

DIRECTORS' OR SUPERVISORS' INTERESTS IN CONTRACTS

None of the Directors nor the Supervisors of the Company had any beneficial interests in any material contracts to which Sinopec Corp., its holding company or any of its subsidiaries or

fellow subsidiaries was a party subsisted at the end of the year or at any time during the year.

No Director has entered into any service contracts with Sinopec Corp. which is not terminable by Sinopec Corp. within one year without payment other than statutory compensation.

DETAILS OF THE CURRENT SESSION OF DIRECTORS AND SUPERVISORS OF SINOPEC CORP.

Name	Positions with Sinopec Corp.
Li Yizhong	Chairman of the Board of Directors
Chen Tonghai	Vice Chairman of the Board of Directors
Wang Jiming	Director; President
Mou Shuling	Director; Vice President
Zhang Jiaren	Director; Vice President and Chief Financial Officer
Cao Xianghong	Director; Vice President
Chen Qingtai	Independent Non-executive Director
Liu Guoguang	Independent Non-executive Director
Ho Tsu Kwok Charles	Independent Non-executive Director
Huang Min	Employee Representative Director
Yu Qingbo	Chairman of the Supervisors Committee
Wang Zuoran	Supervisor
Zhang Chongqing	Supervisor
Wang Peijun	Supervisor
Wang Xianwen	Supervisor
Hou Shaojian	Supervisor
Jiang Baoxing	Employee Representative Supervisor
Cui Jianmin	Independent Supervisor

SENIOR MANAGEMENT COMPENSATION SYSTEM

In order to better incentivise the senior management of the Company and improve shareholders' value, upon the recommendation of its Board of Directors the shareholders adopted on 7th September 2000 a special compensation system for the senior management of the Company designed with the assistance of an independent compensation consulting firm. The system is designed to link its senior management's financial interests with its results of operations and the performance of its shares. Under this system, the senior management's compensation will consist of three components:

- basic salaries;
- performance bonuses; and
- share appreciation rights, (the "SARs").

Basic salaries include wages, housing allowances, other allowances and retirement fund.

Under the system, the senior management of the Company will sign performance evaluation agreements with the Company, which will set up some key performance indexes ("KPI"), to be used as basis for the senior management's performance bonuses. The performance evaluation system will rely on information provided by the management information system to ensure that the management's performance evaluation process is fair and transparent.

In addition, the Company will grant SARs to approximately 480 employees, including members of the Board of Directors and the supervisory committee (excluding independent Directors and independent Supervisors), the president, vice presidents, the chief financial officer, heads of business segments and managers of departments, branches and subsidiaries. The exercise price of the initially granted SARs will be the initial public offering

REPORT OF THE BOARD OF DIRECTORS (CONTINUED)

price. Upon exercise of the SARs, the exercising participant will receive payment, subject to any withholding tax, equal to the product of the number of SARs exercised and the difference of exercise price and market price of H Shares at the time of exercise.

The senior management's compensation, such as the performance bonuses and the SARs, will account for approximately 75% of their total potential compensation. As the management level of the recipient rises, the SARs will constitute an increasingly larger proportion of the person's compensation package.

DIRECTORS' AND SUPERVISORS' COMPENSATION

The aggregate amount of salary and performance bonus paid by Sinopec Corp. to their Directors (other than the independent non-executive Directors) during the year ended 31st December 2000 was approximately RMB754,700.

The aggregate amount of salaries and performance bonus paid by Sinopec Corp. to the Supervisors (not including the independent Supervisors) during the year ended 31st December 2000 was approximately RMB545,400.

The aggregate amount of salaries and performance bonus paid by Sinopec Corp. to executive officers during the year ended 31st December 2000 and was approximately RMB72,300.

No other emoluments have been paid or are payable, in respect of the year ended 31st December 2000, by Sinopec Corp. to the independent non-executive Directors and the independent supervisor.

DIRECTORS' MEETINGS

All directors of Sinopec Corp. have complied with the Company Law of the PRC and regulations of Sinopec Corp.'s Articles of Association, and have executed their responsibilities as set forth in Sinopec Corp.'s Articles of Association and the resolutions of general meetings.

