

SIGNIFICANT EVENTS

1 DISCOVERY OF LARGE-SCALE MARINE FACIES GAS FIELD - PUGUANG GAS FIELD

The Company discovered the largest and most abundant marine facies natural gas field (Puguang Gas Field) in China, which is located in northeast Sichuan Province. According to the appraisal undertaken by the Mineral Resource Reserve Evaluation Center under the Ministry of Land and Resources, reserve in place in the Puguang Gas Field is estimated at 251.071 billion cubic meters, with technical recoverable reserve of 188.304 billion cubic meters. Puguang Gas Field meets the conditions for commercial development. Sinopec Corp. has prepared a Phase I Development Plan, which plans to achieve commercial production of more than 4 billion cubic meters per annum of gas by 2008 and 8 billion cubic meters per annum by 2010. In connection with the contemplated project, a natural gas pipeline from northeast Sichuan Province to Jinan, Shandong Province will be constructed. The government has approved Sinopec Corp. to proceed with preparatory work for the project. The discovery of Puguang Gas Field is attributable to the innovations in marine facies exploration theory, exploration methodology, exploration technology and management innovation, representing a major breakthrough in marine facies exploration theory and practices in China. The discovery expanded the Company's exploration territory, thereby paving the way for future growth in both reserve and production.

2 PERFORMANCE OF THE COMMITMENTS BY SINOPEC CORP. AND ITS SHAREHOLDER HOLDING 5% OR MORE OF THE TOTAL ISSUED SHARE CAPITAL, NAMELY, SINOPEC GROUP COMPANY

At the end of the reporting period, the major undertakings given by Sinopec Group Company to the Company included:

- i Complying with agreements regarding connected transactions;

- ii Solving the issues arising from the land use rights certificates and property ownership rights certificates within a specified period of time;
- iii Implementing the Reorganisation Agreement (as defined in the Prospectus for the Issuance of H Shares);
- iv Granting licenses for intellectual property rights;
- v Refraining from involvement in competition within the industry; and
- vi Withdrawing from the business competition and conflict of interests with Sinopec Corp.

Details of the above commitments are included in the Prospectus for the Issuance of A Shares published by Sinopec Corp. in China Securities Journal, Shanghai Securities News and Securities Times on 22 June 2001.

During this reporting period, Sinopec Corp. was not aware of any breach of above commitments by the above principal shareholder.

3 USE OF PROCEEDS FROM ISSUANCE OF A SHARES

In 2001, the proceeds from the issuance of A shares of Sinopec Corp. amounted to RMB 11.816 billion. Excluding issuance expenses, the net proceeds from the issuance of A shares amounted to RMB 11.648 billion, of which RMB 7.766 billion was used in 2001 mainly for the acquisition of Sinopec National Star and to supplement the Company's working capital. In 2002, RMB 696 million was used mainly to cover the initial preparation costs of the southwest oil products pipeline project and to build the Ningbo-Shanghai-Nanjing crude oil pipeline. In 2003, RMB 1.514 billion was used, of which RMB 700 million was used for

building the southwest oil products pipeline and RMB 814 million was used for building the Ningbo-Shanghai-Nanjing crude oil pipeline. RMB 1.061 billion was used in 2004 for the southwest oil products pipeline project. RMB 611 million was used during this reporting period for the southwest oil products pipeline project. As of 30 June 2005, the proceeds from issuance of A shares were exhausted.

4 ISSUANCE OF CORPORATE BONDS AND INTEREST PAYMENT

On February 24, 2004, Sinopec Corp. successfully issued domestic 10-year term corporate bonds which amounted to RMB 3.5 billion with a credit rating of AAA and a fixed coupon rate of 4.61%. On September 28, 2004, the aforementioned corporate bonds were listed on the Shanghai Stock Exchange. For further details, please refer to Sinopec Corp.'s announcement published in China Securities Journal, Shanghai Securities News, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on February 24, 2004 and September 28, 2004, respectively. The balance of the outstanding principal under the corporate bond issuance was RMB 3.5 billion as of December 31, 2005. As of February 24, 2006, Sinopec Corp. had repaid the full amount of coupon interest for the second interest payment year.

