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China Petrochemical Corporation (Sinopec Group) is a super-large petroleum and petrochemical enterprise group, established by the state in July 1998 on the basis of reconstructing the former China Petrochemical Corporation. Beijing-based Sinopec Group has a registered capital of RMB 274.9 billion with the board chairman of Sinopec Group serving as its legal representative. Sinopec Group exercises the investor’s rights to the related state assets owned by its full subsidiaries, controlled companies and share-holding companies, including receiving returns on assets, making major decisions and appointing managers. The Group operates, manages and supervises state assets according to related laws, and shouldered the corresponding responsibility of maintaining and increasing the value of state assets.

The principal operations of Sinopec Group include industrial investment and investment management; the exploration, production, storage and transportation (including pipeline transportation), sale and comprehensive utilization of petroleum and natural gas; the production, sale, storage and transportation of coal; oil refining; the storage, transportation, wholesale and retailing of oil products; the production, sale, storage, transportation of petrochemical products, natural gas chemicals, coal chemical products and other chemical products; the production, sale, storage and transportation of energy products such as new energy and geothermal energy; the exploration, design, consulting, construction and installation of petroleum and petrochemical engineering projects; the overhaul and maintenance of petroleum and petrochemical equipments; the R & D, manufacturing and sale of electrical and mechanical equipments; the production and sale of electricity, steam, water and industrial gas; the research, development, application and consulting services of technology, e-commerce, information and alternative energy products; the import & export, including an import and export agency business, of self-support products and commodity and technologies; foreign project contracting, bidding and purchasing, and labor export; the international storage and logistics business.

Sinopec Group ranked the 2nd in the Fortune Global 500 in 2015.

Board Members of Sinopec Group

Wang Yupu, Ding Zhongzhi, Wang Lili, Liu Xihan, Shi Huan, Chen Ge

Senior Managers of Sinopec Group

Wang Yupu  Board Chairman & Party Secretary
Li Chunguang  Vice President & Party Committee Member
Zhang Jianhua  Party Committee Member
Wang Zhigang  Party Committee Member
Dai Houliang  Party Committee Member
Xu Bin  Party Committee Member and Discipline Inspection Team Leader
Liu Yun  Chief Accountant & Party Committee Member
Zhang Haichao  Vice President & Party Committee Member
Jiao Fangzheng  Vice President & Party Committee Member
Ma Yongsheng  Vice President
CHAIRMAN’S ADDRESS

Mr Wang Yupu Chairman

Thank you for reading this report and constantly rendering your support, care and assistance.

In 2015, global economic recovery remained low, national economic growth slowed down and the national oil price made a new low record. The company encountered severe business situation for the sluggish petroleum and petrochemical market. Neverthe-
less, we united and led all cadres and employees, grasped the working keynote of seeking for progress in stability, focused on improving development quality and benefits to highlight the main line of guaranteeing growth, striving for development, solidifying the base and making great efforts to build the Party, under the firm leadership of the Party Central Committee and the State council. Moreover, we proceeded with confidence, took the initiative to act and thus achieved new results and progressed in all aspects.

This year, we carefully implemented national strategic deployment for stable economy growth and tightly seized the annual performance target; we united as one and tenaciously struggled to broaden sources of income and reduce expenditure and increase income and create efficiency by taking various measures and thereby completing the annual performance target successfully. By proactively implementing the new development concept brought by the central government, closely clinging to national strategic deployment and carefully planning our development during “the 13th Five-year Plan”, we clarified our development concept, development strategy and key task. We paid more attention to grassroots management and base building, strongly promoted excellent pet-
elreum and chemical traditions and deployed and strengthened the “three bases” (grassroots construction, groundwork and basic training) work under new situation to facilitate rigorous, meticulous and practical work style to set root in Sinopec’s earth. With the par-
ticular aim to eliminate the frequent occurrences of safety accidents, we vigorously promoted implementation of main responsibility of safety production, contractor management, safety supervision and accountability, made great efforts to handle safety hidden danger governance in oil & gas pipelines and thus improved the situation of safety production apparently. Moreover, we implemented Party management and governance in real earnest manner, promoted strict rules over the Party, carried out special “Three Stricts and Three Honests” education carefully, implemented “two responsibili-
ties” strictly and grasped the verification according to the inspection feedback of the central government firmly and well, enabling us to make new achievements in Party conduct construction and compul-
tion combat. The strict, honest, clean and fair-minded political ecologi-

By insisting on foreign cooperation, we look forward to working with you together for a better future!

China Petrochemical Corporation

China Petroleum & Chemical Corporation

2015 ANNUAL REPORT

Chairman’s Address

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China Petrochemical Corporation

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2015 ANNUAL REPORT

Chairman’s Address

Today, we achieved good results in various fields. In particular, China’s first large-scale shale gas field—Fuling Shale Gas Field was found with reserves over 380 billion m³, and Stage I capacity construction objective of 5 billion m³/year was successfully completed. Major discoveries were made in offshore exploration. High-yield oil & gas flows were obtained in the Wai No.4 well de-
plored in Beibu Bay, which was a rare high-yield well found in recent 10 years within China. Moreover, new progress was made in sci-
tech innovation and the independently developed high-efficient and environmentally friendly aromatics technology was granted with the Special Prize of National Sciences and Technology Progress Award. In addition, ZRCC realized profit of RMB 10.8 billion, making it Chi-
a’s first refitting and chemical enterprise whose annual profit is more than RMB 10 billion. The year-round domestic crude oil output was 41.74 million tons, natural gas output was 20.7 billion m³, and the overseas equity oil-gas production amounted to 44.36 million tons of oil equivalent, the crude oil processed was 238 million tons, the business volume of finished products was 189 million tons, the pro-
duction of ethylene was 11.12 million tons and the business volume of chemical products was 62.87 million tons. Throughout the whole year, the revenue of ZRCC was 2,050 billion, the profits of ZRCC RMB 62.1 billion and tax of ZRCC 355.7 billion were realized.

In addition to company development, we also actively performed our social responsibilities. We combined company development with social progress closely for the purpose of realizing coordinated development of enterprise, society and environment. With the goal of promoting ecological civilization and constructing the beautiful China, we fully carried out the green & low carbon development strategy, strived to develop clean energies such as natural gas, geothermal resource and biological fuels, paced up to upgrade the quality of oil products and pushed forward “Energy Efficiency Doubling” plan and the special projects themed “Clean Water and Blue Sky”. The overall energy consumption per RMB 10,000 was reduced continuously and the task to reduce emission of chemical oxygen demand, ammoniacal nitrogen, sulfur dioxide and oxides of nitrogen was finished on a whole scale. Moreover, we kept the company open to public and took the initiative to establish a bridge for communication with the society and consciously accepted the supervision on production safety and environmental protection from all social sectors. We actively participated in public welfare such as Fixed-point Poverty Alleviation, Xinjiang and Tibet Aid, “Ulealine Express” and money donation for education. We helped 3,296 catastroph patients regain their sight in 2015. Besides, we continued to carry out the large-scale public welfare activity “Show Care to Workers Returning Home for Spring Festival” and provided free refueling services and heart-warming services to more than 10,000 motorcycle drivers returning home.

Our achievements in 2015 were not won easily. They would not have been possible without the support from all circles of the society, the high degree of trust from our customers and coopera-
tion from our domestic and international partners. On behalf of the Board of Directors of Sinopec Group, I would like to extend my sin-
cere gratitude to you for the care, support and assistance.

2016 is a year full of challenges and hopes. We will set up and implement the new development concept brought up by the central government firmly and push forward the five development strate-
gies: value guide, innovation drive, resources coordination, open-
up & cooperation and green & low carbon vigorously. Besides, we
will focus on quality improvement and efficiency increase, upgrade and quicken our pace to transform the mode, adjust the structure and further expand our market, grasp optimization, reduce cost and control risks. We will also put forth effort to deepen reform, en-
trench innovation, enforce strict management, enhance Party build-

Mr Wang Yupu Chairman

Chairman’s Address

Thank you for reading this report and constantly rendering your support, care and assistance.

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By insisting on foreign cooperation, we look forward to working with you together for a better future!
ORGANIZATION
(For 2015 ended 31 December)
**FINANCIAL STATEMENT**

