





SIGNIFICANT EVENTS

1 ELECTION OF MEMBERS OF THE THIRD SESSION OF THE BOARD OF DIRECTORS AND THE THIRD SESSION OF THE SUPERVISORY BOARD AND APPOINTMENT OF SENIOR MANAGEMENT

The Second Session of the Board of Directors and the Second Session of the Supervisory Board of Sinopec Corp. expired in the first half of 2006. On May 24, 2006, Sinopec Corp. held the Annual General Meeting of Shareholders for 2005, at which the members of the Third Session of the Board of Directors and the Third Session of the Supervisory Board were elected. On May 24, 2006, Sinopec Corp. held the first meeting of the Third Board of Directors and appointed new senior management. Please refer to DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES in this annual report for a list of the members of the Third Session of the Board of Directors and the Third Session of the Supervisory Board as well as the newly appointed senior management.

2 A-SHARE REFORM ON NON-TRADABLE SHARES

The A-Share Reform plan of Sinopec Corp. was approved at the shareholder's meeting for the A shares market held on September 25, 2006. According to such plan, holders of tradable A shares of Sinopec Corp. will obtain 2.8 shares of Sinopec Corp. paid by former holders of non-tradable shares of Sinopec Corp. for every 10 tradable A shares of Sinopec Corp. held by them; all former holders of the non-tradable shares of Sinopec Corp. have made the commitments that they will comply with the statutory provisions on selling restriction for the sale of their shares. All former holders of non-tradable shares of Sinopec Corp. have already paid up a total of 784,000,000 consideration shares for the A-Share Reform to all holders of tradable A shares. Such shares were listed for trading on October 10, 2006, which was the first trading day after implementation of the reform plan, and the former non-tradable shares held by shareholders of Sinopec Corp. were granted to be listed for trading on the same day.

Commitments made by former holders of non-tradable shares in the process of A-Share Reform on non-tradable shares and the performance of commitments.

Not applicable

Note: Commitments in this sub-section means those commitments other than statutory commitments made during A-Share Reform.

Changes in number of tradable shares without selling restrictions held by shareholders holding more than 5% of total shares in issue by the end of the reporting period, who were former holders of non-tradable shares.

Not applicable

3 PERFORMANCE OF THE COMMITMENTS BY SINOPEC GROUP COMPANY

By the end of the reporting period, the major commitments made by Sinopec Group Company included:

- i Complying with agreements regarding connected transactions;
- ii Solving the issues concerning the legality of 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 set out in the Prospectus for the Issuance of A Shares published by Sinopec Corp. in China Securities Journal, Shanghai Securities News and Securities Times on June 22, 2001.

During this reporting period, Sinopec Corp. was not aware of any breach of the above important commitments by Sinopec Group Company.

4 PROPOSAL FOR PROFIT DISTRIBUTION FOR 2006

In accordance with the provisions of Sinopec Corp.'s Articles of Association, the distribution of profit for a fiscal year shall 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. for 2006 audited under IFRS, which was RMB 78,493 million, after deducting the statutory surplus reserve RMB 5,066 million, the proposed discretionary surplus reserve RMB 20 billion, and deducting the final dividend for year 2005 and the interim dividend for 2006 distributed in 2006 totaled RMB 11,271 million, the amount of distributable profit to shareholders of Sinopec Corp. as at 31 December 2006 was RMB 42,156 million. On the basis of the total number of 86,702,439,000 shares at the end of 2006, the Board proposed a final

dividend of RMB 0.11 per share (including tax) in cash for year 2006 (totaled RMB 9,537 million), adding the distributed interim cash dividend of RMB 0.04 per share (totaled RMB 3,468 million), the total cash dividend for 2006 shall be RMB 0.15 per share (RMB 13,005 million in total). The proposal for profit distribution will be subject to review and approval at the Annual General Meeting of Shareholders for year 2006.

5 ISSUANCE OF CORPORATE BONDS AND INTEREST PAYMENT

On February 24, 2004, Sinopec Corp. successfully issued 10-year term domestic 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, 2006. By February 26, 2007, Sinopec Corp. had paid the full amount of coupon interest for the third interest payment year.

