion, an increase of RMB 50.4 billion over that at the end of the previous year, which was primarily attributable to the increase of its profits.

6.1.2.3 Accounting captions measured by fair value

Please refer to Section 3.1.4.

6.1.2.4 Financial assets and liabilities in foregin currencies held by the Company

Information concerning financial assets and liabilities held in foreign currencies

Unit: RMB millions

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

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

6.2 The Results of the Principal Operations by Segments

The following data are extracted from the financial statements prepared under ASBE.

Segment	Income from principal operations (RMB millions)	Cost of principal operations (RMB millions)	Gross profit margin (%)	Increase/ decrease of income from principal operations compared with the preceding year (%)	Increase/ decrease of cost of principal operations compared with the preceding year (%)	Increase/ decrease of gross profit margin with the preceding year (%)
Exploration and production	123,835	74,470	34.1	(37.0)	5.1	(11.6)
Refining	703,571	540,707	5.3	(15.2)	(39.9)	15.7
Chemicals	218,457	186,565	14.1	(13.8)	(25.6)	13.1
Marketing and distribution	783,091	718,413	8.1	(3.0)	(4.1)	1.1
Others	521,869	518,828	0.6	(27.2)	(27.2)	0.0
Elimination of inter-segment sales	(1,005,771)	(1,003,168)	N/A	N/A	N/A	N/A
Total	1,345,052	1,035,815	13.1	(6.9)	(21.6)	8.5

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

6.3 Principal operations in different regions

□ Applicable √ Not applicable

6.4 Operations of equity subsidiaries (applicable to the circumstance when the return on investment is more than 10% of the listed company's net profit)

□ Applicable √ Not applicable

6.5 Explain the reason of material changes in the principal operations and their structure

□ Applicable √ Not applicable

6.6 Explain the reason of material changes in the principal operations' earning power (gross profit ratio) as compared to the preceding year

□ Applicable √ Not applicable

6.7 Analyze the reason of material changes in operating result and profit composition as compared to the preceding year

	At 31 December		Increase/(decrease)		
	2009	2008	Amount	Percentage	
Items	RMB millions	RMB millions	RMB millions	(%)	Reasons for change
Bills receivable	2,110	3,660	(1,550)	(42.3)	Mainly due to enhanced collection of cash in respond to the changes in market condition
Accounts receivable	26,592	12,990	13,602	104.7	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other receivables	4,454	20,525	(16,071)	(78.3)	Please refer to Note 9 to the financial statements prepared in accordance with ASBE
Prepayments	3,614	7,610	(3,996)	(52.5)	Mainly due to the decrease in prepayments in connection with construction facilities and purchase deposits
Inventories	141,611	95,979	45,632	47.5	Mainly due to the increase in scale of operations and crude oil price compared with the end of last year
Other current assets	856	287	569	198.3	Mainly due to the increase in the available-for-sale financial assets
Intangible assets	22,862	16,348	6,514	39.8	Please refer to Note 15 to the financial statements prepared in accordance with ASBE

Items	At 31 December 2009 RMB millions	At 31 December 2008 RMB millions	Increase/(decrease) Amount RMB millions	Increase/(decrease) Percentage (%)	Reasons for change
Fixed assets	465,182	411,939	53,243	12.9	Please refer to Note 13 to the financial statements prepared in accordance with ASBE
Other non-current assets	1,792	1,013	779	76.9	Mainly due to the increase in the available-for-sale financial assets
Short term loans	34,900	74,415	(39,515)	(53.1)	Mainly due to the Company's adjustment of its debt structure and increase in financing from issuance of bonds
Accounts payable	97,749	56,464	41,285	73.1	Mainly due to the increase in scale of operations and crude oil price which resulted in increase in accounts payable
Employee benefits payable	4,526	1,827	2,699	147.7	Mainly due to the accrual of staff annuity and housing subsidies
Taxes payable	16,489	6,816	9,673	141.9	Please refer to Note 25 to the financial statements prepared in accordance with ASBE
Short-term debentures payable	31,000	15,000	16,000	106.7	Please refer to Note 29 to the financial statements prepared in accordance with ASBE
Non-current liabilities due within one year	6,641	19,511	(12,870)	(66.0)	Please refer to Note 27 to the financial statements prepared in accordance with ASBE
Long-term loans	52,065	64,937	(12,872)	(19.8)	Please refer to Note 28 to the financial statements prepared in accordance with ASBE
Debentures payable	93,763	62,207	31,556	50.7	Please refer to Note 29 to the financial statements prepared in accordance with ASBE
Other non-current liabilities	2,192	1,403	789	56.2	Mainly due to the increase in deferred income

Items	At 31 December 2009 RMB millions	2008 RMB millions	Increase/(decrease) Amount RMB millions	Percentage (%)	Reasons for change
Operating income	1,345,052	1,444,291	(99,239)	(6.9)	Please refer to MD&A
Operating costs	1,035,815	1,321,030	(285,215)	(21.6)	Please refer to MD&A
Sales taxes and surcharges	132,884	57,214	75,670	132.3	Please refer to Note 35 to the financial statements prepared in accordance with ASBE
Impairment losses	7,453	16,869	(9,416)	(55.8)	Please refer to Note 38 to the financial statements prepared in accordance with ASBE
Loss/(gain) from changes in fair value	365	(4,198)	4,563	Not applicable	Please refer to Note 39 to the financial statements prepared in accordance with ASBE
Investment income	3,589	1,452	2,137	147.2	Please refer to Note 40 to the financial statements prepared in accordance with ASBE
Non-operating income	1,275	51,911	(50,636)	(97.5)	Please refer to Note 41 to the financial statements prepared in accordance with ASBE
Income tax expense/(benefit)	16,076	(2,846)	18,922	Not applicable	Please refer to Note 43 to the financial statements prepared in accordance with ASBE
Minority interests	2,710	(3,574)	6,284	Not applicable	Mainly due to the increase in net profit from controlling subsidiaries

6.8 Explanation of the material changes in operating environment and macro policies and rules and regulations that have produced, are producing or will produce significant influences on the company's financial conditions and operating result

□ Applicable √ Not applicable

6.9 Explanation of whether the Company fulfilled its profits forecast in relation to assets or projects, if any profits forcast in relation to the Company's assets or projects, and the reporting period is within the profits forecast period