### BALANCE SHEET

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<tbody>
<tr>
<td><strong>Current assets</strong></td>
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<td></td>
<td></td>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>94,232.19</td>
<td>35,218.56</td>
<td>52,906.72</td>
<td>Short-term loans</td>
<td>140,833.16</td>
<td>162,099.00</td>
<td>113,053.68</td>
</tr>
<tr>
<td>Bills receivable</td>
<td>13,524.00</td>
<td>16,575.33</td>
<td>31,285.48</td>
<td>Bills payable</td>
<td>8,174.78</td>
<td>7,026.45</td>
<td>7,387.63</td>
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<tr>
<td>Trade accounts receivable</td>
<td>56,215.51</td>
<td>88,474.41</td>
<td>70,679.42</td>
<td>Trade accounts payable</td>
<td>179,528.14</td>
<td>240,055.21</td>
<td>253,865.64</td>
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<tr>
<td>Advance payments</td>
<td>8,613.41</td>
<td>12,141.94</td>
<td>11,615.00</td>
<td>Receipts in advance</td>
<td>117,818.57</td>
<td>113,405.37</td>
<td>100,551.41</td>
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<td><strong>Other receivables</strong></td>
<td>31,320.31</td>
<td>38,371.85</td>
<td>22,279.02</td>
<td>Staff costs payable</td>
<td>2,938.19</td>
<td>3,732.08</td>
<td>4,701.97</td>
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<tr>
<td><strong>Inventories</strong></td>
<td>232,258.95</td>
<td>274,975.06</td>
<td>291,863.03</td>
<td>Taxes and benefit payable</td>
<td>-41,515.15</td>
<td>30,456.71</td>
<td>45,554.13</td>
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<tr>
<td>Current portion of non-current assets</td>
<td>65,851.81</td>
<td>8,251.02</td>
<td>7,454.81</td>
<td>Interest payable</td>
<td>2,787.58</td>
<td>3,115.20</td>
<td>3,445.72</td>
</tr>
<tr>
<td><strong>Other current assets</strong></td>
<td>49,448.42</td>
<td>24,257.11</td>
<td>20,535.19</td>
<td>Other creditors</td>
<td>68,625.21</td>
<td>100,885.00</td>
<td>84,370.81</td>
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<tr>
<td><strong>Total current assets</strong></td>
<td>551,464.58</td>
<td>498,365.28</td>
<td>514,508.73</td>
<td>Current period of non-current liabilities</td>
<td>20,223.40</td>
<td>98,561.09</td>
<td>80,411.74</td>
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<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
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<td></td>
<td><strong>Current liabilities</strong></td>
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</tr>
<tr>
<td>Financial assets held-for-trading</td>
<td>21,569.78</td>
<td>7,701.84</td>
<td>13,117.70</td>
<td><strong>Total current liabilities</strong></td>
<td></td>
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</tr>
<tr>
<td>Long-term receivable</td>
<td>33,240.35</td>
<td>31,029.25</td>
<td>30,781.40</td>
<td><strong>Total liabilities</strong></td>
<td>656,509.28</td>
<td>816,870.79</td>
<td>737,918.79</td>
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<tr>
<td>Long-term equity investments</td>
<td>102,703.37</td>
<td>207,190.74</td>
<td>211,051.39</td>
<td>Long-term loans</td>
<td>76,006.24</td>
<td>178,289.25</td>
<td>225,662.59</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td>611,778.98</td>
<td>590,003.08</td>
<td>569,429.70</td>
<td>Debentures payable</td>
<td>206,007.51</td>
<td>156,814.21</td>
<td>138,114.98</td>
</tr>
<tr>
<td>Oil and gas assets</td>
<td>239,085.33</td>
<td>397,869.03</td>
<td>414,510.90</td>
<td>Long-term accounts payable</td>
<td>14,206.40</td>
<td>29,826.87</td>
<td>43,525.77</td>
</tr>
<tr>
<td>Construction inventory</td>
<td>32.17</td>
<td>1,034.81</td>
<td>2,645.08</td>
<td><strong>Total non-current liabilities</strong></td>
<td>2,482.19</td>
<td>2,907.14</td>
<td>2,175.01</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>173,908.36</td>
<td>231,946.89</td>
<td>220,598.72</td>
<td>Contingent liabilities</td>
<td>33,492.30</td>
<td>41,924.64</td>
<td>35,524.95</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>107,291.92</td>
<td>103,971.92</td>
<td>86,054.78</td>
<td>Deferred tax liabilities</td>
<td>8,757.34</td>
<td>40,900.51</td>
<td>44,843.41</td>
</tr>
<tr>
<td>Goodwill</td>
<td>8,455.69</td>
<td>25,206.47</td>
<td>30,781.40</td>
<td>Other non-current liabilities</td>
<td>8,067.42</td>
<td>6,509.71</td>
<td>5,127.02</td>
</tr>
<tr>
<td>Long-term deferred expenses</td>
<td>17,733.29</td>
<td>19,015.90</td>
<td>16,315.44</td>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td>1,005,528.67</td>
<td>1,275,943.11</td>
<td>1,233,862.52</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>8,662.78</td>
<td>10,288.94</td>
<td>9,570.52</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>182,581.09</td>
<td>10,990.18</td>
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</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>1,507,043.12</td>
<td>1,641,402.17</td>
<td>1,622,414.18</td>
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</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>2,058,507.70</td>
<td>2,139,827.45</td>
<td>2,136,022.92</td>
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**RMB MILLIONS**
We realized the investments in fixed assets (excluding profit and loss cost) of RMB 158.7 billion in 2015, where overseas oil and gas exploration & production and refining & chemical projects achieved RMB 46.5 billion, domestic oilfield enterprises RMB 54.9 billion, refining & chemical enterprises RMB 26.7 billion, oil product sales enterprises RMB 22.1 billion, construction of logistics and commodity storage bases RMB 1.5 billion, petroleum and refining & chemical engineering enterprises RMB 4.3 billion and scientific research, information and other sectors RMB 2.7 billion.

We achieved significant discovery on the pre-prospecting in new zones and areas of oil-gas exploration. We also gained new results in the benefit development of crude oil and kept increasing the capacity of natural gas. The oil refining upgrading and expansion projects and clean energy production projects were implemented in tight schedules. The debottlenecking transformation and structural adjustment projects of old enterprises were implemented and the quality upgrading of national V vehicle gasoline and diesel in eastern area was completed. The product structure adjustment, raw material structure adjustment and optimization of regional resource were strengthened in chemical field, efforts were made to reduce raw material cost and increase the proportion of functional products with high added value, the product marketing and logistics system of chemical products were further improved and overseas chemical business development was promoted orderly. In terms of marketing of finished oil products, we accelerated the optimization of investment structure, enhanced potential-tapping renovation of inventory assets, further boosted the network quality and fast growth of non-oil business and enhance the comprehensive service function. We also speeded up the pace of natural gas business facility construction, controlled the construction pace of finished oil product pipeline network and oil tank reasonably and strengthen the governance of safety hidden dangers and environment governance. 413 refueling (gas) stations were developed throughout the whole year. Meanwhile, the global layout of storage and transportation facilities was kept optimizing, and the acquisition and construction of international warehousing and logistics facilities were reinforced to provide hardware guarantee for high-end business development and business scale expansion. We grasped the direction of sci-tech innovation, laid stress on key points and accelerated breakthroughs. Equipment upgrade and key lab construction were further improved to guide and support transformation development. Moreover, informatization construction and application were kept deepening and the "informatization and industrialization" were deeply integrated and promoted proactively.

Investment on safety, environmental protection, energy saving and intelligent projects was further amplified, in order to realize harmonious development of enterprises, the society and environment. Throughout the whole year, we invested RMB 6.3 billion on the governance of safety hidden dangers and special safety danger elimination and rectification projects, RMB 6.8 billion on environmental improvement projects such as "Clear Water and Blue Sky", RMB 1.7 billion on the special "Energy Efficiency Doubling" project, and RMB 1.1 billion on intelligent pipelines project.
DOMESTIC PRODUCTION & OPERATION

Oil & Gas Exploration and Production ................................ 14
Oil Refining Production and Operation ............................ 16
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In 2015, the newly increased petroleum controlled reserves were 127 million tons and prognostic reserves were 170 million tons; the newly increased natural gas controlled reserves were 316.7 billion m³ and prognostic reserves were 360.7 million m³. The year-end crude oil output reached 41.74 million tons, with a decrease of 2.65 million tons compared to that of last year. Natural gas output reached 20.7 billion m³, with a year-on-year increase of 524 million m³. The newly constructed crude oil capacity was 2.03 million tons and natural gas was 5.28 billion m³.

**OUTPUT OF OIL & GAS AT HOME**

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<tbody>
<tr>
<td>Crude oil (million tons)</td>
<td>41.74</td>
<td>43.78</td>
<td>43.78</td>
<td>43.18</td>
<td>42.73</td>
</tr>
<tr>
<td>Natural gas (billion m³)</td>
<td>20.70</td>
<td>20.17</td>
<td>18.70</td>
<td>16.94</td>
<td>14.64</td>
</tr>
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</table>

**Conventional Oil & Gas Exploration**

2 major discoveries, 3 important discoveries and 13 new discoveries were obtained in top preliminary prospecting. In the Laikepus Formation, high yield gas flow was obtained in Yushen No. 3 and Yushang No.1 wells deployed in Longmen piedmont tectonic belt of Sichuan Basin, realizing major discovery in marine gas exploration in west Sichuan. The reservoir scale was estimated more than 100 billion m³. In the two-layer Weizhou Formation, high daily yields of 1,458 m³ and 1,349 m³ oil flows were obtained respectively in Wei No.4 well deployed in West Block of Boluo Gulf waters, realizing major oil& gas discovery in autotrophic waters. Meanwhile, 3 important oil & gas discoveries were made in Shiguhao of Hanggin Banner, Shuntuoguole, Shuntuoguole of middle Tarim Basin and Ordovician of North Shuanghe exploration; 13 new discoveries were obtained in the “three new (new innovation and new ideas, new opening)” areas, including Paleozoic clastic rock in Tarim Basin, the lithologic reservoir in Juyang Basin, the middle-shallow layer of Sichuan Basin, the deep layer of the West Lake in Dongbai, and Jiangyong Depression in old eastern area, northern slope zone in Biying Depression, the near-shore subaqueous fan of Jiangyang Depression and the southern slope in Jiangling Depression, opening up a new frontier for improving reserve and production. 16 commercial discoveries were obtained in zone exploration evaluation. 10 commercial oil discoveries were obtained in Chenglou, the southern slope of Donggang, the north zone of Donggang and the glaciolacustrine reservoir in the north of Chechen, Nansang Depression, Guanyu Depression, Qiantong Depression, Ordovician of Tahe, the west margin of Jianggang and the south of Ordos basin. Moreover, 6 commercial natural gas discoveries were obtained in marine facies in west Sichuan, Dajialiu of Hangjin Banner, the middle-shallow layer in northeast Sichuan, the Ordovician of Shuangyu, Longfeng Mountain in the northeast China and Huaping Tectonic Zone in the West Lake.

**Conventional Natural Gas Exploration**

We strengthened the management of the developed gas field in Puguang and Yalai, made every effort for capacity construction in Yanchang and north Ordos, and organized the production and operation with care. The year-end newly-installed capacity was 2.78 billion m³ and the annual gas production was 17.42 billion m³. In particular, 1.7 billion m³ rolling capacity construction of Yuanba gas field and the stable production engineering of middle-shallow layer in west Sichuan were proactively promoted, realizing newly-installed capacity of 1.61 billion m³. At the same time, we also made solid progress on gas reservoir evaluation and capacity construction in north Ordos, and newly installed capacity of 600 million m³ was achieved.

**Oil Field Production**

In face of low oil price, we transformed the oil field production concept and established flexible decision and operation mechanism fluctuating along with oil price. Meanwhile, optimization of all links was carefully carried out to reduce influence of oil price.

We paid special attention to rolling prospecting and reservoir evaluation, strengthened research and target argumentation, highlighted risk control and made great efforts to expand new areas, resulting in the annual commercially developed reserves of 53.88 million tons. Capacity projects were evaluated and filtered, projects with good benefits were released according to oil price change and off-standard projects were stopped or suspended. We strengthened the productivity and injection-production structure optimization, explored the benefit grading and classification of blocks and single wells, reduced low and non-effective crude oil production and high cost measures proactively and decreased system operation load scientifically. Old area treatment was integrated, well group injection and production were improved, and the application of fine water injection technology was enhanced, improving the “three rates” (layered testing rate, layered testing conformity and layered water injection conformity) of water injection and consolidating the base of efficient development. At the same time, we enhanced technical innovation strength and made new breakthroughs regarding heavy oil development technology and low cost fracturing technology.

**Shale Gas Exploration and Development**

By the end of 2015, the accumulative proved reserves of Fuling Shale Gas Field for 3 years had reached 380.6 billion m³, meeting the 5 billion m³ capacity construction requirement in Stage 1. The 5 billion m³ capacity construction in Stage 2 has been officially initiated, and 4.35 billion m³ gas was produced cumulatively (the newly installed capacity of 2015 was 2.5 billion m³, and the gas production was 3.17 billion m³), making it the first large shale gas filed that has realized commercial development, in addition to North America. Fuling Shale Gas Field overfulfilled the exploration and development task for national level shale gas demonstration areas and bases and thus walked in the forefront in the domestic industry. At the mean time, 2 commercial discoveries were obtained in the south of Large Coke-rock Dam and Yongyu- Ri County and breakthrough was made in the atmospheric shale gas exploration in Wuling syncline, opening up a new frontier for improving reserves and production.
Oil Refining Production and Operation

Continuous enhancement of competitive edge: We boosted the construction of quality upgrading projects, and strengthened the adjustment and optimization of stock assets structure. Newly built plants of 6 companies in Jiujiang, Qilu, Maoming and Tianjin were smoothly put into production, with the processing adaptability of oil refining sector and product quality enhanced and promoted continuously. Conversion of catalytic diesel and LPG technology were promoted and applied, and the intelligent pilot plant construction was steadily advanced. Moreover, the integrated edge lies in oil refining scaling, upsizing, pipelining, informatization and integration was constantly improved.