6 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 first tranche of the six-month commercial paper with interest rate 2.67% was issued on May 16, 2006 raising a total of RMB 10 billion and the second tranche of the six-month commercial paper with interest rate 3.20% was issued on November 13, 2006, raising a total of RMB 10 billion. The short-term commercial paper was issued to institutional investors in PRC inter-bank bond market (excluding investors prohibited by relevant PRC laws and regulations).

7 ISSUANCE OF DOMESTIC CORPORATE BONDS

On the First Extraordinary General Meeting of Shareholders of Sinopec Corp. for 2007, approval was given to the issuance of domestic corporate bonds which amounted up to RMB 10 billion to qualified domestic institutional investors and/or citizens holding legally effective identification certificate of PRC (excluding buyers prohibited by relevant PRC laws and regulations). Proceeds from the issuance of the bonds will be used to fund the one million tonne per annum (tpa) ethylene project and supporting facilities of Sinopec Tianjin, one million tpa ethylene project of Sinopec Zhenhai, 0.8 million tpa ethylene expansion project of Sinopec Guangzhou, and 0.6 million tpa PX and aromatics project of Sinopec Jinling.

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 December 7, 2006.

8 ISSUANCE OF CONVERTIBLE CORPORATE BONDS OVERSEAS

On the First Extraordinary General Meeting of Shareholders of Sinopec Corp. for 2007, approval was given to the issuance of corporate bonds convertible to listed overseas shares of Sinopec Corp. which amounted up to USD 1.5 billion (or approximately HKD 11.7 billion) and a mandate was granted to the Board of Sinopec Corp. to allot, issue and handle new domestic shares listed in China and new overseas shares listed abroad (up to twenty percent of domestic shares and overseas shares of Sinopec Corp. respectively). The fund raised from the issuance of convertible bonds is proposed to repay the foreign currency debt borrowed from domestic banks as "bridging loan" for the privatisation of the former Sinopec Beijing Yanhua Petrochemical Co., Ltd. and the former Sinopec Zhenhai Refining and Chemicals Co., Ltd., which were listed on the Hong Kong Stock Exchange before the privatisation by Sinopec Corp.

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 December 7, 2006.

9 MAJOR PROJECTS

(1) Sichuan-to-East China Gas Project

The project "Sichuan-to-East China Gas Project" consists of two parts, namely, the development of Puguang Gas field and natural gas pipeline from Sichuan to East China. As appraised by the Mineral Resource Reserve Appraisal Center of the Ministry of Land and Resources, by the end of 2006, Puguang Gas Field's proven recoverable reserves were 356 billion cubic meters. According to the market and resource conditions, the company plans to transport natural gas to markets in East China supplying gas to Sichuan, Changqing, Hubei, Jiang Xi, Anhui, Jiangsu, Zhejiang and Shanghai along the route to East China.

The total length of the natural gas pipeline from Sichuan to East China is 1,702 kilometers with designed capacity of 12 billion cubic meters per year.

The estimated total investment for the Sichuan-to-East China Gas Project is RMB 63.2 billion, and the whole project is expected to be completed in 2010.

(2) Qingdao refinery project

On July 22, 2004, the National Development and Reform Commission ("NDRC") approved the Feasibility Study Report on Qingdao Refinery Project. The refinery project with 10 million tpa of refining capacity was commenced in June 2005, and it is currently progressing smoothly and planned to be put into production in 2008.

(3) Hainan refinery project

On October 11, 2006, Sinopec Corp. and the overseas wholly-owned subsidiary of Sinopec Group Company — Century Bright International Investment Co, Ltd. (Century Bright International) signed a Joint Venture Contract, under which, Sinopec Corp. and Century Bright International agreed to increase the registered capital of Hainan Refinery & Chemicals Co., Ltd. by way of capital injection (Sinopec Corp. injected RMB 2,989.5 million of capital and Century Bright International injected RMB 996.5 million of foreign currency equivalents as capital). After completion of the capital injection, Sinopec Corp. and Century Bright International hold 75% and 25% of equity interests in Hainan Refinery & Chemicals Co., Ltd., respectively. The Hainan refinery project with 8 million tpa of capacity was put into commercial operation at the end of 2006. For further detail, 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 October 12, 2006.

