

## DISCLOSURE OF SIGNIFICANT EVENTS

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

#### (1) At the end of the reporting period, the undertakings made by Sinopec Corp. include:

- i Carrying out the reorganization of its three wholly-owned subsidiaries, namely, Sinopec Shengli Oilfield Company Limited, Sinopec Sales Company Limited and China Petrochemical International Company Limited in accordance with the PRC Company Law within a specified period of time;
- ii Changing the logo currently used by the petrol stations within a specified period of time;
- iii Setting up separate office buildings for Sinopec Group Company and Sinopec Corp. within a specified period of time; and
- iv Complying with the relevant applicable provisions and rules of the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") regarding the waiver of continuing connected transactions.

#### (2) At the end of the reporting period, the major undertakings given by Sinopec Group Company to the Company include:

- i Complying with the agreements concerning continuing 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 Reorganization Agreement (as defined in the Prospectus for the Issuance of H Shares);

- iv Granting licenses for intellectual property rights;
- v Avoiding competition within the industry; and
- vi Withdrawing from the business competition and conflict of interests with Sinopec Corp.

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

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

### 2 PRELIMINARY PLAN FOR PROFIT APPROPRIATION FOR 2004

According to the consolidated income statement prepared pursuant to the PRC Accounting Rules and Regulations and the consolidated income statement prepared pursuant to IFRS, the Company's audited net profit in 2004 was RMB 32.275 billion and RMB 36.019 billion respectively. In accordance with the provisions of the Sinopec Corp.'s Articles of Association, the appropriation of the profit after tax for the relevant fiscal year would be conducted on the basis of the net profit as determined in accordance with the PRC Accounting Rules and Regulations or under IFRS, whichever is lower. Thus, on the basis of the net profit of Sinopec Corp. of RMB 32.275 billion, after the transfer of 10% to the statutory surplus reserve (RMB 3.228 billion) and 10% to the statutory public welfare fund (RMB 3.228 billion) from Sinopec Corp.'s net profit, adding the undistributed profit brought forward from the preceding year from and the deduction of the final dividend for year 2003 (RMB 5.202

billion) and the interim dividend for 2004 (RMB 3.468 billion) distributed in 2004, the amount of distributable profit of Sinopec Corp. of 2004 was RMB 37.124 billion. On the basis of the total number of 86,702,439,000 issued shares at the end of 2004, the proposed dividends to be distributed in cash would be RMB 0.12 per share (including tax) or RMB 10.404 billion in total. After the deduction of the cash dividends of RMB 0.04 per share distributed in the interim of 2004 (totalled RMB 3.468 billion), the final cash dividends for year 2004, declared after the balance sheet date, would be RMB 0.08 per share (totalled RMB 6.936 billion). This preliminary plan for profit appropriation will be subject to the consideration and approval at the Annual General Meeting of Shareholders for year 2004 to be convened on Wednesday, 18 May 2005.

### 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 to acquire National Star from Sinopec Group 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 project and RMB 814 million was used for building the Ningbo-Shanghai-Nanjing crude oil pipeline. In 2004, RMB 1.061 billion was used for building the southwest oil products pipeline project. Up to 31 December 2004, the remaining balance of the proceeds from the issuance of A shares was RMB 611 million.

## DISCLOSURE OF SIGNIFICANT EVENTS (CONTINUED)

### 4 ISSUANCE AND LISTING OF CORPORATE BONDS

On 8 March 2004, Sinopec Corp. successfully issued domestic 10-year term corporate bonds which amounted to RMB 3.5 billion with a fixed coupon rate of 4.61%. On 28 September 2004, the said corporate bonds were listed on the Shanghai Stock Exchange. For further details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on 24 February 2004 and 28 September 2004. As of 31 December 2004, the outstanding principal balance of the said corporate bonds was RMB 3.5 billion. On 24 February 2005, Sinopec Corp. repaid coupon interests for the first year in full.