Steady increase of total quantity. The total crude runs was steadily increased by expanding oil products export and meeting diversified needs of domestic oil products and the supply of chemical materials. The year-round increased by expanding oil products export and meeting diversified needs of informationization and integration was constantly improved.

OUTPUT OF OIL PRODUCTS

<table>
<thead>
<tr>
<th>OUTPUT OF OIL PRODUCTS</th>
<th>IN MILLION TONS</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
</tr>
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<tbody>
<tr>
<td>Crude oil runs</td>
<td>238.29</td>
<td>236.98</td>
<td>233.70</td>
<td>229.09</td>
<td>218.92</td>
<td></td>
</tr>
<tr>
<td>Four major oil products</td>
<td>149.39</td>
<td>147.32</td>
<td>142.05</td>
<td>135.04</td>
<td>130.23</td>
<td></td>
</tr>
<tr>
<td>Gasoline</td>
<td>53.98</td>
<td>51.22</td>
<td>45.04</td>
<td>41.09</td>
<td>37.50</td>
<td></td>
</tr>
<tr>
<td>Kerosene</td>
<td>24.35</td>
<td>20.75</td>
<td>17.43</td>
<td>15.01</td>
<td>13.73</td>
<td></td>
</tr>
<tr>
<td>Diesel</td>
<td>70.05</td>
<td>74.26</td>
<td>77.48</td>
<td>77.81</td>
<td>77.54</td>
<td></td>
</tr>
<tr>
<td>Lubricating oil</td>
<td>1.00</td>
<td>1.10</td>
<td>1.19</td>
<td>1.13</td>
<td>1.37</td>
<td></td>
</tr>
<tr>
<td>Fuel oil</td>
<td>2.29</td>
<td>3.59</td>
<td>4.24</td>
<td>3.22</td>
<td>3.63</td>
<td></td>
</tr>
<tr>
<td>Hydrocarbon solvents</td>
<td>0.18</td>
<td>0.23</td>
<td>0.32</td>
<td>0.43</td>
<td>0.51</td>
<td></td>
</tr>
<tr>
<td>Petroleum wax</td>
<td>0.44</td>
<td>0.43</td>
<td>0.50</td>
<td>0.51</td>
<td>0.45</td>
<td></td>
</tr>
<tr>
<td>Petroleum asphalt</td>
<td>8.44</td>
<td>7.29</td>
<td>7.72</td>
<td>6.23</td>
<td>5.58</td>
<td></td>
</tr>
<tr>
<td>Petroleum coke</td>
<td>13.59</td>
<td>14.06</td>
<td>13.80</td>
<td>13.05</td>
<td>14.21</td>
<td></td>
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<tr>
<td>Light oil for chemical industry</td>
<td>38.97</td>
<td>30.42</td>
<td>38.23</td>
<td>36.46</td>
<td>37.48</td>
<td></td>
</tr>
</tbody>
</table>

Obvious structural optimization and efficiency improvement of product: Notable results were achieved in product structure optimization and efficiency improvement by leasing close to market efficiency, optimizing crude oil purchasing, optimizing and adjusting production program and technological operation, implementing inter-enterprise material supply, proactively strengthening market expansion, and increasing production of high value-added products including gasoline, high-grade gasoline and jet fuel. The annual gasoline output was 53.98 million tons with a growth rate of 5.4%, among which the increase of high-grade gasoline was 14.4%. The jet fuel output was 24.35 million tons, with an increase of 17.4%.

In 2015, we produced 11.32 million tons ethylene, with an increase of 420,100 tons, hitting the record high. The pyrolysis output reached 4.4 million tons, with a decrease of 390,000 tons. Cost of “ethylene” raw material with the same caliber of tons throughout the whole year reduced RMB 12.2 billion. New synthetic resin products and special materials accounted for 5.8%, with an increase of 2%: special material for polyester and differential fiber products for 8.2%, with an increase of 5.2%; high value-added rubber products for 17.2%, flat year-on-year.

Obvious achievement in structural adjustment: The chemicals return on capital employed (ROCE) was 10.56% (excluding coal-to-chemicals), reaching the advanced level among main chemical companies worldwide. The net cash proceeds and ROCE of ZRCC were leading in the Asian-Pacific region. Comparing to domestic fellow traders, ZRCC kept the comparative advantage in market competition. According to the olefin performance evaluation results, the ethylene plants of ZRCC, Maoming Petrochemical, the joint-venture FREP, SSTPC and SINOPEC-SK (Wuhan) Petrochemical entered the world leading level in terms of naphtha group.

Effective development of drive role of innovation: Gas-phase polyethylene package technology and brominated and cyclohexane ammoxidation production technology were promoted and applied. High value-added new products such as polypropylene copolymer of propylene and butylene, MLLDPE, ULDPE and UHMWPEF entered medium and high-end market successfully. Fusing of “informationization and industrialization” was deepened; the planned application of intelligent factory construction and real-time optimization of styrene plants were paid off; the advanced control technology was further promoted and applied. In addition, a batch of energy-saving and emission reduction new processes and new technologies were promoted and applied, which played an important role in cost optimization and reduction of chemical industry and improvement of intrinsic safety and environmental protection level.

More refined and standardized operation management: We strictly controlled cost and expense comprehensively and strictly. The entire loss for chemical ton products for the entire year were RMB 1,330, down by RMB 127 year-on-year. The linking of production and marketing was strengthened, production scheduling was optimized continuously according to market and benefits, and the leading market edge of chemical product sales was maintained. Professional process and equipment management was strengthened and the stabilized operation of major equipments, especially large units, was enhanced. In addition, the effectiveness inspection of quality management system and special quality measurement inspection were carried out. The physical product quality level was improved year by year.
Solid progressing of energy saving and emission reduction: The year-round ethylene yield was 33%, with an increase of 0.6%, the high valued-added ethylene product yield was 61.1%, with an increase of 0.4%. 7.6 million tons of water was saved and 6.1 million tons of emission was reduced. The chemical plants in service finished the first round of LDAR.

Orderly promotion of coal chemical project: The coal-power-chemical integration project of Ningxia Energy Chemical Industry entered commercial operation stage comprehensively, with a year-round power generation of 3.012 billion kWh and 2.754 billion kWh on-grid energy; chemical products such as methanol of 1 million tons were produced and 615,000 tons were sold; 192,400 tons of cement was produced and sold, realizing business revenues of RMB 976 million. The 1.3 million tons/year coal to olefins project of Zhongtian Hechuang Ordos was in the project closeout stage, middle stage construction of 8 main items including air separation facilities had been completed. The utility system had been put into operation, and the production preparation had been promoted comprehensively and was planned to put into production in the second half of 2016. The 600,000 tons/year coal to olefins project of Zhongan Lianhe was suspended temporarily, and the new demonstration was under preparation; the 8 billion m$^3$/year coal to gas of Xinjiang Huaidong and the 600,000 tons/year coal to olefins project of Guizhou Bijie were in the pre-work stage.

### OUTPUT OF CHEMICAL PRODUCTS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Ethylene</td>
<td>11.12</td>
<td>10.70</td>
<td>9.98</td>
<td>9.54</td>
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<td>Propylene</td>
<td>9.26</td>
<td>8.97</td>
<td>8.55</td>
<td>8.09</td>
<td>8.20</td>
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<tr>
<td>Synthetic resins</td>
<td>15.48</td>
<td>15.06</td>
<td>14.13</td>
<td>13.77</td>
<td>14.08</td>
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<tr>
<td>PE</td>
<td>7.33</td>
<td>7.11</td>
<td>6.60</td>
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</tr>
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<td>5.82</td>
<td>5.55</td>
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<tr>
<td>PS</td>
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<td>0.67</td>
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<td>0.58</td>
<td>0.59</td>
</tr>
<tr>
<td>Synthetic rubbers</td>
<td>1.15</td>
<td>1.24</td>
<td>1.29</td>
<td>1.24</td>
<td>1.27</td>
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<tr>
<td>BR</td>
<td>0.39</td>
<td>0.42</td>
<td>0.44</td>
<td>0.34</td>
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</tr>
<tr>
<td>SBR</td>
<td>0.37</td>
<td>0.46</td>
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<tr>
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<td>0.03</td>
<td>0.04</td>
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<tr>
<td>SBS</td>
<td>0.27</td>
<td>0.27</td>
<td>0.29</td>
<td>0.24</td>
<td>0.26</td>
</tr>
<tr>
<td>Raw materials for synthetic fibers</td>
<td>6.35</td>
<td>5.72</td>
<td>6.26</td>
<td>6.06</td>
<td>6.44</td>
</tr>
<tr>
<td>PTA</td>
<td>2.27</td>
<td>2.49</td>
<td>2.95</td>
<td>3.13</td>
<td>3.48</td>
</tr>
<tr>
<td>Acrylonitrile</td>
<td>0.99</td>
<td>0.74</td>
<td>0.70</td>
<td>0.61</td>
<td>0.54</td>
</tr>
<tr>
<td>EGO</td>
<td>2.55</td>
<td>1.90</td>
<td>2.02</td>
<td>1.97</td>
<td>2.08</td>
</tr>
<tr>
<td>CPL</td>
<td>0.49</td>
<td>0.53</td>
<td>0.55</td>
<td>0.30</td>
<td>0.31</td>
</tr>
<tr>
<td>Polymers for synthetic fibers</td>
<td>2.85</td>
<td>2.94</td>
<td>3.29</td>
<td>3.34</td>
<td>3.32</td>
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<tr>
<td>PET</td>
<td>2.56</td>
<td>2.59</td>
<td>2.59</td>
<td>2.02</td>
<td>2.08</td>
</tr>
<tr>
<td>PVA</td>
<td>0.17</td>
<td>0.14</td>
<td>0.17</td>
<td>0.20</td>
<td>0.13</td>
</tr>
<tr>
<td>Synthetic fibers</td>
<td>1.30</td>
<td>1.33</td>
<td>1.41</td>
<td>1.35</td>
<td>1.40</td>
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<tr>
<td>Polyester fiber</td>
<td>1.01</td>
<td>1.05</td>
<td>1.09</td>
<td>1.04</td>
<td>1.08</td>
</tr>
<tr>
<td>Acrylic fiber</td>
<td>0.27</td>
<td>0.26</td>
<td>0.29</td>
<td>0.29</td>
<td>0.30</td>
</tr>
<tr>
<td>Synthetic ammonia</td>
<td>0.97</td>
<td>0.96</td>
<td>1.16</td>
<td>1.26</td>
<td>1.11</td>
</tr>
<tr>
<td>Nitrogen fertilizer(100% N basis)</td>
<td>0.16</td>
<td>0.31</td>
<td>0.69</td>
<td>0.66</td>
<td>0.55</td>
</tr>
<tr>
<td>Urea</td>
<td>0.09</td>
<td>0.09</td>
<td>0.09</td>
<td>1.06</td>
<td>0.76</td>
</tr>
</tbody>
</table>

In 2015, the annual sales volume of natural gas reached 21.01 billion m$^3$, increasing 2.7 billion m$^3$, with a year-to-year increase of 14.7%. Furthermore, sales volume of independently manufactured natural gas was 10.09 billion m$^3$ and the imported LNG was 2.12 billion m$^3$.