(4) Tianjin one million tpa ethylene project

Tianjin ethylene project with investment of about RMB 26 billion mainly consists of the one million tpa ethylene project and 12.5 million tpa refinery reconstruction & expansion and thermal power supporting facilities. This project was commenced in June 2006, and it is currently progressing smoothly and planned to be completed and put into production at the end of 2009.

(5) Zhenhai one million tpa ethylene project

Zhenhai ethylene project with investment of about RMB 21.9 billion mainly consists of the one million tpa ethylene project and downstream supporting facilities and auxiliary utilities. This project commenced in November 2006, and it is currently progressing smoothly and planned to be completed and put into production in the first half of 2010.

(6) Fujian refinery & ethylene project and refined oil products marketing project

On February 25, 2007, Sinopec Corp., Fujian Province, Exxon Mobil and Saudi Aramco entered into a joint venture contract for the Fujian refinery & ethylene project. At the same time, Sinopec Corp., Exxon Mobil and Saudi Aramco also entered into a joint venture contract for the Fujian refined oil products marketing project.

According to the Fujian refinery & ethylene joint venture plan, the capacity of the existing oil refinery in Quanzhou of Fujian will be expanded from 4 million tpa to 12 million tpa and in the meantime, new chemical installations will be constructed, including 800 thousand tpa ethylene cracking units, 800 thousand tpa polyethylene units, 400 thousand tpa polypropylene units and 700 thousand tpa PX and aromatics units. In addition, the project also includes the construction of crude oil wharves with handling capacity of 300 thousand tonnes and its auxiliary utilities. The project will be constructed with 50%, 25% and 25% of equity investments by Fujian Refinery & Chemicals Co., Ltd. (a company incorporated with 50% and 50% equity investments by Sinopec Corp. and Fujian Province), Exxon Mobil and Saudi Aramco respectively, and it is planned to be completed and put into production at the beginning of 2009. With 55%, 22.5% and

SIGNIFICANT EVENTS (CONTINUED)

22.5% investments by Sinopec Corp., Exxon Mobil and Saudi Aramco, respectively, the Fujian refined oil product marketing joint venture is planned to manage and operate approximately 750 service stations and a number of oil depots.

On 15 March and 19 March 2007, the Ministry of Commerce approved the above joint venture contracts, and approved the establishment of Fujian Refining and Petrochemical Company Ltd. and Sinopec SenMei (Fujian) Petroleum Company Ltd..

10 THE TRANSFER OF STATE-OWNED SHARES FROM CHINA ORIENT ASSET MANAGEMENT CORPORATION, CHINA CINDA ASSET MANAGEMENT CORPORATION AND CHINA DEVELOPMENT BANK TO SINOPEC GROUP COMPANY UNDER AGREEMENTS

Sinopec Corp.'s former shareholders China Orient Asset Management Corporation, China Cinda Asset Management Corporation and China Development Bank entered into equity transfer agreements with Sinopec Group Company on April 29, 2006, June 6, 2006 and August 17, 2006, respectively, transferring 1,296,410,000 state-owned shares (approximately 1.5% of total shares of Sinopec Corp.), 2,848,890,000 state-owned shares (approximately 3.3% of total shares of Sinopec Corp.) and 632,570,000 state-owned shares (approximately 0.7% of total shares of Sinopec Corp.) of Sinopec Corp. held by them to Sinopec Group Company, respectively. Under the agreements Sinopec Group Company shall make payments in cash for the transfer to China Orient Asset Management Corporation, China Cinda Asset Management Corporation and China Development Bank respectively. The share transfer agreements between the above companies/bank and Sinopec Group Company have all been approved by the State-Owned Asset Supervision and Administration Commission under the State Council and the Ministry of Finance, and the formalities for transfer of the shares under these agreements were completed on September 27, 2006.

11 RECEIPT OF ONE-OFF SUBSIDY FROM THE CENTRAL GOVERNMENT DURING THE REPORTING PERIOD

During the reporting period, international crude oil prices went up continuously and remained at a high level for a long time, while domestic prices of oil products were tightly controlled and deviated from crude oil prices. Therefore, the central government provided the Company with a one-off subsidy of RMB 5 billion, which has been added into profit before taxation of the Company for 2006.