□ Applicable √ Not applicable

6.10 Use of the proceeds from share issue

□ Applicable √ Not applicable

6.11 Projects not funded by proceeds from share issue

√ Applicable □ Not applicable

Project name	Capital investment in project Project progress (RMB billion)	Project progress	Profit from project
Exploration and production segment (excluding the capital expenditure of the oil production assets newly acquired)	51.55	Progressing smoothly	Newly added reserves for crude oils of 280.19 million tonnes, Newly added reserves for natural gas of 78.38 billion cubic meters, Newly added crude oil capacity 5.70 million tonnes/year, newly added gas capacity 1.205 billion cubic meters per year
Refining segment	15.468	Progressing smoothly	Newly added crude oil processing capacity of 22 million tonnes per year, Newly added FCC capacity of 1.6 million tonnes/year, Newly added delayed coking capacity of 3.25 million tonnes/year, Newly added wax oil hydrogenation capacity of 7.9 million tonnes per year Newly added FCC gasoline adsorptive desulfurization capacity of 3.6 million tonnes per year
Marketing and distribution segment	16.283	Progressing smoothly	Newly added 1,229 service stations

Project name	Capital investment in project Project progress (RMB billion)	Project progress	Profit from project
Chemical segment	25.207	Progressing smoothly	Newly added ethylene capacity of 0.99 million tonnes per year Newly added PX capacity of 1.3 million tonnes per year Newly added SBR capacity of 0.1 million tonnes per year Newly added ethylbenzene/styrene capacity of 0.25 million tonnes
Corporate and others	1.505	Progressing smoothly	—
Total	110.013	—	—

6.12 Explanation of the board of directors about the accounting firm's "non-standard comments"

□ Applicable √ Not applicable

6.13 Business Prospects

Market Analysis

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

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

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

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

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

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

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

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

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

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

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

RISK FACTORS

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

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

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

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

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

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

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

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

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

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

Profit forecast for the new financial year

□ Applicable √ Not applicable

6.14 Plan of the board of directors for profit appropriation or dividend dispatch

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

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

The Company is profitable during this reporting period, however, no cash profit distribution plan is proposed.

□ Applicable √ Not applicable

§7. Significant events

7.1 Acquisition of assets

√ Applicable □ Not applicable

Transaction party and acquired and purchased assets	Acquisition date	Transaction price (RMB million)	Net profits contributed to Sinopec Corp. from purchase date to the end of the period (RMB million)	Connected transaction or not (if it is, indicate the pricing principles)	Whether the asset ownership concerned is completely assigned	Whether the debts or creditor's right concerned are completely transferred
Equity interests in Sinopec Qingdao Petrochemical Co. and Shijiazhuang Chemical Fiber Co., the assets of submarine pipelines and cables examination and maintenance facilities; certain assets in Shijiazhuang Assets Branch Company; eight product oil pipeline project divisions of the Sinopec Sales & Industrial Company	31 March 2009	1,839.38	–	Yes, it is priced according to valuated value	Except certain assets of Shijiazhuang Assets Branch Company are still in process, any other acquired assets have been assigned	Yes
All the assets of six research Institutes and all equities of five enterprises from Asset Management Company of China Petrochemical Corporation	21 August 2009	3,945.81	–	Yes, it is priced according to valuated Value	Acquired assets have been assigned	Yes

7.2 Sales of assets

√ Applicable □ Not applicable

Transaction party and the disposed assets	Disposal date	Sales price (RMB million)	Net profits contributed to Sinopec Corp. by the disposed assets from the beginning of the year to the disposal date (note)	Profit or loss due to the disposal	Connected transaction or not (if it is, indicate the pricing principles)	Whether the asset ownership concerned is completely assigned	Whether the debts or creditor's right concerned are completely transferred
Certain assets in Jinling Petrochemical Branch Company sold to China Petrochemical Corporation	31 March 2009	157.47	No	No.	Yes, it is priced according to valuated value.	Yes	Yes

7.3 Material guarantees

√ Applicable □ Not applicable

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

Guarantee provider	Relationship with the Company	Name of guaranteed company	Amount	Date of occurrence (date of signing)	Period of guarantee	Type	Whether completed or not	Whether overdue or not	Amounts of overdue guarantee	Counter-guaranteed	Whether guaranteed for related party (yes or no) Note 1
Sinopec Corp.	the Company itself	Yueyang Sinopec Corp. Shell Coal Gasification Corporation	377	December 10, 2003	December 10, 2003 - December 10, 2017	joint and several obligations	No	No	No	No	No
Sinopec Corp.	the Company itself	Shanghai Gaoqiao-SK Solvent Co., Ltd.	61	September 22, 2006; November 24, 2006; March 30, 2007; April 16, 2007	September 22, 2006 - September 22, 2011; November 24, 2006 - November 24, 2011; March 30, 2007 - March 30, 2012; April 16, 2007 - April 16, 2012	joint and several obligations	No	No	No	No	No
Sinopec Corp.	the Company itself	Fujian United Petrochemical Co.,Ltd.	9,166	September 6, 2007	September 6, 2007 - December 31, 2015	joint and several obligations	No	No	No	No	No
Sinopec Shanghai Petrochemical Co., Ltd.	controlling subsidiary	Balance of Guarantee by Sinopec Corp. Shanghai Petrochemical for its associates and joint ventures	3			joint and several obligations	No	No	No	No	No
Sinopec Yangzi Petrochemical Co., Ltd.	wholly-owned subsidiary	Balance of Guarantee by Sinopec Corp. Yangzi Petrochemical for its associates and joint ventures	435			joint and several obligations	No	No	No	No	No
Sinopec Sales Co., Ltd.	wholly-owned subsidiary	Balance of Sinopec Corp. Sales Company Limited for its associates and joint ventures	115			joint and several obligations	No	No	No	No	No
Total amount of guarantees provided during the reporting period Note 2											285
Total amount of guarantees outstanding at the end of the reporting period Note 2 (A)											10,157

Guarantees by the Company to controlled subsidiaries

Total amount of guarantee provided to controlled subsidiaries during the reporting period	None
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)	None

Total amount of guarantees of the Company (including those provided for controlled subsidiaries)

Total amount of guarantees Note 3 (A+B)	10,157
The proportion of the total amount of guarantees to Sinopec Corp.'s net assets	2.7%
Guarantees provided for shareholders, de facto controller and related parties (C)	–
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio of over 70% (D)	61
The amount of guarantees in excess of 50% of the net assets (E)	–
Total amount of the above three guarantee items Note 4 (C+D+E)	61
Statement of guarantee undue that might be involved in any joint and several liabilities	None
Statement of guarantee status	None

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

Note 2: The amount of guarantees provided during the reporting period and the amount of guarantees outstanding at the end of the reporting period include the guarantees provided by the controlled subsidiaries to external parties. The amount of the guarantees provided by these subsidiaries is derived by multiplying the guarantees provided by Sinopec Corp.'s subsidiaries by the percentage of shares held by Sinopec Corp. in such subsidiaries.

