

REPORT OF THE SUPERVISORY COMMITTEE

To all shareholders:

During the report period under review, members of the Supervisory Committee, in compliance with the Company Law of the People's Republic of China and the Articles of Association of Sinopec Corp., and abiding by the principles of honesty and trustworthiness, have fulfilled diligently their supervising responsibilities to safeguard the interests of Sinopec Corp. and its shareholders.

Since its inception the Supervisory Committee has convened six meetings. At the first meeting convened on 22nd February 2000, Mr. Yu Qingbo was elected as the Chairman of the Supervisory Committee for its first term. On 18th May of the same year at the second meeting convened, the Committee reviewed and adopted the "Rules of Procedure of the Supervisory Committee of China Petroleum & Chemical Corporation". At the third meeting convened on 15th July of the same year the Committee reviewed and passed the "Rules of Implementation of the Supervisory Committee of China Petroleum & Chemical Corporation for the Inspection of the Company's Financial Affairs". On 15th December of that year at the fourth meeting convened, the Committee verified and passed Sinopec Corp.'s 2000 Interim Financial Statement and independent auditors' report issued by international auditors. At the fifth meeting convened on 2nd March 2001, the Committee was briefed about site investigations and inspections that some of its members conducted at Sinopec Corp.'s Shanghai Gaoqiao Branch and Jiangsu Oilfield Branch. On 12th April 2001, at the sixth meeting convened, the Committee heard a report by Sinopec Corp.'s Finance Department on the 2000 final financial results and by KPMG on its auditors' report, and discussed and passed the "Report of the Supervisory Committee". At the same meeting, the Committee was briefed about site investigations and inspections that some of its members conducted at Sinopec Corp.'s Jiangxi Petroleum Branch.

In the opinion of the Supervisory Committee, in the year 2000, Sinopec Corp.'s operations were in strict compliance with the Company Law of the People's Republic of China, other pertinent Chinese laws and regulations, provisions of Chinese and overseas securities regulatory institutions, and the Articles of Association of Sinopec Corp.; connected transactions were conducted in a standardized, open and



Mr. Yu Qingbo, Chairman of Supervisory Committee

transparent manner; management was exercised with centralized decision making, delegated authorities and specialized business operations. Members of the Board of Directors and senior members of the management consistently abided by the principles of diligence and integrity, sincerely targeted business operations at maximizing profit and shareholders' returns, led the entire company in seizing opportunities arising from the monthly linkage of the refined product prices to the international market since June, and in reducing costs, expanding markets, effecting reforms and innovation and reinforcing management. Sinopec Corp.'s net profit excluding minority interests was RMB 19.004 billion. To the current knowledge of the Supervisory Committee, there was no instance of Directors or senior members of the management violating any laws, regulations, the Articles of Association of Sinopec Corp. or the interests of Sinopec Corp..

The Supervisory Committee reviewed the relevant information including the unqualified auditors' reports issued by domestic and international auditors, and to be submitted to the Annual General Meeting by the Board of Directors. The

Supervisory Committee believes that the Financial Statements for the year 2000 present a true, accurate and objective view of the state of the financial affairs and operating results of Sinopec Corp., that the operating results are true, all expenses and costs and the appropriations are in compliance with pertinent laws, regulations and the Articles of Association of Sinopec Corp., that the profit distribution plans balance the shareholders' interests and the long-term interests of Sinopec Corp., that the financial structure is rational, and the accounting practice and financial management are in compliance with the relevant requirements of the Enterprise Accounting Standards and Enterprise Accounting System promulgated by the Ministry of Finance.

In the year ahead the Supervisory Committee will live up to the trust of all shareholders, intensify supervision, and make renewed efforts in ensuring Sinopec Corp.'s earnings growth in 2001 and in safeguarding the interests of investors.

Yu Qingbo
Chairman of the Supervisory Committee

Beijing, the PRC 12th April, 2001