20 new users were attracted thanks to the satisfactory market development based on local conditions. Utilization ratio of independently manufactured gas was improved by making the most of integration advantage of Sinopec, making the annual utilization ratio of independently manufactured gas reach 44.8%, with a year-to-year increase of 6.5%.

Resource sales of Sinopec were increased by 860 million m$^3$ by coordinating with joint-venture companies, which further demonstrated the power of joint venture cooperation to control the market.

The layout in Tier 2 and 3 markets was strengthened continuously, joint-venture companies were established and joint-venture cooperation was paced up. By depending on these regional local advantages, our market share was increased speedily.

By improving service quality dedicately and formulating sales strategies flexibly, we made every effort to expand market share.
**Oil Products and Non–oil Products**

Total annual sales of oil products in 2015 reached 189 million tons, including domestic sales of oil products of 171 million tons, increasing by 0.2%. The retail sales were increased by 1.9%. Specialized and market-driven development of non-oil product was promoted, the business scale and benefits of non-oil products were improved and as a result, the annual revenue of non-oil products reached RMB 24.83 billion, with an increase of 45.2%.

**Oil product marketing and service:** Adhering to “overall benefits maximization”, we improved the overall resources efficiency level by implementing variety-based control, preferentially selling self-produced oil products reached RMB 24.83 billion, with an increase of 45.2%.

**Development of non-oil product** was promoted, the business scale and benefits have been finished for the first time in Dalian Port.

**Sinopec Specification on Fuel Supply and Distribution with Bonded Oil (CSP) was further improved and the service ability to supply oil for semi-submersible drilling and special vessels such as scientific research ships and LNG ships was enhanced. The supply of living supplies for vessels had been finished for the first time in Dalian Port.**

**Further improvement of bonded oil operation and service:** The annual sales of bonded oil reached 3.18 million tons and kept its scale and share stable, in face of the demand decline in the domestic market. The market share of bonded oil reached 33%.

We developed more than 90 key customers and increased the sales to scale end customers to a large extent. We also signed long-term contracts with 3 Japanese shipowners with respect to 60% of their demands on Chinese ports, making the annual terminal sales increase by 3% year-on-year.

**The MGO export process of ZRCC was opened up and the market development of distant-water fishery was strengthened, making the MGO sales in domestic sales network reach 107,000 tons. The export trade process of Tianjin Port was also opened up. The export trade of low sulfur MGO in Qingdao Port was realized.**

**The overall cost reduction effectiveness was significant; the comprehensive sales network cost was decreased by 11% year on year, reflecting further improved network competence.**

**The “One Station, One Policy” plan was implemented in end network to promote regional chain operation.**

More than 20 new domestic customers were attracted, demonstrating our new breakthrough in the development of end customers such as ocean engineering vehicles.

**Fuel Oil**

The annual fuel oil sales in 2015 reached 18.81 million tons, with a decrease of 1.51 million tons, down by 7.4% year-to-year.

**Further improvement of bonded oil operation and service:** The annual sales of bonded oil reached 3.18 million tons and kept its scale and share stable, in face of the demand decline in the domestic market. The market share of bonded oil reached 33%.

We developed more than 90 key customers and increased the sales to scale end customers to a large extent. We also signed long-term contracts with 3 Japanese shipowners with respect to 60% of their demands on Chinese ports, making the annual terminal sales increase by 3% year-on-year.

**The MGO export process of ZRCC was opened up and the market development of distant-water fishery was strengthened, making the MGO sales in domestic sales network reach 107,000 tons. The export trade process of Tianjin Port was also opened up. The export trade of low sulfur MGO in Qingdao Port was realized.**

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More than 20 new domestic customers were attracted, demonstrating our new breakthrough in the development of end customers such as ocean engineering vehicles.

**Electro and fuel oil**

energetically to continue boosting the sales of Hailong Fuel Improver. We introduced value-added services actively and forged a batch of comprehensive service sample stations which integrated oil and gas filling, convenience store, fast food and automobile services. Furthermore, by expanding the cooperative pilot stores with famous enterprises and using professional management experience for reference, we realized large turnover increase.

**Sales network construction:** We insisted on developing terminal network. We arranged high-efficient oil (gas) filling projects, promoted project built-up and operation, integrated reconstruction demands and shortened construction period greatly. Number of fueling stations in service reached 30,560, with an increase of 9 year-to-year. Among all gas stations, there were 30,547 self-owned fueling stations, increasing by 9 year-on-year. Moreover, the single-station fuel charge was increased by 1%, and the ability to transform network edge to stable increment was enhanced. Oil depot layout was optimized by shutting down low-efficient oil depots and accelerating pipeline construction and investment on operation. Information system functions were improved to guarantee stable operation and provide information and technology support for operation and management. Moreover, hazard treatment and new business demands were continuously satisfied and the construction of central distribution centers and exhaust treatment fluid factories were sped up.
Other Oil Refining Products

Share of miscellaneous oil refining products kept leading in domestic market and the efficiency creation improved continuously. The market share of asphalt was 29%, increasing by 2%. The export volume of asphalt increased by 39% and the sales of saturated liquefied gas were increased by 81%. Food grade sulfur was successfully listed for sales in Strait Petrochemicals Electronic Trading Platform and its sales were thus increased by 16.2%, reflecting the progress made by the first step taken in E-commerce sales mode. Moreover, new progress was made in the development and marketing of new paraffin wax products, the market-oriented sales of 7 types including special waxes for inks and waxes for rubber protection were realized, transforming technical results to benefits successfully.

Obvious results were achieved in development of new lubricating oil market. Technical innovation was actively carried out for lubricating oil business and resulted in 51 patented inventions. Strategic customer development was positively promoted and expansion to the emerging industries, such as robot, railroad transport, wind power and food industries, was pushed forward with great efforts, making benefit increase for consecutive 5 years and reflecting remarkable results obtained. We also conducted technical cooperation with international famous equipment manufacturers and thus obtained 51 international OEM certifications; made more efforts to replace imported products as much as possible and thus improved our influence in the medium and high end market and technical field and also laid a foundation for boosting the medium and high end of the value chain. As for the annual sales of lubricating grease, sales of the medium and high end oil accounted for 46% and increased by 39 year-on-year. The sales volume of high-end hydraulic oil and gear oil increased by 2 tons and the sales volume of high-end gasoline engine oil increased by 40% year-on-year.

**Great achievements in key geophysical technology innovation and product R&D:** We improved the first low-frequency vibroseis acquisition project in the western desert, China, with the starting frequency of 38Hz. We also conducted high precision 3D vibroseis seismic acquisition for the first time in northeast China. Joint exploration of small vibroseis and explosive source were promoted and applied in miliao eastern area of China. On the basis of the complicated surface conditions, such as mountains, towns and network of rivers, in south china, we applied vibroseis, explosive source and airgun source in an innovative manner for joint exploration, marking the milestone of the high-precision 3D development seismic technology in new phase. Acquisition technology applied in extremely difficult area in high altitude was tentatively formed. Moreover, the geophysical brand technology 2.0, the pegaso object-based vibroseis technology and SeaWay3.0 software were released to the public. Formation of drilling matching technology for deep and ultra-deep wells: Deep and ultra-deep drilling matching technologies, including the drilling technology with large water hole drill tools, vertical drilling technology, borehole wall stabilization technology, PDC aspiration, impregnated bit + high-speed screw, impregnated bit + turbo drill, thrust + PDC composite drilling technology were successfully formed and applied in deep oil and gas reservoirs in the southwest of Fuping, Yubai, western Tarim River and Xuehe Petroleum Technical Belt. 102 ultra-deep wells were completed, including 25 wells of over 7,000m in depth. The average well depth was 6,714.05m, the mechanical drilling speed was 5.17m/h and the drilling cycle was 123.07 days. Constant drilling technological development for shale gas wells: Oil-based drilling fluid consumption and control technology and drilling waste treatment technology were further studied, and special technologies including upper wash boring technology for Fuling shale gas wells, aerated drilling technology and large-scale multi-wells pad drilling technology and well structure optimization technology were formed, which greatly contributed to the 5 billion m³ shale gas capacity construction. Constant improvement of drilling fluid and cementing slurry: Oil-

Chemical Products

Total annual sales of chemical products reached 62.87 million tons, with an increase of 3.4%. The amount of logistics organization operated was more than 14 million tons. The entire inventory level was effectively controlled, which fully ensured market supply and smooth operation of production enterprises, and maintained the health development of domestic chemical industry effectively.

**Substantial improvement of marketing efficiency:** Short-term prediction system was established, deep integration of production and sales was promoted, customer service was continuously strengthened and production scheduling was optimized according to market demand by strengthening market forecast. Marketing strategy and inventory level were adjusted flexibly based on market forecast. Our marketing personnel entered market hinterland to visit customers and production enterprises in order to deepen industrial chain collaboration, to bring peers close to us and to effectively maintain market stability. Moreover, our self-operated business made the marketing scale and quality "improved jointly".

Market promotion of new products achieved good results. We organized to visit downstream leading customers, established strategic partnership with important customers and high-end enterprises and investigated and tracked development tendency and high-end demands down to expand in important industries and develop customers. By making target products and customers clear, we coordinated to carry out targeted product R&D and market promotion. A batch of new products was widely recognized by the market, and the cumulative annual sales volume of new products (including special materials and differential products) was more than 6.5 million tons, increasing income by about RMB 2.27 billion.
based drilling fluid system has been gradually improved to reduce the risk of lost circulation and drilling fluid consumption. Environmentally friendly water-based drilling fluid system and filter type and stacking machine type drilling fluid landing-free technologies were promoted and applied in accordance with the high performance and environment protective development requirements for drilling fluid. Moreover, practical and special cementing technology series including flexible slurry cement, controllable gel sealing technology, high-strength low-density slurry cementing system and low-density slurry cementing system for shale gas wells formed have satisfied exploration demands.

**Speed and efficiency improvement with new drilling tools:** Promotion and application of new tools, such as the independently developed hydro oscillator, torque impactor, large water hole composite joint drill pipe and high-efficient swirling jet sealing tool, reduced downhole accidents and improved speed and efficiency significantly. Furthermore, by using the torque impactor, the speed was increased by 59% on average and slidding was reduced by 79%.

**A new progress made in logging technology:** With regard to logging instruments, SINOLOG900 network image logging system was promoted stably; multi-level perforating system was promoted and applied, thereby generating significant economic benefits. With regard to interpretation evaluation, LOGIK3.0 interpretation platform was expanded in terms of its image processing and interpretation functions. As for logging, laser induced auto cutting identification device was researched and developed, which primarily solved auto cutting naming in various complicated conditions. Moreover, online nuclear magnetic oil & gas detecting prototype was developed, making the quantitative measures for online oil & gas detection diversified.