12 SPECIAL OIL INCOME LEVY

From March 26, 2006, the State started to impose special oil income levy on a pro rata basis on excess income from sales of domestic crude oil by oil production enterprises with selling prices over certain level. The special oil income levy will be calculated monthly at rates for 5 levels of accumulated excess on ad valorem basis and will be paid quarterly; the imposition rates shall be determined according to the monthly weighted mean of crude oil price sold by oil production enterprises; the price of crude oil is calculated by USD per barrel with the threshold price USD 40 per barrel. For further detail, please refer to relevant announcements 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 April 4, 2006.

13 ACQUISITION OF OIL PRODUCTION ASSETS OF SHENGLI PETROLEUM ADMINISTRATION BUREAU FROM SINOPEC GROUP COMPANY

At the sixth meeting of the Third Session of the Board of Directors convened by Sinopec Corp. on December 6, 2006, the Proposal on Acquisition of Oil Production Assets of Shengli Petroleum Administration Bureau from Sinopec Group Company was reviewed and approved. Under this proposal, the Company acquired the oil production assets owned by Shengli Petroleum Administration Bureau of Sinopec Group Company from Sinopec Group Company (including 64.73%

equity in Shengli Oil Field Dongsheng Jinggong Petroleum Development Co., Ltd., 100% equity in Petroleum Development Center of Shengli Petroleum Administration Bureau, 52% equity in Shengli Oil Field Zhongsheng Petroleum Development Co., Ltd. and oil wells and relevant oil production assets of the former Shengda Group Oil & Gas Company owned by Shengli Petroleum Administration Bureau of Sinopec Group Company located at Shengli Oil Field of Shandong Province, China). Consideration for the acquired assets was determined at RMB 3.5 billion through negotiation by both parties of the deal based on the evaluation result.

14 TENDER OFFER BY SINOPEC CORP. TO FOUR A SHARES SUBSIDIARIES

On February 25, 2006, the 24th meeting of the Second Session of the Board of Directors of Sinopec Corp. respectively approved Sinopec Corp.'s tender offers to acquire all the tradable shares of Sinopec Qilu Petrochemical Co., Ltd. (Qilu Petrochemical) at a price of RMB 10.18 per share, all the tradable shares of Sinopec Yangzi Petrochemical Co., Ltd. (Yangzi Petrochemical) at a price of RMB 13.95 per share, all the tradable shares of Sinopec Zhongyuan Oil & Gas Hi-tech Co., Ltd. (Zhongyuan Oil & Gas) at a price of RMB 12.12 per share, all the tradable shares of Sinopec Shengli Oil Field Dynamic (Group) Co., Ltd. (Petroleum Dynamic) at a price of RMB 10.30 per share and all the non-tradable shares of Petroleum Dynamic held by investors other than Sinopec Corp. at a price of RMB 5.60 per share. Qilu Petrochemical has terminated listing and trading from April 24, 2006, and Yangzi Petrochemical, Zhongyuan Oil & Gas and Petroleum Dynamic have terminated listing and trading from April 21, 2006. 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 (Petroleum Dynamic's announcement was only published in China Securities Journal and Securities Times).

At the extraordinary general meeting of shareholders convened by Qilu Petrochemical on February 28, 2007, the proposal on merger by absorption of Qilu Petrochemical and Zibo Jisu Chemical Co., Ltd. was approved; at the extraordinary general meeting of shareholders convened by Zhongyuan Oil & Gas on the same day, the proposal on merger by absorption of Zhongyuan Oil & Gas and Henan Zhongpu Oil & Gas Technology Co., Ltd. was approved; at the extraordinary general meeting of shareholders convened by Yangzi Petrochemical on the same day, the proposal on merger by absorption of Yangzi Petrochemical and Sinopec Yangzi Petrochemical Co., Ltd. was approved; at the extraordinary general meeting of shareholders convened by Petroleum Dynamic on the same day, the proposal on merger by absorption of Petroleum Dynamic and Shengli Oil Field Haosheng Petrochemical Co., Ltd. was approved. For further detail, please refer to the relevant announcements published in Shanghai Securities News, China Securities Journal and Securities Times respectively on March 1, 2007. The above-mentioned four companies paid considerations for the mergers to the holders of remaining shares on March 19, 2007. For details, please refer to relevant announcements published in Shanghai Securities News, China Securities Journal and Securities Times respectively on March 12, 2007.