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

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

Material Guarantees under Performance

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

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

7.4 Material Connected Transactions

7.4.1 Connected Transactions in the course of ordinary business

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

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

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

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

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

Other material connected transaction occurred in this year

Please refer to section 7.8.3 for details

Unit: RMB millions

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

7.4.2 Connected obligatory rights and debts

√ Applicable □ Not applicable

Unit: RMB millions

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

7.4.3 Occupation of Funds and relevant settlement in 2009

□ Applicable √ Not applicable

Up to the end of 2009, where the listed company did not settle the occupation of non operating funds, the proposal on solution by the board of directors.

□ Applicable √ Not applicable

7.5 Entrusted Money Management

□ Applicable √ Not applicable

7.6 Performance of commitments by China Petrochemical Corporation or shareholders holding 5% or more of shares during the reporting period

√ Applicable □ Not applicable

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

i to comply with the connected transaction agreements;

ii to solve issues regarding legality of the land use rights certificates and property ownership rights certificates within a specified period of time;

iii to implement the Re-organisation Agreement (for definition, please refer to prospectus for issuing H shares);

iv to grant licenses for intellectual property rights;

v to refrain from competition within the industry of the Company;

vi to withdraw from business competition and conflict of interests with Sinopec Corp.

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

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

7.7 Litigation and arbitration of significant importance

□ Applicable √ Not applicable

7.8 Other significant events

7.8.1 MAJOR PROJECTS

(1) Sichuan-to-East China Gas Project

This is a major project under China's 11th Five-Year Plan. The project consists of two parts, namely, exploration and development of Puguang Gas Field as well as gas purification project; natural gas long-distance transportation pipeline project from Puguang Gas Field to Shanghai. The core section was completed and put into operation at the end of 2009.

(2) Fujian Refinery & Ethylene Project

Fujian refinery & ethylene project mainly includes 12 million tpa refinery expansion, 800 thousand tpa ethylene units , and downstream auxiliary utility units. The total investment is expected to be RMB 31.6 billion. With construction starting in July 2005, it was put into commercial operation in November 2009.

(3) Tianjin Million Tonnes Ethylene Project

The project mainly includes 1 million tpa ethylene unit, 12.5 million tpa refinery expansion and downstream auxiliary utility units. The total project investment is about RMB 26.8 billion. With construction starting in June 2006, it was fully completed and put into operation on 16 January 2010.

(4) Zhenhai Million Tonnes Ethylene Project

This project mainly consists of 1 million tpa ethylene unit, downstream auxiliary utility units. The total project investment is about RMB 21.9 billion. Commenced in November 2006, the construction was mechanically completed on 28 December 2009.

7.8.2 SHARES AND SECURITIES INVESTMENT HELD IN OTHER LISTED COMPANIES

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

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

7.8.3 ACQUISITION OF ASSETS

(1) The Acquisition of the assets and equity interests of the refined oil product pipelines of China Petrochemical Corporation and its subsidiaries, Qingdao Petrochemical Corporation, and Shijiazhuang Chemical Fiber Corporation and disposal of chemical fertilizer equipments assets of Jinling Branch Company of China Petrochemical Corporation

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

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

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

7.9 The Board of Director issued Management Report of Internal Control, which was opined by the audit institution, details of which can be found in the1 annual report

7.10 Whether the Company disclosed report on performance of social responsibilities. Yes

§8. Report of the Supervisory Board

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

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

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

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

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

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

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

§ 9 Financial Statements

9.1 Auditor's opinion

Financial Statements	□ Unaudited	√ Audited
Auditor's opinion	√Standard unqualified opinion	□ Not standard opinion

9.2 Financial Statements

9.2.1 Financial statements prepared in accordance with China Accounting Standards for Business Enterprises (ASBE)

Balance Sheet

Amounts in RMB millions

Items	31 December 2009 The Group	31 December 2009 The Company	31 December 2008 The Group	31 December 2008 The Company
Current assets:				
Cash at bank and on hand	9,986	4,724	7,760	2,258
Bills receivable	2,110	123	3,660	830
Accounts receivable	26,592	10,990	12,990	11,274
Other receivables	4,454	19,250	20,525	24,087
Prepayments	3,614	3,032	7,610	5,556
Inventories	141,611	88,993	95,979	70,246
Other current assets	856	110	287	92
Total current assets	189,223	127,222	148,811	114,343
Non-current assets:				
Long-term equity investments	33,503	88,920	28,705	79,449
Fixed assets	465,182	380,979	411,939	331,912
Construction in progress	119,786	112,217	122,121	113,210
Intangible assets	22,862	16,013	16,348	10,174
Goodwill	14,163	—	14,328	—
Long-term deferred expenses	6,281	5,300	6,564	5,607
Deferred tax assets	13,683	8,596	13,468	7,237
Other non-current assets	1,792	212	1,013	101
Total non-current assets	677,252	612,237	614,486	547,690
Total assets	866,475	739,459	763,297	662,033

Items	31 December 2009		31 December 2008	
	The Group	The Company	The Group	The Company
Current liabilities:				
Short-term loans	34,900	5,728	74,415	34,455
Bills payable	23,111	14,084	18,753	13,453
Accounts payable	97,749	63,067	56,464	53,602
Advances from customers	37,270	32,966	29,704	25,619
Employee benefits payable	4,526	4,093	1,827	1,359
Taxes payable	16,489	12,817	6,816	9,563
Other payables	49,676	75,760	47,579	63,494
Short-term debentures payable	31,000	30,000	15,000	15,000
Non-current liabilities due within one year	6,641	4,865	19,511	17,505
Total current liabilities	301,362	243,380	270,069	234,050
Non-current liabilities:				
Long-term loans	52,065	51,549	64,937	53,074
Debentures payable	93,763	93,763	62,207	62,207
Provisions	11,529	10,883	9,280	8,794
Deferred tax liabilities	4,979	4,544	5,235	4,456
Other non-current liabilities	2,192	959	1,403	494
Total non-current liabilities	164,528	161,698	143,062	129,025
Total liabilities	465,890	405,078	413,131	363,075

Items	31 December 2009		31 December 2008	
	The Group	The Company	The Group	The Company
Shareholders' equity:				
Share capital	86,702	86,702	86,702	86,702
Capital reserve	38,202	38,234	40,848	38,464
Surplus reserves	115,031	115,031	90,078	90,078
Retained profits	137,247	94,414	111,672	83,714
Total equity attributable to shareholders of the Company	377,182	334,381	329,300	298,958
Minority interests	23,403	—	20,866	—
Total shareholders' equity	400,585	334,381	350,166	298,958
Total liabilities and shareholders' equity	866,475	739,459	763,297	662,033

