

### To all shareholders:

During this reporting period, all members of the Supervisory Committee observed the principle of good faith and duly fulfilled their supervisory duties in accordance with the Company Law of the PRC and the relevant provisions of the Articles of Association of Sinopec Corp. to safeguard the rights of the shareholders and the interest of the Company.

During this reporting period, the Supervisory Committee held two meetings.

At the fifth meeting of the Second Session of the Supervisory Committee held on 25 March 2005, the Committee reviewed the report submitted by the Department of Finance on Operating Results and Financial Positions for Year 2004 and the Explanatory notes on the auditor's report submitted by KPMG. It also considered and approved the Financial Statements for Year 2004, Annual Report for Year 2004 as well as its relevant summary, and the Proposal on Profit Appropriations for Year 2004; discussed and approved the Report of the Supervisory Committee for Year 2004 and the Work Plan for Year 2005. The Supervisory Committee also notified in writing investigation and inspection of Wuhan Petroleum and Taishan Petroleum undertaken by some supervisors and the relevant resolutions were passed at the meeting.

At the sixth meeting of the Second Session of the Supervisory Committee held on 26 August 2005, the Committee considered and approved the Interim Financial Report for the First Half of 2005, the Interim Report for the First Half of 2005 and its summary, and the Proposal on profit appropriations for the First Half of 2005. It also notified in writing visits to and inspection of the southwest subsidiary, the northwest sales subsidiary and Sichuan and Chongqing subsidiary undertaken by some supervisors and the relevant resolutions were passed on the meeting.



Mr. Wang Zuoran, Chairman of the Supervisory Committee

In addition, the Supervisory Committee exercised oversight over major decisions of the Company, such as capital operations, asset restructuring, connected transactions and dividend distribution, by attending meetings of the Board of Directors.

Through its diligent performance of supervisory and oversight duties, the Supervisory Committee believe that: in 2005, Sinopec Corp. has abided by the principles of standardisation, precision and integrity in its operation. Confronted with soaring international crude oil

price, tight control of domestic refined oil product prices and wild fluctuations in the chemicals market, Sinopec Corp. continued to focus on the policy of "reform, streamline, innovation and development", and took market based initiatives to increase returns by leveraging its overall strength, timely adjusting operations strategy, strengthening internal management and optimising operations. These efforts have been rewarded in increased production volume, steady improvements in operations quality and increased economic returns.

Firstly, the Board of Directors diligently discharged its obligations and exercised its rights under the Company Law of the PRC and the Company's Articles of Association, fully implemented the resolutions of the general meeting of shareholders and the meetings of Board of Directors and made decisions in a timely manner over material affairs including the capital operations, production and operating plans and development goals. The Board fully implemented the internal control system to further improve the Company's corporate governance structure. The Directors and the senior management officers acted diligently and in good faith, and operated in compliance with laws and regulations. No violation or breach of laws, regulations or the Articles of Association on the part of the aforementioned persons, nor any act to the detriment of the Company's interest, was found during the reporting period.

Secondly, the preparation and review of the annual report comply with applicable laws, regulations, the Company's Articles of Association and other internal management rules, the content and forms of which complies with the requirements of CSRC and the stock exchanges. The information contained in the report accurately reflect in all respects the operations, management and financial status of the Company for 2005.

Thirdly, the Financial Statement for the year 2005 has been prepared in accordance with the PRC Accounting Rules and Regulations and the IFRS respectively. The principle of consistency

has been adopted in preparing the financial reports and the reported data truly and fairly reflect the Company's financial status and operating performance. According to the financial data prepared in accordance with the PRC Accounting Rules and Regulations, the income from the Company's principal operations and net profits were RMB 799.115 billion and RMB 39.558 billion respectively. According to the financial data prepared in accordance with the IFRS, the turnover, the Company's turnover and other operating revenues, and profit attributable to shareholders were RMB 832.532 billion and RMB 40.920 billion respectively.

Fourthly, the Company utilised RMB 611 million from funds of previous years' financing activities, which is in conformity with the Company's undertakings for use of proceeds. By 31 December 2005, the proceeds of RMB 11.648 billion from issuance of A shares had used up.

Fifthly, the Company's acquisition and sales of assets were in conformity with the relevant regulations and laws. In this reporting period, the consolidation of Beijing Yanhua, China Phoenix and Zhenhai Refinery and Chemicals was either basically completed or was under way. In relation to the above, there were no insider dealings, and nothing in the transactions were found to be detrimental to the shareholders' interests and/or led to a loss of assets of the Company.

Sixthly, all connected transactions are compliant with related regulations. All connected transactions between the Company and the Sinopec Group Company were in conformity with the relevant rules and regulations of the Hong Kong Stock Exchange and Shanghai Stock Exchange. The connected transactions were conducted on the basis of fair and reasonable price and abided by the principle of "fair, just and open". Nothing in these transactions was found to be detrimental to the Company's benefits.

In the year ahead, the Supervisory Committee will further develop its focus on operation, carry out balanced development with emphasis on the improvement and implementation of internal control systems. In addition, the Committee will work on aspects including the implementation of the fixed asset investment plan, asset acquisition or swap, connected transactions and financial budget implementation. The Committee will strengthen its supervision and investigation of the Company based on the principle of honesty and good faith to promote the growth of the Company's economic benefits in 2006 and to safeguard the shareholders' interests.

**Wang Zuoran**

*Chairman of the Supervisory Committee*

Beijing China  
31 March 2006