**Formation of 6 proprietary technologies:** Proprietary technologies including subdivision and fracture, large acid fracturing, acid gas testing, high-temperature and high-pressure well testing, horizontal well workover and coiled tubing operation were formed. The shale gas fracture testing level was improved constantly, the coiled tubing operation technique was strengthened, and new breakthroughs were made in high-temperature and high-pressure testing. Operation in acidic gas reservoirs was improved and construction records were refreshed uninterruptedly, which all provided powerful technical support for oil & gas field development in Puguang, Yuncha, Tahe, Fuling and Daniudi.

**Refining and Petrochemical EPC Service**

Full-scope safeguarding for progressing and implementation of major refining and petrochemical projects. The engineering design, general contracting and construction of key projects such as Shandong LNG and Jiujiang Oil Quality Upgrading and Reformation Project were completed without a hitch by organizing production management and strengthening process management dedicatedly. Besides, the projects were safe and their quality was under control.

**Constant improvement of engineering service.** In addition to the sustained provision of quality services for traditional refining and petrochemical industry, we also provided integrated solutions to customers in the fields of new coal chemical engineering, “three wastes (waste gas; waste water; industrial residue)” treatment, LNG and bio-energy. We proactively promoted “standardized design, standardized purchasing and modular construction” and fully undertook special “design optimization” activities, which laid a solid foundation for product cost control and quality safety assurance. Moreover, we continuously built our ability to provide integrated solutions.

**Phase achievements gained in key technical tackle:** Tackle tasks and industrial transformation of 2 projects, including development of the fluidized bed polyethylene package technology, were completed and realized respectively. Mid-phase test of fluidized bed MTG technology development was completed on a whole scale and the process package development and industrial promotion phase entered; the technology of ebullated bed residue hydrotreating, Yuncha natural gas purification technology and the package technology of synthetic gas to ethylene glycol entered industrial trial run; key R&D subjects, such as the package technology for ethylene oxide concentrate of 200,000 tons/year and 5E coal slurry gasification technology entered industrial promotional phase with their main tackle tasks accomplished.

**Substantial development for standardization.** Review and release of 509 design, construction and R&D technology standards were finished; technical standard system planning relevant to construction was finished as a whole to improve original technical standard system on manufacturing and R&D; update of 356 main design technology standards was achieved, all of which laid a solid foundation for establishing an unified and standardized refining and petrochemical engineering standard.
Development and Utilization of New Energy

New achievements for geothermal resource exploration: The geothermal resource exploration was developed in such critical areas as Taiyuan City, Shijiazhuang City, Ai ligao New Town, Baoxiang District and Weixian County, Handan City. The key markets such as No. 3 Power Plant of Sinopec North-West Branch, Sinopec Shijiazhuang Refining Chemical Branch, Puguang Gas Field, Erdos Natural Gas Recycling and Dongsuagou Waste Heat Utilization were developed smoothly and great achievements were made to raise water-source heat pump market in Binhai Business District, Hubei Province.

Critical new energy projects: The audit assessment and feasibility study review for the purchase of the projects in Bazhou City and Xingping City were handled urgently; the coal chemical installation project of Zhongtian Petrochemical, Wuhan Petrochemical and Jingmen Petrochemical of Sinopec were built and put into production; the crude oil commercial storage bases of Dagang District, Tianjin City and Caofeidian, Tangshan City were started to operate; Guangdong LNG project was completed and the preporation for production and gas supply was under development; Tianjin LNG project was constructed smoothly; Fuling LNG plant was approved by government and therefore was leveled.

Shengli-Dongxin oil pipeline, Fuling-Wangchang gas pipeline, Stage II of Jiujiang Petrochemical, refining & chemical integral refined oil pipeline, Ningbo-Taizhou-Wenzhou refined oil pipeline and auxiliary project were boosted positively.

Construction Result of Project

Three projects were awarded with 2014-2015 National Quality Engineering Award, including South Xinjiang Natural Gas People-benefit Project and 256,000 tons/year HDPE device of Sinopec Qilu Company; there were 20 projects awarded with 2015 National Excellent Welding Project, such as Guizhou-Guangxi Boundary-Yuxi Xicheng Boundary and Mangshi Longling Boundary-Shidian Yongping Boundary section of Myanmar-China Gas Pipeline Project and Yangzhou Refined Oil Bonded Warehouse Project (Section II) for Sinopec (Hong Kong) Limited.

In 2015, we arranged 32 key projects, such as oilfield ground, refining & chemical and oil gas storage and transportation; 19 refining & chemical devices, 8 long-distance pipelines and 3 commercial storage garages were completed; 203 devices of 11 enterprises were overhauled and transformed.

Oilfield Ground
5 billion m³ Fuling Shale Gas Project in Stage I was built and put into production successfully; Yangba Gas Field Railig Productivity Construction Ground Project was boosted stably; the purification plant was put into production completely and tested for running.

Oil Refining and Chemical Engineering
All refining plants tried their best to boost gasoline and diesel oil quality upgrading project; for instance, S-Zorb in Tianjin Petrochemical, Maoming Petrochemical and Qilu Petrochemical of Sinopec and diesel hydrotreating unit in Shijiazhuan Refining Chemical Company, Qingdao Refining Chemical Company, Tahe Refining & Chemical Company and Jinling Petrochemical of Sinopec were built and put into production; the gasoline and diesel oil quality upgrading task and target for 11 provinces and cities in the east of China were met on time.

The oil quality upgrading of Jiujiang Petrochemical, refining transformation of Qilu Petrochemical, SECCO acrylonitrile, Fujian Refining Chemical DED/EG, 3,000 tons/year S-MTO catalyst of Nanjing Branch of Sinopec Catalyst Company and Sinopec Maoming BASF isononyl alcohol were built and put into production completely.

The gasoline and diesel quality upgrading project of Qingdao Petrochemical, Wuhan Petrochemical and Jingshan Petrochemical of Sinopec was handled urgently; the coal chemical installation project of Zhongtian Hecguang Energy Co., Ltd. would be closed and production preparation was made. The general design plan for Sino-Kuwait Joint-venture Guangdong Refinery Integration Project was optimized and selected; the primary works of polycarbonate of Sinopec SABIC Tianjin Petrochemical Company Limited, the second PX of Sinopec Human Refining & Chemical Co., Ltd. and Galin Refining integration of Sinopec Fujian Petrochemical Co., Ltd. were developed in order.
International Operation

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We carefully implemented the international business strategy by grasping opportunities in challenge, pursuing development in hardship, and seeking for breakthrough in adversity. We tried hard to expand market, strengthen management, control risks and strive for efficiency, in order to promote the scale, efficiency and benefit of overseas business. By the end of 2015, we had performed 598 petroleum engineering and technical service contracts in more than 40 countries with a total contract value of USD 22.43 billion. The sum of newly signed contracts was USD 3.01 billion, and the sum of completed contracts was USD 2.64 billion. There were 40,539 overseas employees in total, including 11,928 Chinese employees and 28,611 foreign employees.

Overseas Oil & Gas Exploration and Production

We deepened reform, with steady progress on the development road of "efficiency, sustainability and international competitiveness" of overseas oil and gas career. By actively involving ourselves in the strategy of "One Belt and One Road", we carried out 13 exploration and production projects of oil and gas in 9 countries. Also, we grasped the operation of current projects closely. The year-round newly explored reserve amounted to 15 million tons of oil equivalent. We strengthened asset value management for development and production and focused on the output structure adjustment. The equity oil and gas production amounted to 44.36 million tons of oil equivalent. Investment and cost were controlled strictly and efficiency was increased with efforts. The year-round cost of case oil was reduced by USD 2 year-to-year. Acquisition cost was lowered and synergistic effect was exerted. We completed the acquisition project of 50% equity of OAO Lukoil Holdings in Kazakhstan CIR Company, and commenced the project of Exploration Block 79 and 83 in Ecuador. Up to the end of the year, we had undertaken 50 oil and gas exploration and production projects in 26 countries all over the world.

Overseas Oilfield Service
We implemented diversification strategy in crude oil import trade, expanded resource channel, endeavored to increase market influence, greatly reduced purchasing cost, strengthened third-party trade and strove to guarantee domestic supply of crude oil. The annual crude oil imports reached 197.94 million tons, an increase of 1.3%. The completed third-party trade of crude oil was 123.95 million tons. According to the domestic oil product market equilibrium situations, we gave full play to two resources and two market advantages. The reasonable arrangement of oil product export was organized based on guarantee of domestic oil product supply. The annual oil product exports reached 15.4 million tons, an increase of 3.81 million tons.

Focusing on the core business of the production and construction of the Group closely, Sinopec gave full play to the collectivized and professional purchasing advantages and the dominant role in domestic and overseas market, further promoted the ability of material import and supply guarantee and smooth product export and realized USD 2.102 billion of petrochemical products, equipment, materials and other international trade, a decrease of 29.1%, and completed USD 107 million of coal import. On chemical sale, we took differentiation marketing strategy, promoted structure adjustment vigorously, and developed overseas market actively. The year-round import and export and third-party trade volume were up to 7.83 million tons, an increase of 15.1%. On catalyst sale, the export of oil refining catalyst rose again gradually, chemical catalyst soared suddenly. With increase on both sales volume and export, and improvement on the proportion of high-profit products, our market influence was promoted further. Totally 29,700 tons catalysts were exported all year around, an increase of 40%. Besides, the construction of overseas platform for fuel oil business was strengthened further; and international operation capacity was improved further, with the year-round overseas international trade of 8.77 million tons. Also, we established a joint venture enterprise with BP in Singapore, which has become an important platform of the global ship oil supply strategy of Sinopec Group, and further improved the oil supply service capacity for Chinese ships at global important ports such as Fujairah, Rotterdam, etc.

Steady progress was made in overseas refining & chemical joint venture projects. Good results were obtained in operation of a batch of overseas refining projects, such as Saudi Yanbu refinery project, storage depot project in Fujairah of United Arab Emirate, acrylonitrile-butadiene rubber project of Sibur in Krasnoyarsk, Russia, lubricating grease project in Singapore, and storage depot joint venture project of VESTA Netherlands. The participation projects of 10% of the equity of Sibur in Russia, and 11% of the equity of Singapore Changi Airport Aviation kerosene Warehousing Company were successfully delivered. Sibur project is the first large-scale overseas chemical engineering cooperative project of Sinopec.

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The advantage of resource integration was promoted, and the market development efficiency was improved. In 2015, refining & chemical engineering companies executed 27 overseas projects, completing a total contract amount of USD 9.218 billion. The sum of newly signed contracts was USD 2.944 billion, and the sum of completed contracts was USD 1.919 billion. We won the bid of Thailand polypropylene EPC project; we also won the bid of Kuwait New Refinery Project by constituting a consortium with TR and Hanhua and in particular; this project is the largest refining & chemical engineering EPC project of Sinopec Group in Middle East area up to now. There were 5,462 overseas employees in total, including 919 Sinopec employees, 470 domestic employees and 4,073 foreign employees.