Income statement

Amounts in RMB millions

Items	2009		2008	
	The Group	The Company	The Group	The Company
Operating income	1,345,052	876,303	1,444,291	959,464
Less: Operating costs	1,035,815	638,169	1,321,030	840,076
Sales taxes and surcharges	132,884	105,741	57,214	50,306
Selling and distribution expenses	27,635	23,327	24,983	20,918
General and administrative expenses	46,726	38,527	41,164	33,165
Financial expenses	7,016	5,317	9,137	7,933
Exploration expenses, including dry holes	10,545	10,545	8,310	8,310
Impairment losses	7,453	6,693	16,869	9,486
Loss/(gain) from changes in fair value	365	281	(4,198)	(3,842)
Add: Investment income	3,589	12,456	1,452	12,357
Operating profit/(loss)	80,202	60,159	(28,766)	5,469
Add: Non-operating income	1,275	1,100	51,911	34,578
Less: Non-operating expenses	1,401	1,208	1,120	922
Profit before taxation	80,076	60,051	22,025	39,125
Less: Income tax expense/(benefit)	16,076	10,526	(2,846)	(1,797)
Net profit	64,000	49,525	24,871	40,922

Items	2009		2008	
	The Group	The Company	The Group	The Company
Including: Net profit/(loss) made by acquirees before the consolidation	62	—	(1,244)	—
Attributable to:				
Equity shareholders of the Company	61,290	—	28,445	—
Minority interests	2,710	—	(3,574)	—
Basic earnings per share	0.707	—	0.328	—
Diluted earnings per share	0.702	—	0.288	—
Net profit	64,000	49,525	24,871	40,922
Other comprehensive income:				
Cash flow hedges	54	—	—	—
Availabe-for-sale financial assets	(175)	24	(232)	—
Share of other comprehensive income of associates	806	806	(2,206)	(2,206)
Total other comprehensive income	685	830	(2,438)	(2,206)
Total comprehensive income	64,685	50,355	22,433	38,716
Attributable to:				
Equity shareholders of the Company	62,012	—	26,125	—
Minority interests	2,673	—	(3,692)	—

Cash Flow Statement

Amounts in RMB millions

Items	2009		2008	
	The Group	The Company	The Group	The Company
Cash flows from operating activities:				
Cash received from sale of goods and rendering of services	1,550,786	1,019,516	1,709,096	1,128,155
Rentals received	388	192	491	340
Grants received	1,473	—	54,220	38,653
Other cash received relating to operating activities	6,008	19,646	4,051	31,727
Sub-total of cash inflows	1,558,655	1,039,354	1,767,858	1,198,875
Cash paid for goods and services	(1,165,744)	(730,312)	(1,536,036)	(968,452)
Cash paid for operating leases	(8,189)	(6,351)	(7,717)	(6,847)
Cash paid to and for employees	(28,656)	(24,040)	(27,853)	(23,095)
Value added tax paid	(41,166)	(32,671)	(35,543)	(30,857)
Income tax paid	(4,027)	(111)	(21,073)	(15,871)
Taxes paid other than value added tax and income tax	(133,859)	(109,150)	(48,671)	(41,078)
Other cash paid relating to operating activities	(18,218)	(18,617)	(16,697)	(37,984)
Sub-total of cash outflows	(1,399,859)	(921,252)	(1,693,590)	(1,124,184)
Net cash flow from operating activities	158,796	118,102	74,268	74,691

Items	2009		2008	
	The Group	The Company	The Group	The Company
Cash flows from investing activities:				
Cash received from disposal of investments	504	16	1,366	866
Dividends received	1,133	10,976	3,682	11,370
Net cash received from disposal of fixed assets and intangible assets	692	527	604	587
Cash received on maturity of time deposits with financial institutions	1,820	57	1,358	44
Cash received from derivative financial instruments	3,253	—	5,921	—
Other cash received relating to investing activities	277	107	447	98
Sub-total of cash inflows	7,679	11,683	13,378	12,965
Cash paid for acquisition of fixed assets and intangible assets	(114,063)	(99,362)	(109,483)	(98,755)
Cash paid for acquisition of investments	(3,240)	(7,394)	(3,089)	(4,122)
Cash paid for acquisition of time deposits with financial institutions	(2,304)	(50)	(1,442)	(49)
Cash paid for derivative financial instruments	(3,197)	-	(5,490)	-
Sub-total of cash outflows	(122,804)	(106,806)	(119,504)	(102,926)
Net cash flow from investing activities	(115,125)	(95,123)	(106,126)	(89,961)

Items	2009		2008	
	The Group	The Company	The Group	The Company
Cash flows from financing activities:				
Cash received from borrowings	779,987	581,704	1,182,908	29,850
Cash received from issuance of corporate bonds	61,000	60,000	15,000	15,000
Cash received from issuance of convertible bonds, net of issuing expenses	—	—	29,850	802,882
Cash received from contribution form non-controlling interests of subsidiaries	714	—	1,137	—
Sub-total of cash inflows	841,701	641,704	1,228,895	847,732
Cash repayments of borrowings	(845,103)	(626,552)	(1,159,321)	(799,883)
Cash repayments of corporate bonds	(15,000)	(15,000)	(10,000)	(10,000)
Cash paid for acquisition of minority interests from subsidiaries, net	(213)	(213)	(598)	(598)
Cash paid for dividends, profits distribution or interest	(21,194)	(19,183)	(24,232)	(20,653)
Dividends paid to minority shareholders by subsidiaries	(858)	—	(1,404)	—
Distributions to Sinopec Group Company	(1,262)	(1,262)	(2,180)	(2,180)
Sub-total of cash outflows	(883,630)	(662,210)	(1,197,735)	(833,314)
Net cash flow from financing activities	(41,929)	(20,506)	31,160	14,418
Effects of changes in foreign exchange rate	—	—	(79)	—
Net increase/(decrease) in cash and cash equivalents	1,742	2,473	(777)	(852)

