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We are exposed to risks associated with price fluctuations of crude oil and refined oil products and petrochemical products.

Our continued business success depends in part on our ability to replace reserves and develop newly discovered reserves.

We rely on our collaboration relationship with PipeChina for the use of certain oil and gas storage and pipeline facilities. Any adverse change to our collaboration with PipeChina may materially impact our business operation and financial status.

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The oil and natural gas reserves data in this annual report are only estimates, and our actual production, revenues and expenditures with respect to our reserves may differ materially from these estimates.

Oilfield exploration and drilling involves numerous risks, including risks that no commercially productive crude oil or natural gas reserves can be discovered and risks of failure to acquire or retain reserves.

Our exploration, development and production activities and our refining and petrochemical business require substantial expenditure and investments and our plans for and ability to make such expenditures and investments are subject to various risks.

Our development projects and production activities involve many uncertainties and operating risks that can prevent us from realizing profits and cause substantial losses.

Our business may be adversely affected by actions and regulations prompted by global climate changes.

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Our overseas businesses may be adversely affected by changes of overseas government policies and business environment.

We may be classified as a passive foreign investment company for United States federal income tax purposes, which could result in adverse United States federal income tax consequences to United States investors in the H shares or ADSs.

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Our operations may be adversely af

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We engage in related party transactions with Sinopec Group from time to time which may create potential conflict of interest.

Government regulations may limit our activities and affect our business operations.

The PRC governmental authorities, from time to time, audit or inspect our ultimate controlling shareholder. We cannot predict the impact, if any, of their outcome on our reputation, business and financial condition as well as the trading prices of our ADSs and H shares.

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Our business operations may be adversely affected by present or future environmental regulations.

Some of our development plans require compliance with state policies and governmental regulation.

Government control of currency conversion and exchange rate fluctuation may adversely affect our operations and financial results.

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Risks relating to enforcement of shareholder rights; Mandatory arbitration.

Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board, and as such, investors may be deprived of the benefits of such inspection. Our ADSs may be delisted under the Holding Foreign Companies Accountable Act if the PCAOB is unable to inspect auditors who are located in China. The delisting of our ADSs, or the threat of their being delisted, may materially affect the value of your investment.

Additional remedial measures imposed on certain PRC-based accounting firms, including our independent registered public accounting firm, in proceedings brought by the SEC alleging the firms' failure to meet specific criteria, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

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Overview

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Source of crude oil

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Overview

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Retail

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Wholesale and Distribution

Overview

Products

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Marketing and Sales of Petrochemicals

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Competition

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Overview

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Taxation, Fees and Royalty

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Oil and gas properties and reserves

Allowance for diminution in value of inventories

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Sales of crude oil and natural gas

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Sales of refined petroleum products

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Sales of chemical products

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Revenue from corporate and others

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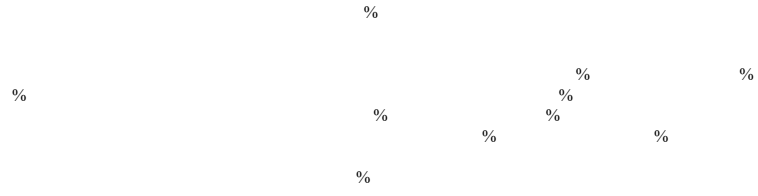
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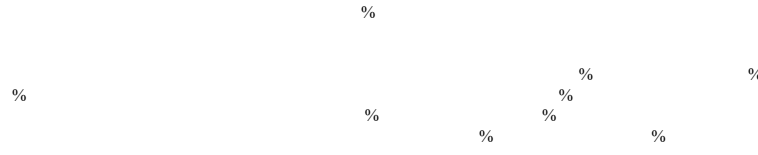
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Year Ended December 31, 2020 Compared with Year Ended December 31, 2019



Year Ended December 31, 2019 Compared with Year Ended December 31, 2018



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Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

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Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

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Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

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Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

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Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

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Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