Overseas Refining & Chemical Joint Venture

Overseas Refining & Chemical Project Service

Domestic Joint Venture

International Trade

Overseas Refining & Chemical Joint Venture

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Overseas Refining & Chemical Project Service

Domestic Joint Venture

Focusing on efficiency and under the guidelines of promoting overseas business development and encouraging technological progress and structural adjustment, we continued to strengthen joint venture cooperation with international petroleum and petrochemical enterprises. Substantial progress was made in Fujian Goloi refining-chemical integration project. Sinopec Saltic Phase II polycarbonate project and air separation project of Nanjing Chemical Company. Meanwhile, great progresses were achieved in the cooperation in tight oil, shale oil (gas) exploration and production. Sinopec Group carried out the preliminary work of tight oil in Jiyang sag with Shell, completed the phased results of the joint research project of shale gas in XuanZhong City, carried out the feasibility research for foreign cooperation of shale gas block in Guizhou Province.
Major Technology Development

In the aspect of upstream, we developed the shale gas development technology system dominated by the technology for comprehensive evaluation of shale gas reservoirs, good and fast horizontal drilling technology, long horizontal section well fracturing and green development supporting technology to provide technical support for the capacity construction in Fuling Shale Gas Demonstration Area. Breakthrough was made regarding the heterogeneous flooding technology for oil reservoir well pattern adjustment after polymer flooding, thereby promoting the increase of percentage recovery. Moreover, we also officially released π-Frame integrated seismic data processing and interpretation software platform.

In the aspect of refining, the hydrotreating and catalytic cracking integration technology for productive light oil and the production technology of catalytic diesel to high octane gasoline have been successfully applied industrially, thus providing a new means for oil resource utilization and product structure adjustment. The first commercial passenger flight with bio-jet fuel was realized.

In the aspect of chemical, we applied complete gas-liquid polyethylene technology successfully in industrial plants to produce high performance products including ternary copolymerization and ULDPE. Moreover, the high-efficiency and environmental friendly aromatics technology was granted with the Special Prize of National Science and Technology Progress Award.

New Product Development

Polymer optical film grade special material: Used in such fields as diffusion films for display screen and special anti-counterfeiting film.
Enhanced PET chips: Used in special industries as solar back plate film and insulator films.
High-performance styrene-butadiene rubber for tyres: Good wet skid resistance and low rolling resistance.
New highly imitation cotton-like short fiber products: Promoted and applied in uniforms and leather substrates.

Sci-Tech Outcomes

In 2015, the domestic and overseas patent applications of Sinopec reached 6,128 and 4,343 of them were granted with authorized patents. In addition, we have obtained 1 China Patent Gold Award, 8 Excellence Awards, 1 Special Prize of the National Science and Technology Progress Award, 2 Second Prizes of National Technology Invention Award and 1 Second Prize of the National Science and Technology Progress Award.

2015 National Sci-Tech Progress Award and State Technological Invention Award won by Sinopec Group

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<th>Item</th>
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<td>1</td>
<td>The Development and Application of Aromatics Production Technology with High Efficiency and Environment-Friendliness</td>
<td>The Special Prize of the National Sci-Tech Progress Award</td>
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<td>2</td>
<td>New Type of Catalyst System and Packaged Process Technology of Production of 1-Dehydrogenation of Ethylene</td>
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<td>3</td>
<td>Scale-up of Multiphase Stirred Reactors Containing High Holdups by Numerical Simulation and Mixing Intensification Technique</td>
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<td>4</td>
<td>The Development and Clustering Application of UHP and HHP Oil and Gas Fracturing Package</td>
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2015 China Patent Award won by Sinopec Group

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<td>1</td>
<td>A kind of Catalyst for Hydrogenation of Heavy Oil and Resin and its Preparation Method</td>
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<td>2</td>
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<td>An Apparatus for Salvaged Pump String Lifting</td>
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<td>4</td>
<td>Temperature Resistant and Salt-Resistant Fluid Loss Reducer for Drilling Fluid and Preparation Method</td>
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<tr>
<td>5</td>
<td>Sectional Plugging Technique and Device of Separate Injection and Production Lifting with Pressure</td>
<td>China Patent Excellence Award</td>
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<tr>
<td>6</td>
<td>Perforated Particle Gel and Process for Preparing the Same</td>
<td>China Patent Excellence Award</td>
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<tr>
<td>7</td>
<td>Desulfurizing Adsorbent, Preparation Method and Use Thereof</td>
<td>China Patent Excellence Award</td>
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<tr>
<td>8</td>
<td>Polypropylene Composition and Oriented Film Prepared Thereby</td>
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<td>9</td>
<td>The method for Production of Ethyleneoxide by Vapor Phase Alkylation of Diene Ethylene and Bromine</td>
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ENTERPRISE MANAGEMENT

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Reform and Management

Enterprise Reform

We studied and formed the overall reform and management planning during "the 13th Five-Year Plan".

We finished the integration of Petrochemical Press and Economics Press and completed group-level party building and adjustment of publicity function, kept deepening internal integration and reconstruction of refining & chemical engineering and petroleum engineering, explored professional reconstruction of synthetic rubber business.

We constantly optimized business process, improved management and operation efficiency, brought forth proposal on construction and operation system mechanism of shared services and expanded shared services pilot.

Overseas business management system was improved and Sinopec’s American company was established; tendering & bidding management system was studied and improved; the influence of national silk gas system reform on Sinopec was studied and analyzed and relevant countermeasures were brought up.

Basic Management

Guidance on Further Strengthening and Promotion of “Three Bases” Work was formulated after study, and special researches and diagnostic services regarding “Three Bases” work were actively engaged to boost the overall improvement of “Three Bases” work.

Institutional system was completed and improved, the trinity management of rules and regulations, business responsibilities and business process was promoted and the system construction was pushed to transform from functional driving to business driving; supervision and management of system training and implementation were strengthened. Moreover, informatized system construction was explored and promoted, business management platform was established and online query of responsibility manual, process manual and rules and regulations was realized.

The new profit budget objective formation and review mechanism was improved; review objective and task were dynamically deposited and released, the guidance on the internal control manual and internal system construction was prepared, and the two-level internal control system was established and improved. Daily supervision of internal control was strengthened and online inspection standard was studied and formulated in order to gradually realize online inspection and monitoring pre-warning of various information systems and continuously promote informatization of internal control management. Annual risk assessment was conducted, major and important risk management strategies and measures were studied and formulated and comprehensive risk management report was prepared. Moreover, risk management was enhanced and the construction of risk control, internal control and system integration were promoted.

Personnel Management

Strict rule over the party was insisted and construction of leading group and cadre team was strengthened. Special "Three Stricts and Three Honests" education was steadily carried out to enhance the ideological style building of the leading group and cadre team and create a well-regulated enterprise political ecology and management ecology clinging to strictness and honesty.

Party organization building of the enterprise was strengthened and the leading system of mutual-entry and concurrent post holding was stuck to and improved to guarantee the political core role of party organizations. Party committees of 36 enterprises that are directly affiliated to the company and meeting the leadership transition conditions were urged to complete leadership transition. Construction the Board of Directors (Supervisors) of the company was improved and the management system that can adapt party administration to corporate governance was explored and established.

The discipline inspection and supervision system reform was promoted and discipline inspection team establishment was strengthened. Innovation of cadre and personnel system was promoted. Based on the new situation and new tasks of reform and development, cadre selection and appointment procedures were further modified and improved and appointment standard and procedure were standardized. Moreover, measures regarding the management of leading personnel promotion and domestic, cadre reserve and functional setting of leading group were formulated after study, and Leadership Retirement Management Measures were published to strengthen the standardization and seriousness of cadre management.

Employment system reform was deepened and labor remuneration management was enhanced. Total Employment Management Approach (TSM) was revised and published, the benefit and efficiency-oriented total employment regulation and control mechanism was explored, total employment was controlled and labor dispatch standardization was steadily pushed forward, and industrial structure was adjusted and personnel reposition and settlement was solved safely, thereby making the total employment of the company by the year end lower than 850,000 persons and labor productivity further improved.

Against the influence on benefits of object factors such as oil price drop, the wage and benefit linkage mechanism under the control of policies released by SASAC of the State Council was improved and the internal distribution management was optimized by all means under the proceedings of incremental distribution to retain enterprises with good benefits and first-line staffs, promote cost reduction and efficiency increase and ensure team stability.

Talent growth was facilitated and talent team construction was fully promoted. Suggestions on the Improvement of Talent Growth Channel
With “To provide energy for better living” as company mission and “To build a people oriented world-leading energy and chemical company” as company vision, we have been insisting on inheriting and carrying forward the fine petroleum and petrochemical traditions and seriously fulfilling the core values of “people, responsibility, integrity, meticulousness, innovation and mutual benefits”, in order to provide intellectual impetus and cultural support for the continuous and healthy company development.

Fulfilling of core values: We proactively cultivated and fulfilled socialist core values and effectively carried out “social morality, professional morality, family virtue and personal morality” education, leading to the preliminary formation of projectized and branded voluntary service activities to learn from Lei Feng and constant sprung up of moral models who are helpful, heroic, honest, dedicated to work and filial. 13 enterprises have been awarded the title of “National Civilized Units”. Moreover, special culture construction in safety, environmental protection, governance by law, integrity and organization personnel was carried out, providing institutional imperatives for company culture construction.

Staff care: We organized occupational health examination and 383,000 staffs have received occupational health checks. The health examination rate of staffs at work was 100%.

Systematic management of Party building was promoted continuously. Working Rules on Leading Party Group was revised and 10 systems including the Regulations on Prohibition of Business Transactions between Sinopec and Enterprises Run by the Relation of Sinopec’s Leadership were formulated, the Party building system was thus completed continuously. Moreover, assessment of Party building work of 131 directly affiliated units was organized and the overall Party building level was improved obviously.

Leading of the Party on mass work was strengthened. Mass labor competitions and “Youth brand” activities were conducted, making the mass organization function fully played. 29 employees were granted with the title of National Model Workers. The 6th Youth Foreign Language Talent Competition was successfully organized and more than 20,000 youths were involved in learning, training and selection, promoting youth growth and cultivation positively.

Party Building

Leading Party group of Sinopec Group and Party organizations at all levels carefully implemented Party administration and governance responsibilities and promoted the deep integration of Party building works and production operation step by step, in order to create good political ecology and management ecology and provide solid ideological, political and organizational guarantee for enterprise reform and development.

Special “Three Stricts and Three Honests” education were carried out in a deep-going way. Based on upper level leading the lower level and highlighting problem orientation, leading cadres at all levels have given out more than 1,100 thematic Party lectures and the leading cadres of the directly affiliated units have hosted 1,168 thematic seminars, resulting in practical improvement in reinforcement of the joint force and accountability of leading group and power running standardization. Leading cadres were “solidified” and “stimulated” as a whole.

Company Culture Construction

ENTERPRISE MANAGEMENT
In recent years, a batch of excellent and advanced workers emerged in Sinopec, such as Tian Ming, Xue Mei and Song Liping. As the representatives who innovated and cherished their jobs and devoted wholeheartedly to work in their grass-roots posts, Tian Ming and Xue Mei interpreted Sinopec’s fine cultural traditions through their serious and down-to-earth working manner, exploration and innovative, responsible and meticulous spirit and loyal and dedicated character, fully reflecting the employees’ positive new look of Sinopec.