Consolidated Statement of Changes In Equity

Amounts in RMB millions

	2009						
Items	Share capital	Capital reserve	Surplus reserves	Retained profits	Total shareholders' equity attributable to equity shareholders of the Company	Minority interests	Total shareholders' equity
Balance at 1 January 2009	86,702	40,848	90,078	111,672	329,300	20,866	350,166
Changes for the year							
1. Net profit	—	—	—	61,290	61,290	2,710	64,000
2. Other comprehensive income							
– Cash flow hedges	—	54	—	—	54	—	54
– Available-for-sale financial assets	—	(138)	—	—	(138)	(37)	(175)
– Share of other comprehensive income of associates	—	806	—	—	806	—	806
Total other comprehensive income	—	722	—	—	722	(37)	685
Total comprehensive income	—	722	—	61,290	62,012	2,673	64,685
Transactions with owners, recorded directly in equity:							
3. Appropriations of profits:							
– Appropriation for surplus reserves	—	—	24,953	(24,953)	—	—	—
– Distributions to shareholders	—	—	—	(13,872)	(13,872)	—	(13,872)
4. Consideration for the combination of entities under common control	—	(771)	—	—	(771)	—	(771)
5. Acquisition of minority interests	—	(18)	—	—	(18)	(4)	(22)
6. Distributions to minority interests, net of contributions	—	—	—	—	—	(144)	(144)
7. Distributions to Sinopec Group Company	—	(49)	—	—	(49)	—	(49)
8. Government Grants	—	580	—	—	580	12	592
9. Reclassification	—	(3,110)	—	3,110	—	—	—
Total transactions with owners	—-	(3,368)	24,953	(35,715)	(14,130)	(136)	(14,266)
Balance at 31 December 2009	86,702	38,202	115,031	137,247	377,182	23,403	400,585

Amounts in RMB millions

Items	Share capital	Capital reserve	Surplus reserves	Retained profits	Total shareholders' equity attributable to equity shareholders of the Company	Minority interests	Total shareholders' equity
				2008			
Balance at 31 December 2007	86,702	33,600	65,986	121,757	308,045	25,449	333,494
Adjustment for the combination of entities under common control	—	2,330	—	(1,866)	464	—	464
Balance at 1 January 2008	86,702	35,930	65,986	119,891	308,509	25,449	333,958
Changes for the year							
1. Net profit	—	—	—	28,445	28,445	(3,574)	24,871
2. Other comprehensive income							
– Available-for-sale financial assets	—	(114)	—	—	(114)	(118)	(232)
– Share of other comprehensive income of associates	—	(2,206)	—	—	(2,206)	—	(2,206)
Total other comprehensive income	—	(2,320)	—	—	(2,320)	(118)	(2,438)
Total Comprehensive income	—	(2,320)	—	28,445	26,125	(3,692)	22,433
Transactions with owners, recorded directly in equity:							
3. Issuance of the Bonds with Warrants	—	6,879	—	—	6,879	—	6,879
4. Appropriations of profits:							
– Appropriation for surplus reserves	—	—	24,092	(24,092)	—	—	—
– Distributions to shareholders	—	—	—	(12,572)	(12,572)	—	(12,572)
5. Distribution to minority interests, net of contributions	—	—	—	—	—	(368)	(368)
6. Acquisition of minority interests	—	(318)	—	—	(318)	(617)	(935)
7. Distribution to Sinopec Group Company	—	(202)	—	—	(202)	—	(202)
8. Government grants	—	879	—	—	879	94	973
Total transactions with owners	—	7,238	24,092	(36,664)	(5,334)	(891)	(6,225)
Balance at 31 December 2008	86,702	40,848	90,078	111,672	329,300	20,866	350,166

Statement of Changes In Equity

Amounts in RMB millions

Items	2009 Share capital	Capital reserve	Surplus reserves	Retained profits	Total shareholders' equity
Balance at 1 January 2009	86,702	38,464	90,078	83,714	298,958
Changes for the year					
1. Net profit	—	—	—	49,525	49,525
2. Other comprehensive income					
– Available-for-sale financial assets	—	24	—	—	24
– Share of other comprehensive income of associates	—	806	—	—	806
Total other comprehensive income	—	830	—	—	830
Total comprehensive income	—	830	—	49,525	50,355
Transactions with owners, recorded directly in equity:					
3. Appropriations of profits:					
– Appropriation for surplus reserves	—	—	24,953	(24,953)	—
– Distributions to shareholders	—	—	—	(13,872)	(13,872)
4. Distributions to Sinopec Group Company	—	(1,600)	—	—	(1,600)
5. Government Grants	—	540	—	—	540
Total transactions with owners	—	(1,060)	24,953	(38,825)	(14,932)
Balance at 31 December 2009	86,702	38,234	115,031	94,414	334,381

Amounts in RMB millions

	2008				
Items	**Share capital**	**Capital reserve**	**Surplus reserves**	**Retained profits**	**Total share-holders' equity**
Balance at 1 January 2008	86,702	33,384	65,986	79,456	265,528
Changes for the year					
1. Net profit	—	—	—	40,922	40,922
2. Other comprehensive income					
– Share of other comprehensive income of associates	—	(2,206)	—	—	(2,206)
Total other comprehensive income	—	(2,206)	—	—	(2,206)
Total comprehensive income	—	(2,206)	—	40,922	38,716
Transactions with owners, recorded directly in equity:					
3. Issuance of the Bonds with Warrants	—	6,879	—	—	6,879
4. Appropriations of profits:					
– Appropriation for surplus reserves	—	—	24,092	(24,092)	—
– Distributions to shareholders	—	—	—	(12,572)	(12,572)
5. Distributions to Sinopec Group Company	—	(202)	—	—	(202)
6. Government Grants	—	609	—	—	609
Total transactions with owners	—	7,286	24,092	(36,664)	(5,286)
Balance at 31 December 2008	86,702	38,464	90,078	83,714	298,958

9.2.2 Financial statements prepared in accordance with IFRS

Consolidated Income Statement

Amounts in RMB millions

Items	**2009**	**2008**
Turnover and other operating revenues		
Turnover	1,315,915	1,413,203
Other operating revenues	29,137	31,088
	1,345,052	1,444,291
Other income	-	50,857
Operating expenses		
Purchased crude oil, products and operating supplies and expenses	(990,459)	(1,286,106)
Selling, general and administrative expenses	(40,500)	(39,392)
Depreciation, depletion and amortisation	(50,487)	(46,321)
Exploration expenses, including dry holes	(10,545)	(8,310)
Personnel expenses	(28,836)	(23,381)
Taxes other than income tax	(132,884)	(57,214)
Other operating expenses, net	(6,910)	(8,088)
Total operating expenses	(1,260,621)	(1,468,812)
Operating profit	84,431	26,336

Items	2009	2008
Finance costs		
Interest expense	(7,382)	(11,907)
Interest income	277	446
Unrealised (loss)/gain on embedded derivative component of convertible bonds	(218)	3,947
Foreign currency exchange loss	(327)	(954)
Foreign currency exchange gain	416	3,278
Net finance costs	(7,234)	(5,190)
Investment income	374	390
Share of profits less losses from associates and jointly controlled entities	2,997	580
Profit before taxation	80,568	22,116
Tax (expense)/ benefit	(16,084)	2,840
Profit for the year	64,484	24,956
Attributable to:		
Equity shareholders of the Company	61,760	28,525
Non-controlling interests	2,724	(3,569)
Profit for the year	64,484	24,956
Earnings per share		
Basic earnings per share	0.712	0.329
Diluted earnings per share	0.708	0.289