5 ISSUANCE OF SHORT-TERM COMMERCIAL PAPER

On September 19, 2005, Sinopec Corp. convened the first Extraordinary General Meeting of Shareholders for 2005, at which a resolution was passed for issuance of short term commercial paper. For details, please refer to Sinopec Corp.'s announcements published in China Securities Journal, Shanghai Securities News, and Securities Times in Mainland China, and Hong Kong Economic Times and South China Morning Post in Hong Kong on September 20, 2005. The tranche of six-month 2.54% commercial paper was issued on October 24, 2005 to institutional investors in PRC inter-bank bond market (excluding investors prohibited by relevant PRC laws and regulations), raising a total of RMB 10 billion.

6 ESTABLISHMENT OF SINOPEC CHEMICALS SALES COMPANY

Sinopec Chemicals Sales Company was established on May 10, 2005 in Beijing. To meet the requirements posed by the new system and mechanism, the Chemicals Sales Company will integrate the Company's marketing strategy, branding strategy, market development, logistics optimisation, resource allocation and sales activities, so as to fully leverage the overall strength of extensive operations and maximise overall profitability.

7 AUDITORS

At the Annual General Meeting of Sinopec Corp. for the year 2004 held on 18 May 2005, KPMG Huazhen and KPMG were re-appointed as the domestic and overseas auditors of Sinopec Corp. for the year 2005, respectively, and the Board of Directors was authorised to determine their remunerations. As approved at the twenty-fifth meeting of the Second Session of the Board of Directors of Sinopec Corp., the audit fee for 2005 was HK\$ 48 million. The financial statements for the year 2005 have been audited by KPMG Huazhen and KPMG. KPMG Huazhen's China registered Certified Public Accountants are Wu Wei and Zhang Jingjing.

KPMG Huazhen and KPMG have provided auditing services to Sinopec Corp. for 5.5 years, since the second half of 2000, and the first audit engagement was entered into in March 2001.

During the reporting period, both KPMG Huazhen and KPMG did not provide any non-audit service to the Company.

Auditors appointed	KPMG Huazhen (Domestic)	KPMG (Overseas)
Audit fees of Sinopec Corp. for year 2005	HK\$ 1,500,000 (unpaid) HK\$ 1,500,000 (paid)	HK\$ 21,500,000 (unpaid) HK\$ 23,500,000 (paid)
Audit fees of Sinopec Corp. for year 2004	HK\$ 3,000,000 (paid)	HK\$ 47,000,000 (paid)
Audit fees of Sinopec Corp. for year 2003	HK\$ 3,000,000 (paid)	HK\$ 52,000,000 (paid)
Travel and other expenses	Borne by the firm	Borne by the firm

Note:

Most domestic and overseas listed subsidiaries of the Company appointed KPMG Huazhen and KPMG as their auditors, and a few domestic listed subsidiaries selected other firms as their auditors. Please refer to their respective annual reports for details about such subsidiaries' appointments and dismissals of auditing firms.

SIGNIFICANT EVENTS (CONTINUED)

8 ACQUISITION OF SHARES OF BEIJING YANHUA HI-TECH CATALYST CO., LTD. HELD BY YANHUA HI-TECH CORP.

On June 21, 2005, Sinopec Corp. entered into an agreement with Beijing Yanhua Hi-tech Co., Ltd., pursuant to which Sinopec Corp. acquired 95% equity of Beijing Yanhua Hi-tech Catalyst Co., Ltd., held by Yanhua Hi-tech Corp., at a consideration of RMB 195 million.