The Board held four meetings and in addition passed two sets of written resolutions of the Board during the report period, details of which were as follows:

1. The first meeting of the first term of the Board was held at the head office of Sinopec Corp. on 22nd February 2000 at which the chairman, vice-chairman, president, vice-president and the company secretary were elected.
2. Written resolutions of the Board in lieu of meeting were unanimously passed on 15th March 2000 to establish a strategic planning committee and an audit committee, appoint the financial controller and establish the Secretariat of the Board and appoint its person-in-charge.
3. The second meeting of the first term of the Board was held at the head office of Sinopec Corp. on 18th May 2000 at which resolutions were passed to approve the Rules and Regulations of the Board, the Investment Feasibility Report in 2000, the Report on Operations in 2000, and the accounting policies for the year 2000, to establish a compensation committee and certain amendments to the articles of association of Sinopec Corp..
4. Written resolutions of the Board in lieu of meeting were unanimously passed on 13th July 2000 to approve the reorganisation proposal and the listing of H Shares, the appointment of international and domestic auditors and the appointment of a labour representative to the compensation committee.
5. The third meeting of the first term of the Board was held at the head office of Sinopec Corp. on 6th September 2000 at which resolutions were passed to approve the Report on the Operating Revenues from January to July 2000 and the work status for the five month period thereafter, the Progress Report on the listing and the relevant documents and matters relating to listing.

6. The fourth meeting of the first term of the Board was held at the head office of Sinopec Corp. on 15th December 2000 at which resolutions were passed to approve the Report on the Operations and Investment Plans in 2001, the Report on the financial status of the Company after issue of shares and the Regulations governing the representatives of shareholders, directors and supervisors of the wholly-owned subsidiaries, controlling shareholders and substantial shareholder of Sinopec Corp..

The Board will continue to act with integrity and diligence, and will faithfully work for the best interests of Sinopec Corp. and the shareholders of Sinopec Corp..

SHAREHOLDERS' MEETINGS

The following resolutions were passed by the shareholders of Sinopec Corp. in this year:

1. On 22nd February 2000, China Petrochemical Corporation, as the sole promoter of Sinopec Corp., convened an inaugural meeting of Sinopec Corp. at which the report on the establishment of Sinopec Corp. and the initial articles of association of Sinopec Corp. were adopted and the directors and supervisors of the first session were appointed.
2. An extraordinary general meeting of Sinopec Corp. was held on 30th April 2000 at which a resolution was passed to approve the appointment of Mr. Cui Jianmin as the independent supervisor of Sinopec Corp..
3. An extraordinary general meeting of Sinopec Corp. was held on 9th June 2000 at which a resolution was passed to approve the appointment of Ho Tsu Kwok Charles as an independent non-executive Director of Sinopec Corp..
4. An extraordinary general meeting of Sinopec Corp. was held on 25th July 2000 at which resolutions were passed to approve, among other things:
 - (1) the conversion of Sinopec Corp. into a "public subscription company", increase in registered capital, the issue of H shares and the listing and authorising the directors to act on related matters;

- (2) the adoption of its Articles of Association;
- (3) the appointment of domestic and international auditors;
- (4) the approval of the directors' service contracts;
- (5) the approval of the supervisors' service contracts.

5. A written resolution was passed by the shareholders of Sinopec Corp. on 7th September 2000 in respect of the following matters:

- (1) the Senior Management Compensation System of Sinopec Corp., the Share Appreciation Rights Scheme of Sinopec Corp. and its regulations;
- (2) authorising the directors to repurchase shares of Sinopec Corp. under the Repurchase Mandate;
- (3) the Capital Expenditure Plan of Sinopec Corp..

MAJOR LITIGATION

The Company is involved in certain judicial and arbitration proceedings before Chinese courts or arbitration bodies concerning matters arising in connection with the conduct of its businesses. The board of directors believe, based on currently available information, that the results of such proceedings, in the aggregate, will not have a material adverse effect on the financial condition or operations of the Company.

CONNECTED TRANSACTIONS

Details of the connected transactions of the Company carried out in the year are disclosed in note 32 on the accounts and pages 48 to 52 of the annual report.

PURCHASE, SALE OR REDEMPTION OF SHARES

For the year ended 31st December 2000, neither Sinopec Corp. nor any of its subsidiaries purchased, sold or redeemed any of the securities of Sinopec Corp..

COMPLIANCE WITH THE CODE OF BEST PRACTICE

Sinopec Corp. has established an audit committee

in accordance with its undertaking mentioned in its prospectus to comply with the Code of Best Practice as set out in Appendix 14 of the Listing Rules. The chairman of the transformed audit committee is Mr. Chen Qingtai, an independent non-executive Director. Other than this, the Directors believe that Sinopec Corp. complied with the Code of Best Practice throughout the period from the date of commencement of listing of the shares of the Company to 31st December 2000.

AUDITORS

KPMG Peat Marwick Huazhen and KPMG were Sinopec Corp.'s domestic and international auditors respectively in 2000.

A resolution for the reappointment of KPMG Peat Marwick Huazhen and KPMG as the domestic and international auditors of Sinopec Corp., respectively in 2001, is to be proposed at the forthcoming annual general meeting of Sinopec Corp..

On behalf of the Board
Li Yizhong
Chairman

Beijing the PRC, 12th April 2001