The most beautiful worker — Tian Ming

As a Sinopec skill master, Tian has published 28 independent essays in national core journals, accomplished 92 innovations and won 44 awards. The innovative achievement Oil Testing Technology Innovation and Application won the Second Prize of 2014 National Scientific and Technology Progress Award.

The most beautiful employee of central enterprises — Xue Mei

Serving in the post for 20 years, Xue has been managing and maintaining 7 oil-water wells and 1 metrology station painstakingly together with her husband. They feared no loneliness and difficult conditions, and travelled more than 300,000 km to inspect wells and lines for more than 42,000 times accumulatively regardless of their own interests, and have safely contributed 120,000 tons of crude oil to the company.
We established unified E-commerce and customer relation management platform and built 14 shared components including customer center, commodity center and order center. Moreover, specialized e-commerce such as industrial products, chemical products and fuel oil has been operated online. They all laid a foundation for nourishing the new "Internet+" format.

Forging New “Internet+” Format

Adhering to the idea of system platformization, application integration, management and control integration, production intellectualization and electronically commercialized service, we proactively carried forward the in-depth integration of petrochemical industry and informatization and thus promoted the innovation of production mode, management mode and service mode.

Promoting Construction of Intelligent Plant

Dramatic progress has been made to the construction of intelligent plant pilot and the basic framework of Sinopec intelligent plant has been formed preliminarily. The production and management automation, visualisation, and digitalization of ERCC, Sinopec Maoming Company, Sinopec Beijing Yanshan Company and Sinopec Jiujiang Company have been improved significantly with their labor productivity improved by 10.0%. Moreover, their production optimization was transformed from local optimization and monthly optimization to integration optimization and online optimization, which greatly facilitated quality improvement, efficiency increase and upgrading.

Sinopec and its 14 affiliated companies were rated as “National Innovative and Demonstrative Informatization and Industrialization Integrated Enterprises of the Petroleum & Petrochemical Industry”; 25 of its companies have been listed in pilot enterprises of the implementing standard “Informatization and Industrialization Integrated Management System” by the Ministry of Industry and Information Technology of the P. R. C.; 7 of its companies have passed the implementing standard. Moreover, the intelligent plant pilot of Jiujiang Company was awarded the “2015 Intelligent Manufacturing Pilot Demonstration Project” by Ministry of Industry and Information Technology of the P. R. C.

Integrating Informatization and Industrialization

Promote intelligent petrochemical construction with intelligent manufacturing as the main direction

Construct new petrochemical commercial format focusing on customer and via internet
Company Governance

Law-based Governance

We issued Guidance on Overall Promotion of Strict Enterprise Management in Sinopec according to Law and Regulation and established a leading group for enterprise management according to laws in order to coordinate and promote legal construction of the company. Legal review of “Three Major Ones & One-Large” (major problem decision, major cadre appointment and dismissal and major project investment decision; large capital application) decisions was fully implemented to rigorously enforce the legal review of major projects regarding system reform and reconstruction, investment and acquisition, funding and financing and new business expansion. Legal protection system for technical secrets was established, thereby solving many disputes on technical secrets. Moreover, rights protection through litigation has led to significant effects and 928 cases were completed, avoiding and retrieving technical secrets. Moreover, rights protection through litigation has led to significant effects and 928 cases were completed, avoiding and retrieving technical secrets.

In addition, law risk prevention mechanism was improved by preparing and printing Legal Guide on International Investment and Trade for 55 countries (regions) during “the 12th Five-Year Plan”. Special compliance inspection according to law was conducted and the operation compliance review was included in the performance assessment system. Promotion and application of the Stage 2 contract management information system (CMIS) project was implemented steadily and two contract text libraries, containing totally 867 standard contracts, for the domestic enterprises and overseas enterprises respectively were established. At the same time, enterprise credit publicity management was strengthened and 99 enterprises were rated as “Enterprises Loyal to Contracts and Credits”. Furthermore, summary and acceptance of “The Six Five-Year Plan to Popularize Law” was completed, Sinopec Group and more subsidiaries containing totally 867 standard contracts, for the domestic enterprises and overseas enterprises respectively were established. At the same time, enterprise credit publicity management was strengthened and 99 enterprises were rated as “Enterprises Loyal to Contracts and Credits”. Furthermore, summary and acceptance of “The Six Five-Year Plan to Popularize Law” was completed, Sinopec Group and more subsidiaries were developed and introduced, further improving the anti-corruption institutional mechanism system. We arranged, inspected and reviewed Party conduct and honest government construction and reform and development together and continued improving work pattern based on actual situation. Moreover, we strengthened accountability and called 70 leaders to account on their poor performance in implementing Party Conduct and Honest Government Construction Interview System. We also paid highly attention on the special inspection feedback from the central inspection team and neglected or left over no problems found out. We investigated and verified the petition problems handed over by 70 leaders to account on their poor performance in implementing Party Conduct and Honest Government Construction Interview System. We also paid highly attention on the special inspection feedback from the central inspection team and neglected or left over no problems found out.

Audit and Supervision

1,400 various types of audits have been carried out throughout the year, giving full play to the function of audit specification management, risk prevention and control and promotion of building the party conduct and honest government. Focusing on major decisions and deployment, we vigorously implemented special audit; adhering to power operation and anti-corruption and clean government building, we energetically deepened economic responsibility audit; concentrating on system implementation and risk control, we made great efforts to enhance internal control audit and risk management audit. In addition to completing economic responsibility audit together with National Audit Office through cooperation, we strengthened “Three Basic” work and exerted ourselves to improve audit management level. We developed (amended) 10 internal audit rules and made progress in audit standardization construction. We also finished the functional optimization of audit integration management system and intelligent audit warning system, and provided more supports on remote online and strengthened promotion application. Furthermore, scientific audit according to law and regulations was implemented by improving audit quality accountability mechanism and talent for audit transformation guaranteed by establishing part-time audit expert base. Moreover, training and audit theory research were strengthened, and there were more than 500 persons (time) received training and 4 pieces of papers won prizes in the National Internal Audit Theory Seminar.

We strictly implemented the strategic deployment for comprehensive and strict Party governance according to law, further assigned the responsibility for Party conduct and honest government construction and strengthened accountability of discipline execution supervision, achieving new effects in Party conduct construction and anti-corruption work. Work Rules for Anti-corruption Coordination Group, Accountability Measures of Party Conduct and Honest Government Construction and Party Conduct and Honest Government Construction Interview System were developed and introduced, further improving the anti-corruption institutional mechanism system. We arranged, inspected and reviewed Party conduct and honest government construction and reform and development together and continued improving work pattern based on actual situation. Moreover, we strengthened accountability and cried out 459 problems and 358 problem clues of various types. Moreover, we tracked down the matters that were not rectified properly by the inspected units. We promoted efficiency supervision and business affairs disclosure and 452 items of efficiency supervision were set up throughout the whole year. 4,125 suggestions and 1,407 systems were improved through efficiency supervision, avoiding and retrogressing economic loss, saving capital and increasing economic benefits of RMB 440 million in total. Furthermore, we enhanced disclosed online business inspection and investigated 2,915 suspected problems, finding out 1,207 problems. Staffs responsible for those problems were severely punished.

Discipline Inspection and Supervision

We developed 10 internal audit rules and made progress in audit standardization construction. We also finished the functional optimization of audit integration management system and intelligent audit warning system, and provided more supports on remote online and strengthened promotion application. Furthermore, scientific audit according to law and regulations was implemented by improving audit quality accountability mechanism and talent for audit transformation guaranteed by establishing part-time audit expert base. Moreover, training and audit theory research were strengthened, and there were more than 500 persons (time) received training and 4 pieces of papers won prizes in the National Internal Audit Theory Seminar.
SOCIAL RESPONSIBILITIES

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Production Safety

The number of accidents and number of deaths reported in 2015 decreased by 36.8% and 55.6% respectively compared with those of the last year, and the overall safety situation was maintained steadily. Production Safety Responsibility System Inspection Criteria was prepared and distributed to specify the safety responsibilities of the leading group, all functional departments and grassroots units and posts. We also prepared Production Safety Responsibility System Decomposition Evaluation Form.

The parts regarding safety and health in Sinopec HSE management system were fully amended and Sinopec Safety Management Manual was published. Moreover, the new management regulations on safety management performance assessment, video monitoring and completion acceptance of safety facilities of construction projects were developed and rules and regulations on hazard inspection and treatment, emergency management, accident management, safety training and field operation management were fully revised.

Rectification and elimination of hidden dangers regarding oil & gas pipelines were carried on smoothly and 92.55% of the hidden dangers have been rectified. To be specific, all hidden dangers in confined spaces were rectified and 96.4% general hidden dangers and 85.12% major hidden dangers were eliminated. Moreover, oil & gas asset destruction incidents were reduced dramatically as oil & gas guarding was strengthened.

Annual inspection, “Four Don’ts and Two Goes” (don’t inform, don’t give prior notice, don’t listen to reports and don’t accept reception and company; go to the grassroots directly and go to the working sites directly) and special inspection were implemented, all employees participated in the safety diagnosis work and 116,700 of 356,200 diagnosis suggestions submitted were adopted, finding out and eliminating a batch of field safety hazards timely.

Safety education and training were reinforced by holding more than 110,000 safety training classes of various types and at levels, with employees of over 1.58 million person times involved.

The Provisions on Workplace Emergency Management which laid emphasis on professional emergency command responsibilities was prepared and distributed. Moreover, more than 680,000 emergency drills were carried out for the whole year round and over 3.6 million person times participated in those drills.

Overseas Public Security

Sinopec has achieved no injury in overseas public security and kept a “zero death” record for the 8th consecutive year in 2015. 226 public safety and risk assessment reports on overseas new projects and newly established institutions were audited, and 5 reports were unapproved. 82 training courses on overseas public security were provided for 5,379 trainees. Security consultants and security officers were dispatched to the institutions/projects in 11 high-risk countries (regions) continuously; special projects to enhance overseas traffic safety management were kept carrying out and achieved no death in overseas traffic safety. Tremendous efforts were made in the prevention of “MERS-CoV” and “Ebola virus”, and no staff was infected. Sinopec also provided psychological testing and consultation services to overseas staffs and further standardized public safety training and insurance on staffs of overseas subcontractors. Moreover, Sinopec properly coped with overseas accidents; for instance, we successfully organized 2 emergency evacuations in Yemen and South Sudan and orderly handled fatalities caused by sudden illness and psychological reasons in Saudi Arabia. Furthermore, Sinopec carried out its first overseas public safety audit on 7 direct affiliates in succession and successfully extended audits in the production sites of South Sudan and Uganda.
In 2015, we steadily pushed forward “Energy Efficiency Doubling” plan and the special projects themed “Clear Water and Blue Sky” and thus constantly uplifted essential environmental protection level. As a result, we were awarded titles including the “Responsible Enterprise for China’s Environmental Society” and “2015 China’s Low Carbon Model”. In the 2015 China Summit on Caring for Climate, our “Energy Efficiency Doubling” plan was rated as the “Ten Green Activities of Chinese Enterprises” and in the “Clear Water and Blue Sky” China Environmental Protection Summit Forum 2015, we won the title of “the Most Responsible Environmental Protection Enterprise”.