9 DELISTING OF BEIJING YANHUA

According to the Agreement of Merger by Absorption between Beijing Feitian Petrochemical Company Limited ("Beijing Feitian"), a wholly-owned subsidiary of Sinopec Corp. established for the purpose of such merger, and Beijing Yanhua Petrochemical Company Limited ("Beijing Yanhua") which was signed on 29 December 2004, Beijing Feitian would purchase the listed shares of Beijing Yanhua from shareholders at the price of HK\$ 3.80 per share in cash, the total consideration being approximately HK\$ 3.8456 billion. Beijing Yanhua was delisted on 11 May 2005. Please refer to Sinopec Corp.'s announcement published in China Securities Journal, Shanghai Securities News and Securities Times in Mainland China and South China Morning Post and Hong Kong Economic Times in Hong Kong on 30 December 2004 and 7 March 2005, respectively, for details.

10 THE TRANSFER OF STATE-OWNED LEGAL PERSON SHARES OF CHINA PHOENIX HELD BY SINOPEC CORP.

On October 18, 2005, Sinopec Corp. and China Changjiang National Shipping Group ("Changhang Group") entered into a share transfer agreement, under which Sinopec Corp. agreed to transfer to Changhang Group a total of 211,423,651 state-owned legal person shares held by Sinopec Corp. in Sinopec Wuhan Phoenix Company Limited ("China Phoenix") (representing 40.72% of

the total issued share capital of China Phoenix). For further details, please refer to the "Report on Changes of Shareholdings in Sinopec Wuhan Phoenix Company Limited" dated October 20, 2005 published by Sinopec Corp. on the website of the Shanghai Stock Exchange. The proposed asset restructuring is pending approval by the China Securities Regulatory Commission ("CSRC").

11 MERGER BY ABSORPTION OF ZHENHAI REFINERY AND CHEMICALS

According to the Agreement of Merger by Absorption between Ningbo Yonglian Co., Ltd. ("Ningbo Yonglian"), a wholly owned subsidiary of Sinopec Corp. established for the purpose of such a merger, and Sinopec Zhenhai Refinery and Chemicals Co., Ltd. ("ZRCC") signed on November 12, 2005, Ningbo Yonglian will purchase the listed H shares of ZRCC from its shareholders at the price of HK\$ 10.60 per share in cash, the total consideration being HK\$ 7.672 billion. For further details, please refer to Sinopec Corp.'s announcement published in China Securities Journal, Shanghai Securities News and Securities Times in Mainland China and South China Morning Post and Hong Kong Economic Times in Hong Kong on November 14, 2005. The proposed merger was approved on January 12, 2006 at the general meeting of shareholders and the general meeting of independent shareholders of ZRCC and was approved by the shareholders of Ningbo Yonglian, as well as by domestic and overseas securities regulators.

12 TENDER OFFER BY SINOPEC CORP. TO FOUR A-SHARE SUBSIDIARIES

On February 25, 2006, the 24th meeting of the Second Session of the Board of Directors of Sinopec Corp. respectively approved its voluntary tender offers to acquire all the tradable shares of Sinopec Qilu Petrochemical Co., Ltd. at a price of

RMB 10.18 per share, all the tradable shares of Sinopec Yangzi Petrochemical Co., Ltd. at a price of RMB 13.95 per share, all the tradable shares of Sinopec Zhongyuan Oil & Gas Hi-tech Co., Ltd. at a price of RMB 12.12 per share, all the tradable shares of Sinopec Shengli Oil Field Dynamic (Group) Co., Ltd. at a price of RMB 10.30 per share and all the non-tradable shares of Sinopec Shengli Oil Field Dynamic (Group) Co., Ltd. held by investors other than Sinopec Corp. at a price of RMB 5.60 per share. For further details, please refer to relevant announcements published in China Securities Journal, Shanghai Securities News and Securities Times in Mainland China on February 16 and March 6, 2006 (Sinopec Shengli Oil Field Dynamic (Group) Co., Ltd.'s announcements were only published in China Securities Journal and Securities Times).