### 5 MAJOR COOPERATION PROJECTS

#### (1) Qingdao Refining Project

On 22 June 2004, the National Development and Reform Commission (NDRC) approved the feasibility study report with respect to the Qingdao Refining Project which is to be funded by Sinopec Corp., Shandong International Trust Investment Company and Qingdao International Trust Investment Company. The capacity of the refinery is expected to be 10 million tonnes per year and the total investment in the project is RMB 9.7 billion, of which the said parties contributed 85%, 10% and 5% respectively. The project is expected to commence production in 2007. Sinopec Qingdao Refining and Chemical Company Limited ("Qingdao Oil Refinery") was established in Qingdao on 18 November 2004.

#### (2) Establishment of Sinopec-Shell (Jiangsu) Petroleum Marketing Co., Ltd.

On 13 July 2004, the Ministry of Commerce approved the establishment of

Sinopec-Shell (Jiangsu) Petroleum Sales Co., Ltd., a Sino-foreign joint venture by Sinopec Corp., Royal Dutch/Shell (China) Holding BV and Shell (China) Ltd. The total investment in the said joint venture was RMB 1.55 billion and the registered capital was RMB 830 million. The parties contributed to the registered capital of the said joint venture in the proportion of 60%, 30% and 10% respectively. On 28 August 2004, Sinopec Shell (Jiangsu) Petroleum Marketing Co., Ltd was officially established in Nanjing.

#### (3) Establishment of BP Sinopec (Zhejiang) Petroleum Co., Ltd.

On 3 September 2004, the Ministry of Commerce approved the establishment of a Sino-foreign joint venture, Sinopec BP (Zhejiang) Petroleum Co. Ltd., by Sinopec Corp. and BP Global Investments Limited. The total investments of the said joint venture amounted to RMB 2.188 billion and its registered capital was RMB 800 million. Sinopec Corp. and BP Global Investments Limited contributed 60% and 40% of the registered capital of the said joint venture respectively. Sinopec BP (Zhejiang) Petroleum Co., Ltd. was officially established on 4 November 2004.

#### (4) Foreign Partners Exited the Natural Gas Project in East China Sea

On 19 August 2003, Sinopec Corp., CNOOC, Shell and Unocal reached an agreement to jointly explore for, develop and sales natural gas, oil and condensate in the East China Sea. Pursuant to the terms of the agreement, the foreign partners were required to reach a formal decision on whether to continue to participate in the said project after 12 months from the date of signing of the

agreement. On 24 September 2004, Shell and Unocal made an announcement of their decision to end their involvement in the exploration, production and sales of products in five different areas of the Xihu district and to exit the said project based on commercial reasons.

#### (5) Launch of FEL Design for Fujian Refinery Integrated Project

An agreement was reached on 26 August 2004 among Fujian Refinery Company Limited ("Fujian Refinery"), a joint venture equally funded by Sinopec Corp. and Fujian Province, ExxonMobil China Petroleum and Chemical Company Limited and Aramco Overseas Company BV to commence the Front End Loading (FEL) facility design for Fujian Refinery Integrated Project. The FEL design includes completion of preliminary engineering, selection of contractors, confirmation of budget and ordering equipment which have a long-lead time. At the conclusion of the FEL design, the parties will reach a final decision regarding the establishment of a joint venture and construction of the FEL facility.

The Fujian Refinery Integrated Project will increase the production capacity of Fujian Refinery from 4 million tonnes per year to 12 million tonnes per year. In addition, the said project involves the construction of a 800,000 tonnes-per-year ethylene cracker, polyethylene and polypropylene units, and a 700,000 tonnes-per-year paraxylene unit. The said project is expected to commence production in the first half of 2008.