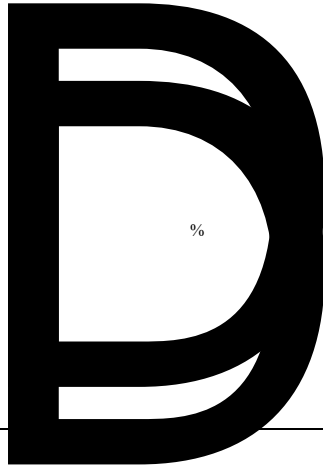
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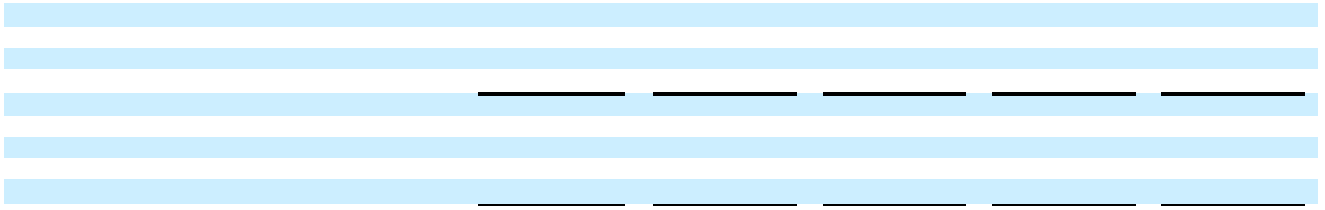


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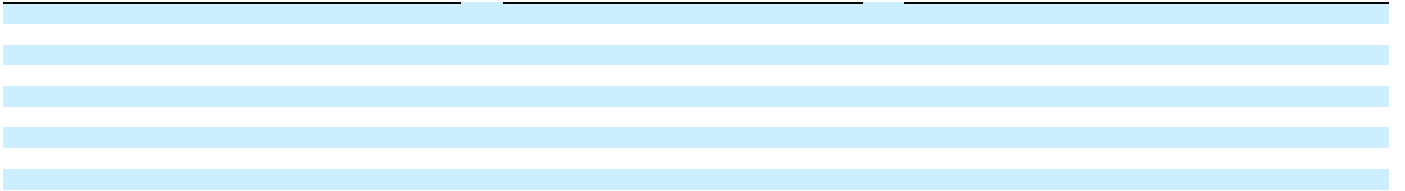
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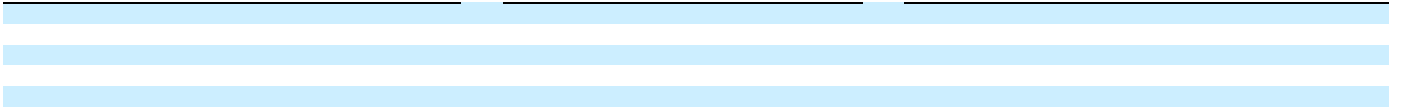
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Taxation of Dividends

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Taxation of Capital Gains

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PRC Stamp Tax Considerations

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Passive Foreign Investment Company Considerations

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Dividends

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Passive Foreign Investment Company Rules

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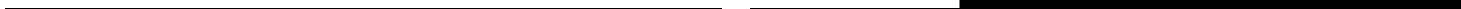
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Chapter 10