13 MAJOR PROJECTS

(1) Tianjin one million tpa ethylene project

Sinopec Tianjin one million tpa ethylene and associated facilities project was approved by the State Council in December 2005. The project includes the ethylene project, revamping of refinery and thermal power generation facilities, with its total investment being about RMB 21 billion, and Sinopec Corp. is proceeding with preparatory work for the project.

(2) ZRCC one million tpa ethylene project

ZRCC one million tpa ethylene and associated facilities project was approved by the State Council in March 2006. The project includes the ethylene project, expansion of thermal power generation facilities, with its total investment being about RMB 22 billion, and Sinopec Corp. and ZRCC are proceeding with preparatory work for the project.

14 RECEIPT OF ONE-OFF REBATE FROM THE CENTRAL GOVERNMENT

During the reporting period, international crude oil prices fluctuated and climbed at a high level, and domestic prices of refined oil products were tightly controlled. In December 2005, Sinopec Group Company received a Circular, referenced as Cai Qi [2005] No. 298, from the Ministry of Finance, pursuant to which the central government provided a one-off rebate of RMB 10 billion to Sinopec Group Company. Sinopec Corp. received RMB 9.415 billion out of the RMB 10 billion, which has been included as other income in the financial statements for 2005.

15 THE TRANSFER OF STATE-OWNED SHARES FROM CBD AND CINDA TO SINOPEC GROUP COMPANY

During the reporting period, China Development Bank (“CDB”) and China Cinda Asset Management Corporation (“Cinda”), both of which are shareholders of Sinopec Corp., entered into a share transfer agreement with Sinopec Group Company, pursuant to which CDB and Cinda respectively transferred 2 billion (2.31% of the total issued shares of Sinopec Corp.) and 871,763,776 (1.01% of the total issued shares of Sinopec Corp.) state-owned shares to Sinopec Group Company. The respective total cash considerations of RMB 4.2 billion and RMB 1.8307 billion were paid to CDB and Cinda by Sinopec Group Company. The above-mentioned share transfers were completed on December 29, 2005.

16 PRELIMINARY PLAN FOR PROFIT APPROPRIATION FOR 2005

In accordance with the provisions of Sinopec Corp.’s Articles of Association, the appropriation of profit for the relevant fiscal year would be conducted on the basis of distributable profit determined in accordance with the PRC Accounting Rules and Regulations or IFRS, whichever is lower. Thus, on the basis of the distributable profit of Sinopec Corp. audited under IFRS, which was RMB 38.907 billion, after deducting the statutory surplus reserve and the statutory

public welfare fund totaled RMB7.912 billion, and deducting the final dividend for year 2004 distributed in 2005, the interim dividend for 2005 totaled RMB 10.404 billion, the amount of undistributed profit of Sinopec Corp. for 2005 was RMB 20.591 billion (for details please refer to Note 33 to the financial statements prepared under IFRS). On the basis of the total number of 86,702,439,000 shares at the end of 2005, the Board proposed a final dividend of RMB 0.09 per share (including tax) in cash for year 2005 (totaled RMB 7.803 billion), adding the distributed interim cash dividends of 0.04 per share (totaled RMB 3.468 billion), the total cash dividends for 2005 shall be RMB 0.13 per share (RMB 11.271 billion in total). The preliminary plan for profit appropriation will be subject to consideration and approval at Annual General Meeting of Shareholders for year 2005.

17 DE-REGISTRATION OF SINOPEC SHENGLI OIL FIELD CO., LTD.

Sinopec Corp. de-registered Sinopec Shengli Oil Field Co., Ltd. and on January 16, 2006 established Shengli Oilfield branch. Prior to the de-registration, Sinopec Shengli Oil Field Co., Ltd. was a wholly owned subsidiary of Sinopec Corp.

18 REDUCTION OF EMPLOYEES

Sinopec Corp. plans to reduce the number of employees by 100,000 through retirement, voluntary resignation and/or dismissal within 5 years, from 2001 to 2005, to improve its efficiency and profitability. In 2005, Sinopec Corp. assumed RMB 369 million in voluntary resignation compensation for approximately 7,000 voluntarily resigned employees. By the end of 2005, the aggregate net headcount reduction during the past five years had amounted to 143,700 persons.