15 MERGER BY ABSORPTION OF ZHENHAI REFINERY & CHEMICALS

On November 12, 2005, the Agreement of Merger by Absorption was entered into between Sinopec Zhenhai Refinery & Chemicals Co., Ltd. (Zhenhai Refinery & Chemicals) and Ningbo Yonglian Petrochemical Co., Ltd. (“Ningbo Yonglian”). For further details, please refer to the relevant 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 Zhenhai Refinery & Chemicals and approved by the shareholders of Ningbo Yonglian, as well as by domestic and overseas securities regulatory authorities. Zhenhai Refinery & Chemicals was delisted on March 24, 2006.

16 REORGANIZATION OF SINOPEC SHIJIAZHUANG REFINING & CHEMICAL, SHARE TRANSFER OF WUHAN PETROLEUM, AND A-SHARE REFORM OF TAISHAN PETROLEUM

On January 23, 2007, Sinopec Corp. entered into the Asset Acquisition Agreement and Share Repurchase Agreement with Sinopec Corp.’s controlled subsidiary—Shijiazhuang Refining and Chemical Co., Ltd. (Shijiazhuang & Refining Chemical). According to the Asset Acquisition Agreement, the assets acquisition and shares repurchase are subject to the approval by the state-owned asset administration authority and China Securities Regulatory Commission (“CSRC”). After completion of the acquisition, Sinopec Corp. will succeed existing business of Shijiazhuang Refining & Chemical. After completion of the share repurchase, Shijiazhuang Refining & Chemical will immediately deregister shares repurchased and, as a result, Sinopec Corp. will no longer be a shareholder of Shijiazhuang Refining & Chemical.

On December 27, 2006, Sinopec Corp. entered into the Share Transfer Agreement with Shengshida Investment Co., Ltd. proposing to transfer 67,912,000 state-owned corporate shares of Sinopec Wuhan Petroleum Group Co., Ltd. (Wuhan Petroleum) held by Sinopec Corp. (accounting for 46.248% of the total shares of Wuhan Petroleum) to Shengshida Investment Co., Ltd. This share transfer is subject to the approval by the state-owned asset administration authority and CSRC.

On March 5, 2007, Sinopec Taishan Petroleum Co., Ltd. (Taishan Petroleum) convened a shareholders’ meeting for A-Share Reform, at which the A-Share Reform plan for Taishan Petroleum was passed. For further details, please refer to relevant announcements published in the Securities Times on March 7, 2007.

17 MATERIAL LITIGATION AND ARBITRATION EVENTS

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

SIGNIFICANT EVENTS (CONTINUED)

18 MATERIAL GUARANTEE CONTRACTS AND PERFORMANCE THEREOF

Guarantees provided by the Company (excluding the guarantees provided for controlling 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	2,764	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	4,594	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
Shanghai Gaoqiao-SK Solvent Co., Ltd.	22 September 2006	20	Joint and several liability	22 September 2006 -22 September 2011	No	Yes
Shanghai Gaoqiao-SK Solvent Co., Ltd.	24 November 2006	35	Joint and several liability	24 November 2006 -24 November 2011	No	Yes
Balance of Guarantee by Yangzi Petrochemical for its associates and joint ventures		45			No	Yes
Balance of Guarantee by Shanghai Petrochemical for its associates and joint ventures		28			No	Yes
Total amount of guarantees provided during the reporting period ²						RMB 100 million
Total amount of guarantees outstanding at the end of the reporting period ²						RMB 11,935 million

Guarantees by the Company to subsidiaries

Total amount of guarantee provided to subsidiaries during the reporting period	RMB 170 million
Total amount of guarantee for subsidiaries outstanding at the end of the reporting period	RMB 2,674 million