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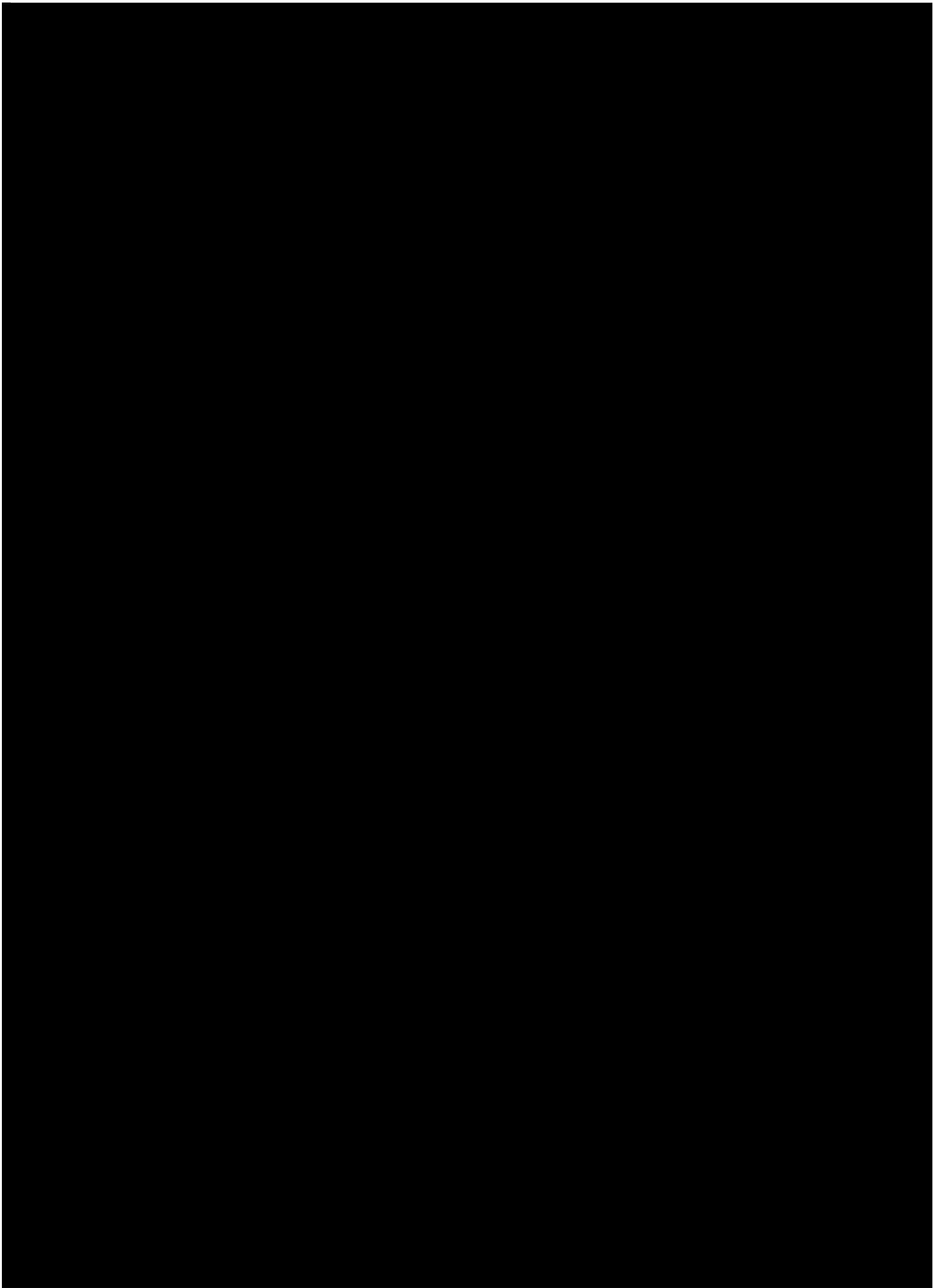
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Opinions on the Financial Statements and Internal Control over Financial Reporting

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Basis for Opinions

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Definition and Limitations of Internal Control over Financial Reporting

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Critical Audit Matters

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Principal activities

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Organization

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Basis of preparation

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(a) New and amended standards and interpretations adopted by the Group

