

SIGNIFICANT EVENTS

A. Corporate Governance

The Company has strictly complied with relevant requirements of the Company Law, Securities Law, Corporate Governance Principles for Listed Companies, Notice on Issuing the Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies, the Shanghai Stock Exchange, The Stock Exchange of Hong Kong Limited and the New York Stock Exchange to put forward the advancement of the Company's system and management, improve the corporate governance structure, strengthen the formulation of the Company's system in order to enhance the overall image of the Company.

At the Annual General Meeting for 2004, the Company passed a resolution to approve the proposed amendments to the Articles of Association of the Company.

B. 2004 Profit Appropriation Plan

The Profit appropriation plan for 2004 was approved at the Company's 2004 Annual General Meeting. A dividend of RMB 2.00 (tax included) per 10 shares will be distributed to shareholders, based on the total share capital of 7,200,000,000 shares at the end of 2004. Relevant announcement was published on Shanghai Securities News, China Securities Journal, South China Morning Post and Hong Kong Commercial Daily on 29 June 2005. On 11 July 2005, the Company published the profit appropriation plan for A shares. In respect of the distribution of A-share dividend, the share right registration date was 14 July 2005, ex-dividend date was 15 July 2005. The dividend payment date for social public shares of A shares and H shares was 21 July 2005. Such profit appropriation plan has been implemented as scheduled.

C. Interim dividend for 2005

The Board of Directors of the Company does not recommend any interim dividend for the six-month period ended 30 June 2005.

D. Material Litigation and Arbitration

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

E. Acquisition, Sale and Merger

There was no significant acquisition, sale and merger made by the Company during the reporting period.

F. Major Connected Transactions

On 28 June 2005, the Company held an Extraordinary General Meeting. On the meeting, the resolutions of the Sales and Framework Agreement, the Comprehensive Services Framework Agreement and the caps for each of the Continuing Connected Transactions for the years ended 31 December 2005, 31 December 2006 and 31 December 2007 was approved by independent shareholders.

- (a) The following transactions are the significant related party transactions relating to purchases of goods that occurred during the reporting period

Related parties	Type of transactions	Amount RMB'000	Percentage of total
			amount of the type of transaction %
Sinopec Pipeline Storage and Transport Branch	Purchase	9,077,446	49.43
China International United Petroleum & Chemicals Co. Ltd	Purchase	2,586,930	14.09
Sinopec International Co., Ltd.	Purchase	790,210	4.30
Other fellow subsidiaries	Purchase	647,957	3.53

- (b) The following transactions are the significant related party transactions relating to sales of goods and provision of services that occurred during the reporting period.

Related parties	Type of transactions	Amount RMB'000	Percentage of total
			amount of the type of transaction %
Sinopec Huadong Sales Company	Sales of products	7,082,931	32.36
Other fellow subsidiaries	Sales of products and service fee	1,993,028	9.11

- (c) Connected debts and liabilities

Connected parties	Relations with the listed company	Funds provided by the listed company to the connected parties		Funds provided by the connected parties to the listed company	
		Net transaction		Net transaction	
		amount	Balance	amount	Balance
Sinopec Corp. Transport and Storage Branch	Subsidiary wholly owned by the parent company	(162,057)	-	38,542	40,068
Controlling companies and other connected parties	Others	(81,328)	7,398	(167,872)	11,784
Total		(243,385)	7,398	(129,330)	51,852

Including: The net decrease of funds provided by the listed company to controlling shareholders and subsidiaries amounted to RMB 81.842 million, and with a balance of RMB 6.884 million.

G. Material contracts

1. Trust, sub-contract and leasing

During the reporting period, the Group did not enter into any trust, sub-contract or lease arrangements relating to its own assets or the assets of any other company.