Items	2009	2008
Profit for the year	64,484	24,956
Other comprehensive income for the year (after tax and reclassification adjustments)		
Cash flow hedge	54	—
Available-for-sale securities	(175)	(232)
Share of other comprehensive income of associates	806	(2,206)
Total other comprehensive income	685	(2,438)
Total comprehensive income for the year	65,169	22,518
Attributable to:		
Equity shareholders of the Company	62,482	26,205
Non-controlling interests	2,687	(3,687)
Total comprehensive income for the year	65,169	22,518

Balance Sheet

Amounts in RMB millions

Items	31 December 2009 The Group	31 December 2009 The Company	31 December 2008 The Group	31 December 2008 The Company
Non-current assets				
Property, plant and equipment	465,182	380,979	411,939	331,912
Construction in progress	119,786	112,217	122,121	113,210
Goodwill	14,072	—	14,237	—
Investments in subsidiaries	—	67,574	—	61,982
Interest in associates	18,162	9,076	15,595	8,400
Interest in jointly controlled entities	13,928	6,011	11,781	5,306
Investments	2,174	769	1,483	570
Deferred tax assets	13,975	8,815	13,768	7,461
Lease prepayments	16,238	9,570	11,165	5,211
Long-term prepayments and other assets	13,045	11,333	11,685	10,054
Total non-current assets	676,562	606,344	613,774	544,106
Current assets				
Cash and cash equivalents	8,750	4,700	7,008	2,227
Time deposits with financial institutions	1,236	24	752	31
Trade accounts receivable net	26,592	10,990	12,990	11,274
Bills receivable	2,110	123	3,660	830
Inventories	141,611	88,993	95,979	70,246
Prepaid expenses and other current assets	20,981	33,235	35,225	33,050
Income tax receivable	—	—	9,784	9,768
Total current assets	201,280	138,065	165,398	127,426

Items	31 December 2009 The Group	31 December 2009 The Company	31 December 2008 The Group	31 December 2008 The Company
Current liabilities				
Short-term debts	58,898	39,755	75,516	52,747
Loans from Sinopec Group Company and fellow subsidiaries	13,643	838	33,410	14,213
Trade accounts payable	97,749	63,067	56,464	53,602
Bills payable	23,111	14,084	18,753	13,453
Accrued expenses and other payables	117,272	134,526	102,497	113,118
Income tax payable	2,746	1,953	16	—
Total current liabilities	313,419	254,223	286,656	247,133
Net current liabilities	(112,139)	(116,158)	(121,258)	(119,707)
Total assets less current liabilities	564,423	490,186	492,516	424,399
Non-current liabilities				
Long-term debts	108,828	108,312	90,254	79,461
Loans from Sinopec Group Company and fellow subsidiaries	37,000	37,000	36,890	35,820
Deferred tax liabilities	4,979	4,544	5,235	4,456
Provisions	11,529	10,883	9,280	8,794
Other liabilities	3,234	1,625	2,315	1,042
Total non-current liabilities	165,570	162,364	143,974	129,573
	398,853	327,822	348,542	294,826
Equity				
Share capital	86,702	86,702	86,702	86,702
Reserves	288,959	241,120	241,187	208,124
Total equity attributable to equity shareholders of the Company	375,661	—	327,889	—
Non-controlling interests	23,192	—	20,653	—
Total equity	398,853	327,822	348,542	294,826

9.2.3 Differences between financial statements prepared under ASBE and IFRS

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

Items	2009	2008
	RMB millions	*RMB millions*
Net profit under ASBE	64,000	24,871
Adjustments:		
Revaluation of land use rights	30	30
Government grants	462	61
Tax effects of the above adjustments	(8)	(6)
Profit for the year under IFRS	64,484	24,956

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

Items	As at 31 December	
	2009	2008
	RMB millions	*RMB millions*
Shareholders' equity under ASBE	400,585	350,166
Adjustments:		
Revaluation of land use rights	(982)	(1,012)
Government grants	(1,402)	(912)
Tax effects of the above adjustments	292	300
Total equity under IFRS	398,853	348,542

9.3 Explanation for changes in significant accounting policies

√ applicable ☐ inapplicable

9.3.1 Changes in accounting policies on the financial statements under ASBE

In accordance with China Accounting Standards for Business Enterprises Bulletin No.3 (Bulletin No.3) issued in 2009 and the Notice on the Preparation of the 2009 Annual Report of Listed and Non-listed Companies (Cai Kuai [2009]16), which was issued during the year ended 31 December 2009, the Group changed the following significant accounting policies:

(1) Change in presentation of income statement and statement of changes in equity

Additional account captions, other comprehensive income and total comprehensive income, were included in the income statement under earnings per share. Other comprehensive income represents the after tax effect of total gains and losses, which have been not recognised in the net profit according to ASBE. Total comprehensive income represents the aggregate amount of net profit and other comprehensive income. The above changes have also been applied to the Group's consolidated income statement with account captions, total comprehensive income attributable to the equity shareholders of the Company and total comprehensive income attributable to minority interests, presented below the total comprehensive income.

The item of gains and losses recognised directly in equity and its breakdowns are deleted from the item of changes for the year in the statement of changes in equity. An item of other comprehensive income is added to show the changes of other comprehensive income occurred during the year.

Comparative figures have been restated to confirm with the above new change of presentation in the income statement and statement of changes in equity. Please see the income statement and statement of changes in equity for details.

(2) Segment reporting

Bulletin No.3 requires segment disclosure to be based on the way that the Group's chief operating decision maker manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group's financial statements into segments based on related products and services and on geographical areas. However, the adoption of Bulletin No.3 has not resulted in any significant changes to the presentation of segment information since the identification and presentation of reportable segments in prior periods were consistent with Bulletin No.3.

9.3.2 Changes in accounting policies on the financial statements under IFRS

The Internatinal Accounting Standards Board has issued certain new and revised IFRS that are first effective for the current accounting period of the Group. The new accounting policies and new disclosures resulting from the initial application of these standards or developments to the extent that they are relevant to the Group are summarised as follows:

(i) As a result of the adoption of revised IAS 1 "Presentation of Financial Statements" ("revised IAS 1"), details of changes in equity during the year arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the year, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation.