### Energy Management

The water saving and energy saving indicator were over-fulfilled. The overall energy consumption was reduced by 7.3% comparing to that of 2010, realizing energy saving amount of 7 million tons standard coal and overall energy consumption was reduced by 7.3% comparing to that of 2010, saving water of 62 million m³.

“Energy Efficiency Doubling” plan was carried forward on a whole scale. Throughout the whole year, we completed 484 items of the “Energy Efficiency Doubling” plan, saving 980,000 tons standard coals. We reinforced organizational leadership, hierarchical management and assessment management. Moreover, we vigorously promoted mature and applicable energy-saving technology, set up information sharing platform and organized energy-saving expert team to implement energy-saving technology services to drive more enterprises to achieve good results by using mature and applicable advanced energy-saving technologies.

Energy performance contracting management was implemented vigorously. We amended and published Administrative Measures for Energy Performance Contracting Projects of Sinopec and thus made project management procedures clearer. 47 energy performance contracting projects were finished and 49,000 tons standard coals were saved.

Energy-environment integration evaluation system was innovated. Assessment and evaluation indicators such as cost of enterprise fuel and energy consumption, pollutant yield and carbon dioxide yield were added to the evaluation system, so that the economic efficiency and environmental carrying capacity of an enterprise can be evaluated from 3 dimensions and the objective of quality improvement and efficiency increase and environmental protection can be realized.

### Environmental Protection

Orderly progress was made in the project themed “Clear Water and Blue Sky”. We accelerated project approval and engineering construction and carried out track audit on special projects and major project supervision, in order to ensure the capital invested can maximize environmental benefits. By the end of 2015, 153 special projects themed “Clear Water and Blue Sky” had been implemented and investment of RMB 15.62 billion had been approved. In addition, our standard emission level and risk prevention and control ability kept to improve. We fulfilled the indicator and task of emission reduction of total main pollutant quantity.

Various requirements in the Letter of Responsibility for Emission Reduction during the 12th Five-Year Plan were accomplished. The total emission amount of the chemical oxygen demand, ammoniacal nitrogen, sulfur dioxide and oxides of nitrogen of 4 main pollutants confirmed to the emission reduction objective required by the Ministry of Environmental Protection. In addition, the 34 wastewater discharge reduction projects and 36 catalytic flue gas desulfurization projects regulated by the letter of responsibility and the flue gas treatment projects of 45 boilers regulated by the treatment plan with time limit for Beijing-Tianjin-Hebei, Yangtze River Delta and Pearl River Delta have been completed and put into operation.

Comprehensive control of volatile organic matters was proactively carried out. According to the requirements of the Comprehensive Control Plan of Volatile Organic Matters for Petrochemical Industry printed and distributed by the Ministry of Environmental Protection, we prepared our own control plan and developed special schemes. Furthermore, we continued implementing odor control and oil & gas recovery project and launched comprehensive control of volatile organic matters.

### Tackling Climate Change

Basic work for tackling climate change was constantly improved. We organized and trained more than 350 persons-times on carbon inventory, CIM and CER project application and carbon trading, and the carbon asset management team has been preliminarily formed. We further deepened the construction of functional module of the carbon asset management information system, established the statistical, monitoring and management system of greenhouse gas emission, completed carbon footprint study throughout the whole life cycle of asphalt and jet fuel and determined the carbon footprint study method of petrochemical products, providing references for further certification and study of low-carbon petrochemical products.

Carbon dioxide flooding and methane recycling were carried out. We vigorously performed carbon dioxide capture, storage and utilization tests in oilfield, increased recoverable reserve and enhanced oil recovery, with the all-year-round injection of carbon dioxide of 350,000 tons and increased oil production of 48,000 tons, and accumulative injection of carbon dioxide of 2.7 million tons and increased oil production of about 235,000 tons. Meanwhile, methane recycling was performed in oilfield enterprises, the amount of recovered methane of the year was 200 million m³, and the reduced greenhouse gas emission amounted to 3 million tons of carbon dioxide equivalent.

We participated in carbon trading. All carbon trading pilot enterprises closed the quota-based carbon dual accounting system and actively participated in carbon trading. The all-year-round trading amount reached more than 1.8 million tons, with a total turnover of RMB 54 million. Moreover, greenhouse gas emission reduction projects were combi-comprehensive and 10 CER projects were applied for and about 430,000 tons of greenhouse gas was reduced the whole year round.

According to the refinery performance evaluation techniques developed by American SOLOMON, the energy intensity index (EII) of Sinopec Qingdao Refining & Chemical Co., Ltd ranks top comparing to other Chinese petrochemical refinery enterprises and is among the first-level refineries worldwide. Qingdao Refining & Chemical was awarded titles such as the “Energy Efficiency Leading Benchmark Enterprise (No. 1 Refinery)” and “Corporate Citizen Model List·Award for Energy-Saving and Emission Reduction” by the National Petroleum and Petrochemical Industry.
Community Construction

Comprehensive improvement of old communities was pushed forward steadily. Sinopec planned to invest RMB 6 billion to comprehensively improve the old communities built before 1990 in 5 years, and 580 communities are involved and more than 500,000 households and 1.5 million people will benefit from this plan. After implementing for more than 2 years, investment of RMB 3.05 billion was completed, the reconstruction of 480 old communities has been commenced and 198 communities have been reconstructed successfully. Moreover, 1.7 million m² roads have been renovated, greening of 2.6 million m² spaces has been finished, 2.3 million m² external walls have been refurbished and more 40,000 parking spaces were added. Look of the improved communities were refreshed.

Fast progress was made in shantytowns transformation. 5,024 households of Yanshen Company have been included in the overall planning in Beijing City. Construction of 1,150 sets of housing placements of the whole system was commenced, construction of 9,920 sets was continued and construction of 2,550 sets was completed. Accumulatively, 12,436 sets of newly built housing placements were completed.

Ordinary progress was made in moving back to the remote community. Adhering to the principle of “priority to the urgent and easy,” community layout was optimized and community resources were integrated and 20,000 households from 41 remote communities of 7 enterprises were included in the moving back range. Throughout the whole year, 5,252 households moved back to the newly-built communities, and totally 8,530 households were resettled. The housing conditions of employees were improved.

Safe and happy communities were constructed. Public order problems have been eliminated by strengthening community policing. Sinopec Jinan Company was rated as the “National Safe Community” of 2015. 181 communities, accounting for 20% of total number of communities, have reached the civilization and harmony demonstrative communities of 4A level or above by improving service facilities to enhance community service quality and security level and strengthening environmental control to beautify community environment. Moreover, activity platforms were set up, activity carriers were innovated to host mass cultural and sports activities and promote socialist core values. Furthermore, residents’ self-governance mechanism was pushed forward to establish and voluntary services were widely launched for the purpose of passing out love and fostering harmony.

Public Welfare

Sinopec built branded welfare activities by combing welfare philosophy and mission with its own advantages, in order to make contributions to a harmonious society.

Lifeline Express Eye–Trains

“Lifeline Express” is not only a train that conveys brightness and hope, but also a mobile love-hospital. Since 2004 when we donated the Lifeline Express, it started to travel to 3 poor regions each year in China to perform operations on cataract patients for regaining their sight. In 2015, Sinopec Lifeline Express arrived at Enshi, Hubei, Qiqihaer Heilongjiang and Liangshan, Sichuan and cured 3,286 patients there.
Volunteer Services

In 2015, more than 420,000 persons (time) received the service provided by our volunteers, and the accumulative service hours were 840,000. All levels at Sinopec proactively organized youth volunteering services and caring public welfare activities, by which we condensed the youth, transmitted positive energy and showed our good image.

Helps for the Poor and Needy

We responded to national policies actively and paid lots of attention to support the development of China’s poor regions. By combining poverty alleviation with development, we made efforts to do our Tibet and Qinghai aid and “precision” poverty relief jobs well and promoted poor regions to improve their self-development ability.

Tibet and Qinghai aid: Bange County is one of the poorest counties that have the most difficult conditions in Tibet Autonomous Region. During the “Twelfth Five-Year Plan”, Sinopec invested RMB 130 million in Bange and completed implementing 43 projects, which tremendously promoted local economic and social development and improved people’s livelihood. Moreover, we aided and built 2 large projects in Mangya Administrative Committee, Qinghai, thereby effectively promoting local economy development and improving local living level.

Fixed-point poverty alleviation: We carried out industry support in Fenghuang, Luxi and Yuexi to help develop the industry of red cored kiwi fruit for the purpose of strengthening their “business development” ability. Moreover we have listed Red cored kiwi fruit in the promotion products of our Easy Joy experience shop in 2015 to cheer up local economic returns.

The Gas Station that Cares • A Better Road Home

In 2015, Sinopec continued to carry out its large-scale public welfare activity: “the Gas Station that Cares - A Better Road Home – Show Care to Workers Returning Home for Spring Festival”, and “Gas Station that Cares” were set up in 193 gas stations in Guangdong and Guangxi provinces (regions) and provided free “6+X” services to vehicle owners, especially motorcycle owners returning home. More than 10,000 “motorcycles traveling home” from Guangdong Province were refilled with oil and their drivers were provided with lease pads and safety vests to warm their way home.

Rescue and Relief Work

We adhered to our commitment, commission and duty and tried our best to serve the society when disasters occurred. In 2015, an explosion accident occurred in the Binhai New District of Tianjin and Oriental Star cruise ship encountered a capsizing. Once we heard the news, we initiated emergency response immediately and tried our best to guarantee relief demands satisfied by implementing 24-hour emergency oil supply, opening up green refuel channel and providing free drinking water. After coastal provinces were attacked by Typhoon “Soudelor” and Nepal by an earthquake, we coordinated and communicated actively to increase oil production transportation and thus provided energy guarantee for the rescue work.
On Jan. 2014 National Science and Technology Awards Conference was held in People’s Great Hall. Sinopec won 1 First Prize of National Science and Technology Invention Awards, 3 First Prizes of the National Science and Technology Progress Award, 3 Second Prizes of National Technology Invention Award and 5 Second Prizes of the National Science and Technology Progress Award.

On Jul. Sinopec ranked the 2nd in the Fortune Global 500 for the first time for its revenue of USD 446.811 billion.

On Sep. Wang Yupu, Sinopec’s Chairman and Igor Sechin, the Chairman of Rosneft Oil signed the Frame Agreement on Cooperation within the Proposed Joint Development of Russkoye and Yurubcheno-Tokhomskoye Fields at the witness of the Chinese President Xi Jinping and Russian President Vladimir Putin.

On Nov. Sinopec was selected as one of the 2015 Top 10 Global Competitive Brands of China. This was the 6th time that Sinopec was included in the list since this activity was initiated in 2009.

On Dec. Sinopec announced in Chongqing that: the national shale gas demonstration area—Sinopec Fuling Shale Gas Field realized the capacity construction objective of 5 billion m³/year successfully.

2015 CHINA PETROCHEMICAL CORPORATION ANNUAL REPORT
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