2. Guarantees

Guaranteed entities	Date (Agreement signing date)	Guarantee amount (RMB'000)	Type of guarantee	Guarantee period	Guarantee expired	Guarantee for a connected party
Jinshan Hotel	28 December 2001	13,250	Bank Loan	5 years	No	Yes
Jinsen Limited	23 March 2004	40,000	Bank Loan	3 years	No	Yes
Others	1 March 1999 to 20 January 2005	25,336	Bank Loan	1 year to 6 years	No	Yes

Amount of guarantees signed during the reporting period(RMB'000) 1,500

Amount of guarantees at the end of the reporting period(RMB'000) 78,586

Guarantees to subsidiaries:

Amount of guarantees to subsidiaries signed by the company during the reporting period(RMB'000) 152,077

Amount of guarantees to subsidiaries at the end of the reporting period(RMB'000) 772,139

Total guarantee amount (including guarantees to subsidiaries):

Total guarantee amount(RMB'000) 850,725

Total guarantee amount as a percentage of net asset value of the Company 4.45%

Guarantees in violation of regulations:

Amount of guarantee provided to other related parties in which the shareholdings

by the controlling shareholders and the Company are below 50%(RMB'000) 48,286

Amount of guarantee provided directly or indirectly to guarantee target with gearing ratio exceeding 70%(RMB'000) 574,013

Total guarantee amount exceeding 50% of the net assets of the Company(RMB'000) 0

Amount of guarantee in violation of regulations(RMB'000) 616,563

3. Trust Financial Management

During the reporting period, the Company did not arrange trust financial management.

4. Other material contracts

During the reporting period, the Company had no other material contracts for which the Company did not perform its obligations.

H. Commitments of the Company or any shareholders with a shareholding above 5% of the total shares in issue

Neither the Company nor any shareholder with a shareholding above 5% of the total shares in issue has disclosed in the designated newspaper or websites any commitment with any party.

I. Auditors

KPMG Huazhen and KPMG were re-appointed as the Company's domestic and international auditors respectively for the year 2005, as approved at the 2004 Annual General Meeting.

J. Penalties on the Company, the Board and the Directors

During the reporting period, the Board and the Directors had not been investigated, administratively punished or publicly criticized by the China Securities Regulatory Commission or publicly reprimanded by the Shanghai Stock Exchange.

K. Other important events

On 28 June 2005, the Company held Annual General Meeting for 2004 and Extraordinary General Meeting for 2005, respectively.

L. Other Important Information

- a. On 24 March 2005, the Company released 2004 Annual Results Announcement, Resolutions of the Twenty First Meeting of the Fourth Session of the Board of Directors and Resolutions of the Thirteenth Meeting of the Fourth Session of the Supervisory Committee, which were published on Shanghai Securities News, China Securities Journal, South China Morning Post and Hong Kong Commercial Daily and on the Shanghai Stock Exchange ("SSE") website www.sse.com.cn accessible by entering the Company's Code (600688) in the section headed "Listed Companies Information Search".
- b. On 29 April 2005, the Company released First Quarterly Report of 2005, Resolutions of the Twenty Second of the Fourth Session of the Board of Directors, Resolutions of the Fourteenth Meeting of the Fourth Session of the Supervisory Committee and the Continuing Connected Transaction Announcement and Connected Transaction Announcement which were published on Shanghai Securities News, China Securities Journal, South China Morning Post and Hong Kong Commercial Daily and SSE website.
- c. On 13 May 2005, the Company released Notice to Annual General Meeting for 2004 and Notice to Extraordinary General Meeting for 2005 which were published on Shanghai Securities News, China Securities Journal, South China Morning Post and Hong Kong Commercial Daily and SSE website.
- d. On 29 June 2005, the Company released Resolutions of Annual General Meeting for 2004, Resolutions of Extraordinary General Meeting for 2005, Resolutions of the First Meeting of the Fifth Session of the Board of Directors of the Company and Resolution of the First Meeting of the Fifth Session of the Supervisory Committee of the Company which were published on Shanghai Securities News, China Securities Journal, South China Morning Post and Hong Kong Commercial Daily and SSE website.