Total amount of guarantees of the Company (including those provided for controlled subsidiaries)

Total amount of guarantees ³	RMB 14,609 million
Total amount of guarantees as a percentage of Sinopec Corp.'s net assets	5.7%

Guarantees provided for shareholders, effective controllers and connected parties	None
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio of over 70%	RMB 177 million
The amount of guarantees in excess of 50% of the net assets	None
Total amount of the above three guarantee items⁴	RMB 177 million

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

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

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

Note 4: "Total amount of the above three guarantee items" is the aggregate of "guarantees provided for shareholders, effective controllers and connected parties", "amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio of over 70%" and "the amount of guarantees 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., Sinopec Corp. was approved 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 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.

On March 7, 2003, Sinopec Corp. entered into guarantee agreements with domestic and foreign banks for the completion of the BASF-YPC project, 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 the project.

At the Twenty-second meeting of the First Session of the Board of Directors of Sinopec Corp., approval was given to 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., approval was also given to 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., Sinopec Corp.'s, approval was given to the provision of a credit line guarantee equivalent to RMB 2.343 billion to China International United Petroleum & Chemical Co., Ltd.

Specific statement and independent opinions presented by independent directors regarding external guarantees provided by Sinopec Corp. accumulated up to and during 2006

We, as independent directors of Sinopec Corp., hereby make the following statement after conducting a thorough checking of external guarantees provided by Sinopec Corp. accumulated up to and during 2006 in accordance with requirements of the Shanghai Stock Exchange:

The accumulated balance of external guarantees provided by Sinopec Corp. for 2006 was about RMB 14.609 billion, accounting for approximately 5.7% of the Company's net assets, representing a year-on-year decrease of 1%. Guarantees provided by Sinopec Corp.

(including those provided by the Company's controlling subsidiaries) for 2006 were equivalent to RMB 270 million which consisted mainly of the guarantee equivalent to RMB 170 million provided by Sinopec Corp. to Sinopec Qingdao Refinery & Chemicals Co., Ltd., of which Sinopec Corp. holds 85% shares, and the guarantee equivalent to RMB 55 million provided by Sinopec Corp. to Shanghai Gaoqiao-SK Solvent Co., Ltd., of which Sinopec Corp. holds 50% shares. External guarantees provided before 2006 have been disclosed in detail in the annual report for 2005.

We hereby present the following opinions:

Sinopec Corp. has performed examination & approval procedures for external guarantees accumulated up to and during 2006 in accordance with relevant provisions of laws, regulations and the Articles of Association, disclosing relevant information truly and completely. Sinopec Corp. will continue to perform approval and disclosure procedures for new external guarantees occurred thereafter in strict accordance with relevant provisions for guarantees.

19 GENERAL MEETING OF SHAREHOLDERS

During the reporting period, Sinopec Corp. held two shareholders' general meetings in strict compliance with the procedures of notification and convening of shareholders' meetings 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.

20 TRUSTEESHIP, SUB-CONTRACT AND LEASE

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

21 OTHER MATERIAL CONTRACTS

During this reporting period, Sinopec Corp. did not have any omission in disclosure of any other material contracts that are subject to disclosure.

22 ENTRUSTED MONEY MANAGEMENT

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

23 ASSET SECURED

Details regarding the Company's secured assets as at 31 December 2006 are disclosed in Note 30 to the financial statements prepared under IFRS in this Annual Report.





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

As of December 31, 2006, none of Sinopec Corp.'s directors, supervisors and other members of the senior management held any share of Sinopec Corp.

During this reporting period, none of the directors, supervisors or other members of the senior management or any of their respective associates had any interests and short positions (including those that are deemed to be such, or regarded as owned in accordance with relevant provisions of the Securities and Futures Ordinance) 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).

25 REPURCHASE, SALES AND REDEMPTION OF SHARES

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

26 OTHER SIGNIFICANT EVENTS

During the reporting period, neither Sinopec Corp. nor the Board of Directors of Sinopec Corp. and the directors thereof were subject to any investigation by the CSRC, nor was there any administrative penalty or circular of criticism released 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.