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

At the ninth meeting of the Second Session of the Board of Directors of Sinopec Corp. held on 6 July 2004, the proposal to transfer 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) to Hubei Qingjiang Water Power Investment Limited (“Qingjiang Investment”) and China Guodian (Group) Corporation (“Guodian Group”) was approved. The total consideration for the said transfer was approximately RMB 621 million. The proposed acquisition of petrochemicals assets of China Phoenix (including production facilities, inventories and corresponding accounts receivables) from Qingjiang Investment and Guodian Group which they would acquire through asset swaps with China Phoenix was also approved by the Board of Directors of Sinopec Corp. at the same meeting. The total consideration payable for the acquisition was RMB 548 million. Please refer to Sinopec Corp.’s announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on 7 July 2004 for further details. The proposed asset swaps are pending the approval of China Securities Regulatory Commission (CSRC) and such acquisition and asset swaps are being modified to satisfy the requirements of CSRC.

## **7 PAYMENT OF INTEREST, REDEMPTION AND DELISTING OF MAO LIAN CONVERTIBLE BONDS IN 2004**

Pursuant to the approval of CSRC (Document [1999] No.90), Sinopec Mao Ming Refining and Chemical Company Limited (“Maoming Oil Refinery”), a subsidiary of Sinopec Corp., issued convertible bonds (“Mao Lian Convertible Bonds”) in the total sum of RMB

1.5 billion with a 5-year term through the Shenzhen Stock Exchange on 28 July 1999 and the Mao Lian Convertible Bonds were listed on the Shenzhen Stock Exchange on 17 August 1999. In accordance with the Provisional Rules on the Management of Convertible Corporate Bonds and the Convertible Corporate Bonds Prospectus prepared by Maoming Oil Refinery, its shareholders approved the cessation of the trading and delisting of Mao Lian Convertible Bonds commencing from 28 July 2004 at the general meeting held on 23 March 2004. Maoming Oil Refinery has redeemed all convertible bonds which it had not repurchased by the expiration date, at the price of RMB 118.5/piece (tax exempted).

## **8 THE TRANSFER OF STATE-OWNED SHARES FROM CDB AND CINDA TO SINOPEC GROUP COMPANY**

Former shareholders of Sinopec Corp., namely China Development Bank (“CDB”) and China Cinda Asset Management Corporation (“Cinda”), entered into a share transfer agreement with Sinopec Group Company pursuant to which Cinda transferred 5 billion state-owned shares of Sinopec Corp. (representing 5.767% of the total issued shares of Sinopec Corp.) to Sinopec Group Company and CDB transferred 6.143 billion state-owned shares of Sinopec Corp. (representing 7.085% of the total issued shares of Sinopec Corp.) to Sinopec Group Company. The total cash considerations of RMB 9 billion and RMB 11.0574 billion were paid to Cinda and CDB respectively by Sinopec Group Company. The said share transfers were completed on 29 December 2004. Please refer to the announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on 15 October 2004 for further details.

## **9 ACQUISITIONS AND DISPOSALS OF ASSETS** **(1) Acquisition of shares in Jinzhi**

At the seventh meeting of the Second Session of the Board of Directors of Sinopec Corp. held on 26 March 2004, the Board of Sinopec Corp. approved the use of internal funding to acquire 100% shares of Yanhua Group Tianjin Lubricant & Grease Company Limited (Jinzhi Company) from Sinopec Group Beijing Yanshan Petrochemical Company Limited (a wholly-owned subsidiary of Sinopec Group Company) for a cash consideration of RMB 230 million. The parties entered into an acquisition agreement. Please refer to Sinopec Corp.’s announcement published in China Securities, Shanghai Securities and Securities Times in Mainland China and South China Morning Post and Hong Kong Economic Times in Hong Kong on 29 March 2004 for further details.