19 MATERIAL LITIGATION AND ARBITRATION EVENTS

The Company was not involved in any material litigation or arbitration during the reporting period.

SIGNIFICANT EVENTS (CONTINUED)

20 MATERIAL GUARANTEE CONTRACTS AND THEIR PERFORMANCE

Guarantees provided by the Company (excluding the guarantees provided for subsidiaries)

Obligors	Date of Occurrence (Date of Execution of the Agreement)	Guaranteed amount (RMB millions)	Type of guarantee	Term	Whether completed or not	Whether for a connected party ¹
Shanghai Secco Petrochemical Co, Ltd.	9 February 2002	2,857	Joint and several liability	9 February 2002 - 20 December 2021	No	Yes
Shanghai Secco Petrochemical Co, Ltd.	9 February 2002	4,062	Joint and several liability	9 February 2002 - 20 December 2013	No	Yes
BASF-YPC Co., Ltd.	7 March 2003	4,680	Joint and several liability	7 March 2003 - 31 December 2008	No	Yes
Yueyang Sinopec Shell Coal Gasification Co. Ltd.	10 December 2003	377	Joint and several liability	10 December 2003 - 10 December 2017	No	Yes
Fujian Zhangzhao Expressway Service Company Limited	21 January 2003	10	Joint and several liability	21 January 2003 - 31 October 2007	No	Yes
Balance of Guarantee by Shanghai Petrochemical for its associates and joint ventures		38			No	Yes
Total amount of guarantee provided during the reporting period ²						None
Total amount of guarantee outstanding at the end of the reporting period ²						RMB 12,024 million
Guarantees for subsidiaries						
Total amount of guarantee provided for subsidiaries during the reporting period						RMB 27 million
Total amount of guarantee for subsidiaries outstanding at the end of the reporting period						RMB 2,583 million
Total amount of guarantee (including those provided for subsidiaries)						
Total amount of guarantee ³						RMB 14,607 million
Total amount of guarantee as a percentage of Sinopec Corp.'s net assets						6.7%
Guarantee provided for shareholders, effective controller and connected parties						None
Amount of debt guarantee provided directly or indirectly for the companies with liabilities to assets ratio of over 70%						RMB 179 million
The amount of guarantee in excess of 50% of the net assets						None
Total amount of the above three guarantee items ⁴						RMB 179 million

Note 1: As defined in the stock listing rules of Shanghai Stock Exchange.

Note 2: The amount of guarantee provided during the reporting period and the amount of guarantee outstanding at the end of the reporting period include the guarantees provided by the subsidiaries to external parties. The amount of the guarantee provided by these subsidiaries is the guarantee provided by the Company's subsidiaries multiplied by the shareholdings held by Sinopec Corp. in such subsidiaries.

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

Note 4: "Total guarantee amount of the above three guarantee items" is the aggregate of "guarantee provided for shareholders, effective controller and connected parties", "amount of debt guarantee provided directly or indirectly for the companies with liabilities to assets ratio of over 70%" and "the amount guarantee in excess of 50% of the net assets". If the above three conditions are borne in one guarantee item, they will be calculated only once in the total amount.

Material Guarantees under Performance

At the fourteenth meeting of the First Session of the Board of Directors of Sinopec Corp., the Board approved Sinopec Corp. to provide conditional guarantee in both domestic and foreign currencies for the Shanghai Secco project loan, and the amount of guarantee was equivalent to RMB 6.992 billion. For further details, please refer to Sinopec Corp.'s results announcement for the year 2001 published in China Securities Journal, Shanghai Securities News and Securities Times in Mainland China and South China Morning Post and Hong Kong Economic Times in Hong Kong on 2 April 2002.