(ii) IFRS 8, Operating segments ("IFRS 8"), requires segment disclosure to be based on the way that the Group's chief operating decision maker manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business. The adoption of IFRS 8 has not resulted in any significant changes to the presentation of segment information since the identification and presentation of reportable segments in prior periods were consistent with IFRS 8.

(iii) As a result of the adoption of the amendments to IFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data.

The adoption of revised IAS 1, IFRS 8 and the amendments to IFRS 7 did not have any impact on the classification, recognition and measurement of the amounts recognised in the consolidated financial statements.

In prior years, property, plant and equipment were carried at revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and impairment losses. In 2009, property, plant and equipment are accounted for using the cost model, being the cost less any accumulated depreciation and impairment losses. This change is to align the Group's accounting policy with industry peers to provide more relevant financial information to the users of the Group's financial statements. This change has been applied retrospectively. Other than the elimination of the revaluation reserve by transferring the balance to retained earnings, this change in accounting policy has no effect on the financial condition as at 31 December 2008 and 2009, and the results of operation for the years then ended.

9.4 Details, adjusted amount, reason and impact of material accounting error

There is no material error in the current report period.

9.5 Notes on the financial statements prepared under IFRS

9.5.1 Turnover

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

9.5.2 Tax expense/(benefit)

Tax expense/(benefit) in the consolidated income statement represents:

	2009	2008
	RMB millions	*RMB millions*
Current tax		
– Provision for the year	17,042	610
– (Over)/under-provision in prior years	(512)	216
Deferred taxation	(446)	(3,666)
	16,084	(2,840)

Reconciliation between actual tax expense/(benefit) and the expected income tax at applicable statutory tax rates is as follows:

	2009	2008
	RMB millions	*RMB millions*
Profit before taxation	80,568	22,116
Expected PRC income tax expense at a statutory tax rate of 25%	20,142	5,529
Tax effect of differential tax rate (i)	(1,621)	1,212
Tax effect of non-deductible expenses	326	865
Tax effect of non-taxable income (ii)	(1,686)	(11,209)
Tax effect of utilisation of previously unrecognised tax losses	(683)	(401)
Tax effect of tax losses not recognised	118	948
(Over)/under-provision in prior years	(512)	216
Actual income tax expense / (benefit)	16,084	(2,840)

Substantially all income before income tax and related tax expense/(benefit) is from PRC sources.

Notes:

(i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group, which are taxed at preferential rates of 15% or 20%.

(ii) The tax effect of non-taxable income for the year ended 31 December 2008 primarily related to the grant income.

9.5.3 Basic and diluted earnings per share

The calculation of basic earnings per share for the year ended 31 December 2009 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 61,760 million (2008: RMB 28,525 million) and the weighted average number of shares of 86,702,439,000 (2008: 86,702,439,000) during the year.

The calculation of diluted earnings per share for the year ended 31 December 2009 is based on the profit attributable to ordinary equity shareholders of the Company of RMB 62,136 million (2008: RMB 25,348 million) and the weighted average number of the shares of 87,789,799,595 (2008: 87,789,799,595) calculated as follows:

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

	2009	**2008**
	RMB millions	*RMB millions*
Profit attributable to ordinary equity shareholders of the Company	61,760	28,525
After tax effect of interest expense (net of exchange gain) of the Convertible Bonds	212	(217)
After tax effect of unrealised loss/(gain) on embedded derivative component of the Convertible Bonds	164	(2,960)
Profit attributable to ordinary equity shareholders of the Company (diluted)	62,136	25,348

(ii) Weighted average number of shares (diluted)

	2009	**2008**
	Number of shares	*Number of shares*
Weighted average number of shares at 31 December	86,702,439,000	86,702,439,000
Effect of conversion of the Convertible Bonds	1,087,360,595	1,087,360,595
Weighted average number of shares (diluted) at 31 December	87,789,799,595	87,789,799,595

The calculation of diluted earnings per share for the year ended 31 December 2009 and 2008 excludes the effect of the Warrants, since it did not have any diluted effect.

9.5.4 Dividends

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

	2009	2008
	RMB millions	*RMB millions*
Dividends declared and paid during the year of RMB 0.07 per share (2008: RMB 0.03 per share)	6,069	2,601
Dividends declared after the balance sheet date of RMB 0.11 per share (2008: RMB 0.09 per share)	9,537	7,803
	15,606	10,404

Pursuant to the Company's Articles of Association and a resolution passed at the Directors' meeting on 21 August 2009, the directors declared an interim dividend for the year ended 31 December 2009 of RMB 0.07 (2008: RMB 0.03) per share totalling RMB 6,069 million (2008: RMB 2,601 million) and the dividends were paid on 15 October 2009.

Pursuant to a resolution passed at the director's meeting on 26 March 2010, a final dividend in respect of the year ended 31 December 2009 of RMB 0.11 (2008: RMB 0.09) per share totalling RMB 9,537 million (2008: RMB 7,803 million) was proposed for shareholders' approval at the Annual General Meeting. Final dividend of RMB 9,537 million (2008: RMB 7,803 million) proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

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

	2009	**2008**
	RMB millions	*RMB millions*
Final dividends in respect of the previous financial year, approved and paid during the year of RMB 0.09 per share (2008: RMB 0.115 per share)	7,803	9,971

Pursuant to the shareholders' approval at the Annual General Meeting on 22 May 2009, a final dividend of RMB 0.09 per share totalling RMB 7,803 million in respect of the year ended 31 December 2008 was declared and paid on 30 June 2009.

Pursuant to the shareholders' approval at the Annual General Meeting on 26 May 2008, a final dividend of RMB 0.115 per share totalling RMB 9,971 million in respect of the year ended 31 December 2007 was declared and paid on 30 June 2008.