## **(2) Acquisition of petrochemicals, catalyst, petrol station assets from Sinopec Group and disposal of downhole operation assets**

The proposals of the acquisition of petrochemical assets, catalyst assets and petrol station assets from Sinopec Group and disposal of downhole operation assets to Sinopec Group were approved by the shareholders of Sinopec Corp. at the extraordinary general meeting held on 21 December 2004. The appraised aggregate value of the assets to be acquired was RMB 17.154 billion, total liabilities was RMB 12.734 billion, and after the deduction of minority interests of RMB 205 million, the net asset value amounted to RMB 4.215 billion. The appraised aggregate value of the assets to be disposed of was RMB 2.147 billion, total liabilities was RMB 399 million, and the

## DISCLOSURE OF SIGNIFICANT EVENTS (CONTINUED)

net asset value was RMB 1.748 billion. The consideration for the acquired assets was RMB 4.578 billion and that for the disposed assets was RMB 1.748 billion. After the offset of the two items, the Company shall pay RMB 2.83 billion to Sinopec Group. In accordance with the agreement, the Company shall also pay RMB 782 million, which represents the profits/losses of such assets for the period between the valuation date and completion date.

Please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities and Securities Times in Mainland China and South China Morning Post and Hong Kong Economic Times in Hong Kong on 1 November 2004 and the circular to shareholders dispatched on 6 November 2004 for further details.

### (3) Acquisition of 40.5% shares held by Hong Kong Huarun in Qingdao Qirun

Qingdao Qirun Petrochemical Company Limited (Qingdao Qirun) is a Sino-foreign joint venture established by Qingdao Petroleum General Company Limited, Qilu Petrochemical Company Limited and Hong Kong Huarun Petrochemical (Group) Company Limited (Hong Kong Huarun) on 27 April 1993. The parties contributed 21%, 38.5% and 40.5% respectively to the total registered capital of USD 27.38 million. Qingdao Qirun is mainly engaged in storing, transporting and transferring crude oil and refined oil and is equipped with 500,000 cubic meters of crude/refined oil storage tanks, four pipelines linking to Qingdao oil terminal, dedicated railways connecting to the Jiaoji railway

and road delivery and transport system for crude/refined oil.

To facilitate oil products storage and transportation for Qingdao Refining Project, Sinopec Corp. and Hong Kong Huarun entered into a share transfer agreement on 17 November 2004, pursuant to which Sinopec Corp. acquired 30% interest in Qingdao Qirun from Hong Kong Huarun. On 21 January 2005, the parties entered into another share transfer agreement, pursuant to which Sinopec Corp. acquired the remaining 10.5% interest in Qingdao Qirun from Hong Kong Huarun. The shares transfer represented an aggregate of 40.5% interest in Qingdao Qirun and the total consideration for the transfer amounted to RMB 480 million.

### 10 PURCHASING STAKE IN CHINA GAS

Sinopec Corp. and China Gas Holdings Ltd. ("China Gas") entered into a strategic cooperation agreement on 1 November 2004. Pursuant to the agreement, Sinopec Corp. subscribed for 210 million newly issued shares of China Gas at the price of HK\$ 0.61 per share. Sinopec Corp. undertook not to sell the shares within 12 months since the completion date of such shares subscription.

### 11 MERGER BY ABSORPTION OF BEIJING YANHUA

Sinopec Corp. plans to privatise Beijing Yanhua Petrochemical Company Limited (Beijing Yanhua) by way of merger by absorption through Beijing Feitian Petrochemical Company Limited (Beijing Feitian), a wholly-owned subsidiary of Sinopec Corp., established for the purpose of such merger. Pursuant to the agreement entered into between Beijing Feitian and Beijing Yanhua on 29 December 2004, Beijing Feitian

will purchase the listed shares of Beijing Yanhua from shareholders at a unit price of HK\$ 3.80 per share in cash, the total consideration involved amounts to approximately HK\$ 3.846 billion. The proposed merger has been approved by relevant shareholders or independent shareholders at the general meeting of independent shareholders of Beijing Yanhua and the general meeting of shareholders of Beijing Feitian, but is subject to the approvals of domestic and overseas regulators. Please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities 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 for details.

### 12 REDUCTION OF EMPLOYEES

Sinopec Corp. plans to reduce the number of employees by 100,000 persons through retirement, voluntary resignation and/or dismissal within the period of 5 years from 2001 to 2005 to enhance its efficiency and operating profit. By the end of 2004, the accumulative net reduction during the past four years had amounted to 119,000 persons. In 2004, the Company has recorded employees reduction expenses of approximately RMB 920 million for about 24,000 employees (including 13,000 downhole operation staff to be reduced in 2005). The net reduction of number of employees in 2004 was 11,000.