Basis of preparation

(a) New and amended standards and interpretations adopted by the Group

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Basis of preparation

(a) New and amended standards and interpretations adopted by the Group

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Basis of preparation

(b) New and amended standards and interpretations not yet adopted by the Group

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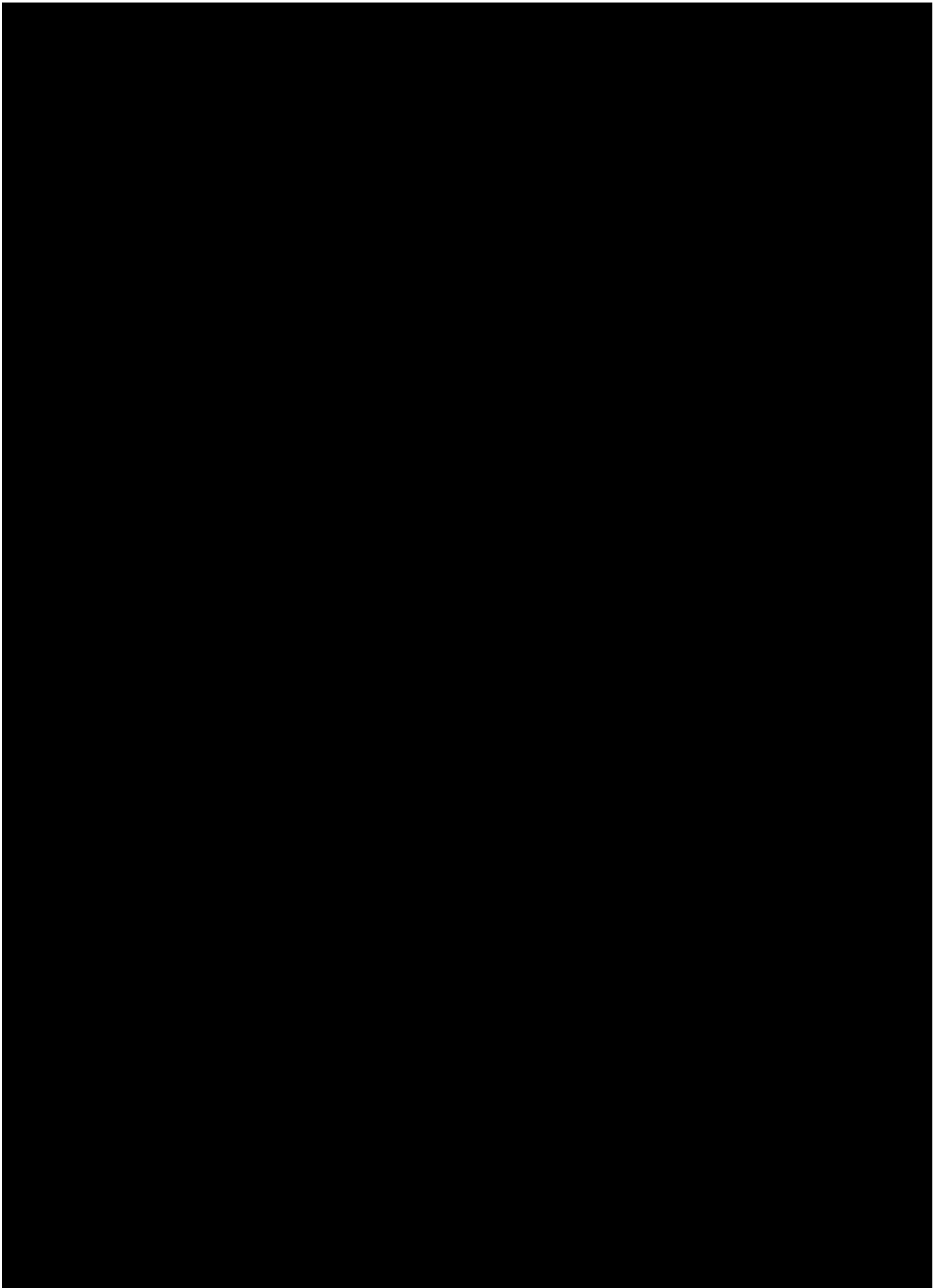
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Operating lease commitments

Capital commitments

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Commitments to joint ventures

Exploration and production licenses

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Contingent liabilities

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Environmental contingencies

Legal contingencies

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(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

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(a) *Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint*

(a) *Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures*

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(a) *Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures*

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(b) *Key management personnel emoluments*

(c) *Contributions to defined contribution retirement plans*

(d) *Transactions with other state-controlled entities in the PRC*

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(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