9.5.5 Trade accounts receivable, net and bills receivable

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Amounts due from third parties	27,481	11,318	2,326	3,491
Amounts due from subsidiaries	—	—	9,509	8,001
Amounts due from Sinopec Group Company and fellow subsidiaries	697	2,670	494	1,281
Amounts due from associates and jointly controlled entities	335	1,408	187	484
	28,513	15,396	12,516	13,257
Less: Impairment losses for bad and doubtful debts	(1,921)	(2,406)	(1,526)	(1,983)
Trade accounts receivable, net	26,592	12,990	10,990	11,274
Bills receivable	2,110	3,660	123	830
	28,702	16,650	11,113	12,104

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

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Within one year	28,525	16,528	10,946	12,043
Between one and two years	154	79	150	23
Between two and three years	11	16	8	11
Over three years	12	27	9	27
	28,702	16,650	11,113	12,104

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

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Balance at 1 January	2,406	2,909	1,983	2,363
Impairment losses recognised for the year	70	143	65	126
Reversal of impairment losses	(245)	(254)	(226)	(237)
Written off	(310)	(392)	(296)	(301)
Transferred from subsidiaries	—	—	—	32
Balance at 31 December	1,921	2,406	1,526	1,983

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

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

9.5.6 Trade account and bills payables

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Amounts due to third parties	92,949	53,112	32,887	26,744
Amounts due to Sinopec Group Company and fellow subsidiaries	3,114	1,522	1,190	1,339
Amounts due to associates and jointly controlled entities	1,686	1,830	731	361
Amounts due to subsidiaries	—	—	28,259	25,158
	97,749	56,464	63,067	53,602
Bills payable	23,111	18,753	14,084	13,453
Trade account and bills payables measured at amortised cost	120,860	75,217	77,151	67,055

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

	The Group		The Company	
	2009	**2008**	**2009**	**2008**
	RMB millions	*RMB millions*	*RMB millions*	*RMB millions*
Due within 1 month or on demand	75,310	39,332	35,225	35,102
Due after 1 month but within 6 months	45,420	35,737	41,855	31,829
Due after 6 months	130	148	71	124
	120,860	75,217	77,151	67,055

9.5.7 Segment reporting

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

	2009	**2008**
	RMB millions	*RMB millions*
Turnover		
Exploration and production		
External sales	19,342	26,403
Inter-segment sales	87,008	151,393
	106,350	177,796
Refining		
External sales	95,792	132,209
Inter-segment sales	603,870	692,520
	699,662	824,729
Marketing and distribution		
External sales	778,417	802,817
Inter-segment sales	2,372	3,200
	780,789	806,017
Chemicals		
External sales	192,735	219,723
Inter-segment sales	21,125	27,303
	213,860	247,026
Corporate and others		
External sales	229,629	232,051
Inter-segment sales	291,396	484,343
	521,025	716,394
Elimination of inter-segment sales	(1,005,771)	(1,358,759)
Turnover	1,315,915	1,413,203

	2009	2008
	RMB millions	*RMB millions*
Other operating revenues		
Exploration and production	17,485	18,705
Refining	3,909	4,957
Marketing and distribution	2,302	906
Chemicals	4,597	6,430
Corporate and others	844	90
Other operating revenues	29,137	31,088
Other income		
Refining	—	41,017
Marketing and distribution	—	9,840
Total other income	—	50,857
Turnover, other operating revenues and other income	1,345,052	1,495,148

	2009	2008
	RMB millions	*RMB millions*
Result		
Operating profit/(loss)		
By segment		
- Exploration and production	19,644	66,569
- Refining	23,077	(63,635)
- Marketing and distribution	30,300	38,519
- Chemicals	13,615	(12,950)
- Corporate and others	(2,205)	(2,167)
Total segment operating profit	84,431	26,336
Net finance costs	(7,234)	(5,190)
Investment income	374	390
Share of profits less losses from associates and jointly controlled entities	2,997	580
Profit before taxation	80,568	22,116

	2009	2008
	RMB millions	*RMB millions*
Assets		
Segment assets		
- Exploration and production	263,041	235,866
- Refining	213,027	184,531
- Marketing and distribution	153,777	144,139
- Chemicals	128,322	121,964
- Corporate and others	60,433	31,120
Total segment assets	818,600	717,620
Interest in associates and jointly controlled entities	32,090	27,376
Investments	2,174	1,483
Deferred tax assets	13,975	13,768
Cash and cash equivalents and time deposits with financial institutions	9,986	7,760
Income tax receivable	—	9,784
Other unallocated assets	1,017	1,381
Total assets	877,842	779,172

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

	2009	2008
	RMB millions	*RMB millions*
Capital expenditure		
- Exploration and production	51,550	57,646
- Refining	15,468	12,793
- Marketing and distribution	16,283	14,796
- Chemicals	25,207	20,622
- Corporate and others	1,505	2,393
	110,013	108,250
Depreciation, depletion and amortisation		
- Exploration and production	24,648	22,115
- Refining	10,330	9,658
- Marketing and distribution	5,999	5,270
- Chemicals	8,574	8,463
- Corporate and others	936	815
	50,487	46,321
Impairment losses on long-lived assets		
- Exploration and production	1,595	5,991
- Refining	396	270
- Marketing and distribution	1,479	709
- Chemicals	3,807	1,511
- Corporate and others	8	19
	7,285	8,500

9.6 Changes in the scope of consolidation.

√ Applicable ☐ Not applicable

Pursuant to the resolution passed at the Directors' meeting on 27 March 2009, the Group acquired the entire equity interests of Sinopec Qingdao Petrochemical Company Limited and certain operating assets and liabilities of the marketing and distributions segment (collectively the "Acquired Group") from Sinopec Group Company for total cash considerations of RMB 771 million (hereinafter referred to as the "Acquisition of the Acquired Group").

As the Group and the Acquired Group are under the common control of Sinopec Group Company, the Acquisition of the Acquired Group are considered as "combination of entities under common control". Accordingly, the assets and liabilities of the Acquired Group have been accounted for at historical cost and the consolidated financial statements of the Company prior to this acquisition have been restated to include the results of operations and the assets and liabilities of the Acquired Group on a combined basis. The difference between the total considerations paid over the amount of the net asset of the Acquired Group was accounted for as an equity transaction.

§10. Repurchase, Sales and Redemption of Shares

☐ Applicable √ Not applicable

§11. Application of the Model Code

During this reporting period, none of the directors had breached the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules stipulated by the Hong Kong Stock Exchange.

§12. Code on Corporate Governance Practice

Sinopec Corp. has complied with the code provisions of the code on Corporate Governance Practice. The Corporate Governance Report of Sinopec Corp. is continued in its 2009 Annual Report.

§13. Review of Financial Results

The financial results for the year ended 31 December 2009 have been reviewed with no disagreement by the Audit Committee of Sinopec Corp.

§14. A detailed results announcement containing all the information required by Paragraphs 45 of Appendix 16 to the Hong Kong Listing Rules will be published on the website of the Hong Kong Stock Exchange in due course.

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

By order of the Board
Su Shulin
Chairman

Beijing, China, 26 March 2010

As at the date of this announcement, the non-executive directors are Messrs. Su Shulin, Zhang Yaocang, Cao Yaofeng, Li Chunguang and Liu Yun; the executive directors of Sinopec Corp. are Messrs. Wang Tianpu, Zhang Jianhua, Wang Zhigang, Cai Xiyou, Dai Houliang; the independent non-executive directors are Messrs. Liu Zhongli, Ye Qing, Li Deshui, Xie Zhongyu, Chen Xiaojin.