### 13 MATERIAL LITIGATION AND ARBITRATION EVENTS

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

## 14 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 agreement)	Guaranteed amount (RMB million)	Type	Term	Whether completed or not	Whether for a connected party (Yes or No)
Shanghai Secco Petrochemical Co., Ltd.	2002.2.9	2,930	Joint and several liability guarantee	2002.2.9 –2021.12.20	No	Yes
Shanghai Secco Petrochemical Co., Ltd.	2002.2.9	4,062	Joint and several liability guarantee	2002.2.9 –2013.12.20	No	Yes
BASF-YPC Co., Ltd.	2003.3.7	4,680	Joint and several liability guarantee	2003.3.7 –2008.12.31	No	Yes
Yueyang Sinopec Shell Coal Gasification Co., Ltd.	2003.12.10	377	Joint and several liability guarantee	2003.12.10 –2017.12.10	No	Yes
Fujian Zhangzhao Expressway Service Company Limited	2003.1.21	10	Joint and several liability guarantee	2003.1.21 –2007.10.31	No	Yes
Others <sup>2</sup>		84				
Total amount of guarantee provided during the reporting period <sup>3</sup>						RMB 29 million
Total amount of guarantee outstanding at the end of the reporting period <sup>3</sup>						RMB 12,143 million

### Guarantees for subsidiaries

Total amount of guarantee provided for subsidiaries during the reporting period	RMB 2,483 million
Total amount of guarantee for subsidiaries outstanding at the end of the reporting period	RMB 2,656 million

### Total amount of guarantee (including those provided for subsidiaries)

Total guarantee amount <sup>4</sup>	RMB 14,799 million
Total amount of guarantee as a percentage of the Sinopec Corp. net assets	7.9%

### Guarantees not in compliance with the requirements of Document Zheng Jian Fa [2003] No. 56 <sup>5</sup>

Amount of guarantee provided for the holding shareholder or the other connected parties of which less than 50% (not include 50%) shares are owned by Sinopec Corp.	None
Amount of debt guarantee provided for the companies with liabilities to assets ratio of over 70%	RMB 184 million
Whether the total guaranteed amount is over 50% of the net assets	No
Total amount of guarantee not in compliance with the requirements of Document Zheng Jian Fa [2003] No. 56	RMB 184 million

Note 1: All the guarantees listed above fulfilled the specified review procedures.

Note 2: It is the guarantee sum provided by the Company's subsidiaries in the indicated period multiplying the shareholdings held by Sinopec Corp. in the respective subsidiaries.

Note 3: Total amount of guarantee provided during the reporting period and total amount of guarantee outstanding at the end of the reporting period include the external guarantees provided by the subsidiaries and associates. The amount of the guarantee provided by these subsidiaries and associates is the aggregate of guaranteed amount provided by these subsidiaries and associates multiplied by the respective shareholdings held by Sinopec Corp.

Note 4: Total guarantee amount is the sum of the amount of guarantee outstanding at the end of the reporting period (excluding the guarantee provided for subsidiaries) and the total amount of guarantee for subsidiaries outstanding at the end of the reporting period.

Note 5: It refers to Notice on Certain Issues Relating to Regulating Fund Transfers between a Listed Company and Connected Parties and the External Guarantees of Listed Company (Zheng Jian Fa [2003] No.56) promulgated by CSRC and SASAC.

## DISCLOSURE OF SIGNIFICANT EVENTS (CONTINUED)

### Performing Material Guarantees

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 currency for the Shanghai Secco project loan, and the amount of guarantee equals to RMB 6.992 billion. For further details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities and Securities Times in Mainland China on 2 April 2002 and the results announcement for the year 2001 published in South China Morning Post and Hong Kong Economic Times in Hong Kong.