At the fourteenth meeting of the First session of the Board of Directors of Sinopec Corp., the Board approved the proposal regarding Sinopec Corp.'s provision of guarantee for completion of construction of the BASF-YPC project. On 7 March 2003, Sinopec Corp. entered into guarantee agreements for the completion of construction of the BASF-YPC project with domestic and foreign banks, whereby it guaranteed 40% of a domestic and foreign currencies denominated loan equivalent to around RMB 11.7 billion provided by these banks to BASF-YPC Co., Ltd. for completion of construction.

At the twenty-second meeting of the First Session of the Board of Directors of Sinopec Corp., the Board approved the proposal regarding Sinopec Corp.'s provision of an equity pledge for the BASF-YPC project loan on the condition that BASF should provide an equity pledge on the same terms.

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

At the thirteenth meeting of the Second Session of the Board of Directors of Sinopec Corp, the Board approved Sinopec Corp. in providing China International United Petroleum & Chemical Co., Ltd. with a credit line guarantee equivalent to RMB 2.421 billion.

21 DOMESTIC SHARE REFORM ON NON-TRADABLE SHARES

The Company is currently reorganising its internal management systems to provide favorable conditions for such reform. Sinopec Group Company has not formed definitive plans for such reform with regard to Sinopec Corp.

22 GENERAL MEETING OF SHAREHOLDERS

During the reporting period, Sinopec Corp. held two shareholders' general meetings in strict compliance with the procedures of notification, convening and holding as stipulated in relevant laws, rules and regulations and the Articles of Association of Sinopec Corp. For further details, please refer to the section "Summary of Shareholders' Meetings" of this report.

23 TRUSTEESHIP, SUB-CONTRACT AND LEASE

During this reporting period, Sinopec Corp. did not have any omission in disclosure for significant trusteeship, sub-contract or lease of any other company's assets, nor placed its assets to or under any other company's trusteeship, sub-contract or lease that is subject to disclosure.

24 OTHER MATERIAL CONTRACTS

During this reporting period, Sinopec Corp. did not have any omission in disclosure for any material contract that is subject to disclosure.

25 ENTRUSTED MONEY MANAGEMENT

During this reporting period, Sinopec Corp. did not entrust or continuously entrust any outside party to carry out cash assets management on its behalf.

26 ASSET SECURED

Details regarding the Company's secured assets as at 31 December 2005 are disclosed in Note 29 to the financial statements prepared under IFRS in this Annual Report.

27 INTERESTS OF DIRECTORS, SUPERVISORS AND OTHER MEMBERS OF THE SENIOR MANAGEMENT IN THE SHARE CAPITAL

As of December 31, 2005, none of Sinopec Corp.'s directors, supervisors and other

senior management holds any share of Sinopec Corp.

During this reporting period, none of the directors, supervisors or senior management or any of their respective associates had any interests and short positions in any shares or debentures or related shares of Sinopec Corp. or its associated corporations (as defined in Part XV of the Securities and Futures Ordinance) which are required to notify Sinopec Corp. and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the Securities and Futures Ordinance or which are required pursuant to section 352 of the Securities and Futures Ordinance to be entered in the register referred to therein, or which are required to notify Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions Entered by Directors of Listed Companies as specified in the Listing Rules of the Hong Kong Stock Exchange (including those interests and short positions that are deemed to be such, or are regarded to be owned in accordance with the relative provisions under the Securities and Futures Ordinance).

28 PURCHASE, SALES AND REDEMPTION OF SHARES

During the reporting period, neither Sinopec Corp. nor any of its affiliates repurchased, sold or redeemed any securities of Sinopec. Corp.

29 OTHER SIGNIFICANT EVENTS

During this reporting period, neither Sinopec Corp., the Board of Directors of Sinopec Corp., nor the directors were subject to any investigation from the CSRC, nor was there any administrative penalty or circular of criticism issued by the CSRC, the Securities and Futures Commission of Hong Kong and the Securities and Exchange Committee of the United States, nor any reprimand published by the Shanghai Stock Exchange, the Hong Kong Stock Exchange, the New York Stock Exchange or the London Stock Exchange.