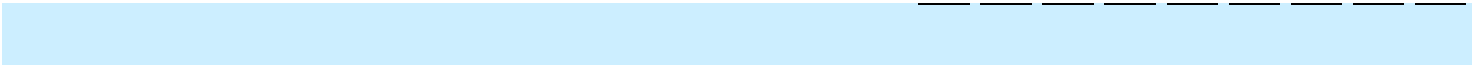
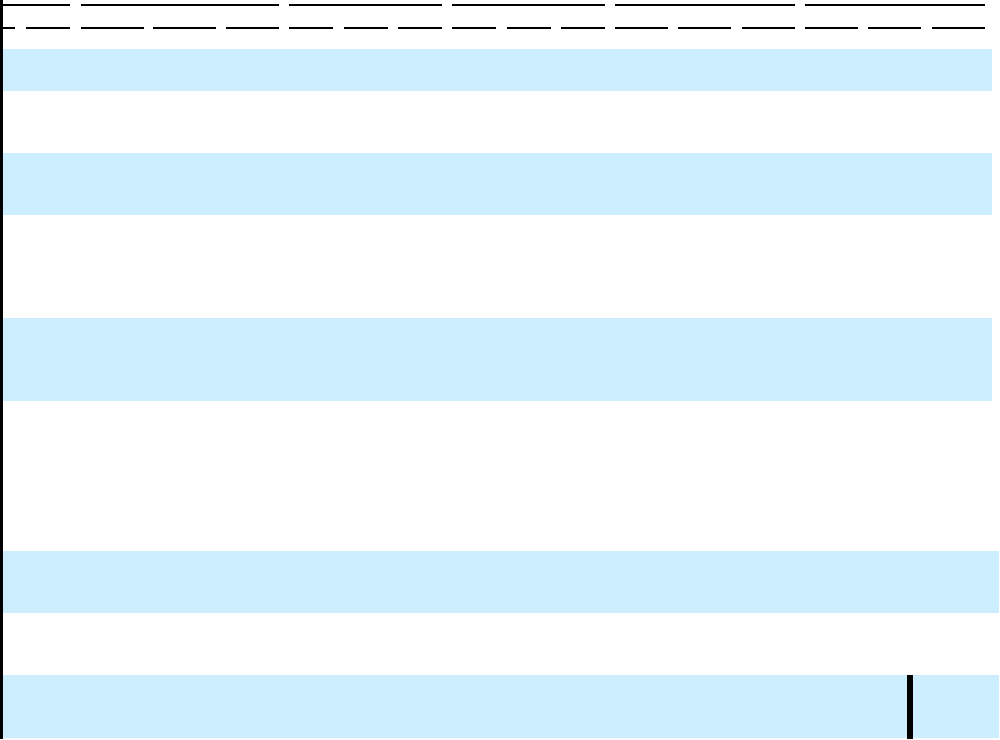
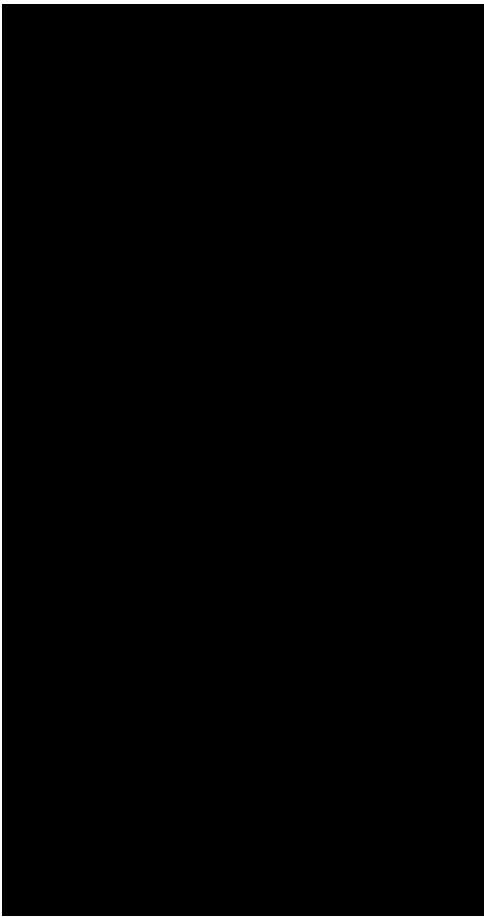
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Overview

Credit risk

Currency risk

Interest rate risk

Commodity price risk

Fair values

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Oil and gas properties and reserves

Impairment for long-lived assets

Measurement of expected credit losses

Allowance for diminution in value of inventories

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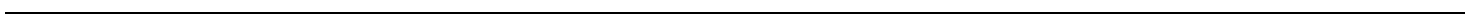
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