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 the BASF-YPC projects. 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 equity pledge for the BASF-YPC project loan on the condition that BASF should provide equity pledge on the same terms. On 12 August 2004, Sinopec Corp. officially entered into the equity pledge agreement.

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 credit line guarantee equivalent to RMB 2.483 billion.

### 15 ADDITION OF MEMBER TO THE SECOND SESSION OF THE BOARD OF DIRECTORS

Since Mr. Liu Kegou, an ex-director of Sinopec Corp., resigned from the Board of Directors of Sinopec Corp., the China Development Bank nominated Mr. Gao Jian as a candidate to the Board on 29 April 2004. At the Annual General Meeting for the year 2003 held on 18 May 2004, Mr. Gao Jian was elected as a member of the Second Session of the Board of Directors of Sinopec Corp.

### 16 CHANGES IN SENIOR MANAGEMENT

At the sixteenth meeting of the Second Session of the Board of Directors of Sinopec Corp., the Board approved the resignation applications of Mr. Wang Jiming from the President position and Mr. Mou Shuling from the Senior Vice President position. The Board of Directors also approved the appointment of Mr. Wang Tianpu as President and Mr. Zhang Jianhua and Mr. Wang Zhigang as Senior Vice President of Sinopec Corp.

### 17 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Please refer to the section headed "Summary of Shareholders' Meetings" on page 62 of this Annual Report.

### 18 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.

### 19 OTHER SIGNIFICANT CONTRACTS

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

### 20 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.

## 21 ASSET SECURED

Details regarding the Company's secured assets as at 31 December 2004 are disclosed in Note 28 to the financial statements prepared under IFRS in this Annual Report.

## 22 AUDITORS

At the Annual General Meeting of Sinopec Corp. for the year 2003 held on 18 May 2004, KPMG Huazhen and KPMG were re-appointed as the domestic and international auditors of Sinopec Corp. for the year 2004, respectively, and the Board of Directors was authorized to determine their remunerations. As approved at the twelfth meeting of the Second Session of

the Board of Directors of Sinopec Corp., the audit fees for 2004 was HK\$ 50 million. The financial statements for the year 2004 have been audited by KPMG Huazhen and KPMG. The auditors' report on the financial statements issued by KPMG Huazhen was signed by Wu Wei and Song Chenyang, Certified Public Accountants registered in the People's Republic of China.

KPMG Huazhen and KPMG have provided auditing services to Sinopec Corp. for a consecutive period of 4.5 years, since the second half of 2000.

Auditor appointed	KPMG Huazhen (Domestic)	KPMG (Overseas)
Audit fees of Sinopec Corp. for year 2004	HK\$ 1,500,000 (unpaid)	HK\$ 21,500,000 (unpaid)
	HK\$ 1,500,000 (paid)	HK\$ 25,500,000 (paid)
Audit fees of Sinopec Corp. for year 2003	HK\$ 3,000,000 (paid)	HK\$ 52,000,000 (paid)
Other fees and other audit fees for year 2003*	HK\$ 3,000,000 (paid)	HK\$ 2,000,000 (paid)
Audit fees of Sinopec Corp. for year 2002	HK\$ 3,000,000 (paid)	HK\$ 52,000,000 (paid)
Travel and other expenses	Borne by the firm	Borne by the firm

### Notes:

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.

\* In the opinion of the Board, the other fees and other audit fees for year 2003 would not affect independence of the auditors.

### **23 INTERESTS OF DIRECTORS, SUPERVISORS AND OTHER MEMBERS OF THE SENIOR MANAGEMENT IN THE SHARE CAPITAL**

In 2004, none of the directors, supervisors or executive presidents 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).

### **24 APPLICATION OF THE MODEL CODE**

During this reporting period, none of the directors had breached the requirements set out in the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Listing Rules stipulated by the Hong Kong Stock Exchange. .

### **25 PURCHASE, SALES AND REDEMPTION OF SHARES**

Save as disclosed above, during this reporting period, the Company has not purchased, sold redeemed any listed securities of Sinopec Corp. or any of its subsidiaries.

### **26 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.