



中国石油化工股份有限公司

CHINA PETROLEUM & CHEMICAL CORPORATION

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0386)

Announcement of one-off Governmental Compensation

The international prices of crude oil continued to rise in 2005 and maintained at a high level. This created a distortion of the correlation of domestic refined oil product prices and the crude oil prices. China Petrochemical Corporation (“Sinopec Group Company”) recently received notice from the Ministry of Finance (Caiqi [2005] No. 298) that the Ministry of Finance will provide Sinopec Group Company a one-off compensation of RMB10 billion, of which China Petroleum & Chemical Corporation and its subsidiaries, (the “Company”) will receive a one-off compensation of RMB 9.415 billion. The compensation will be recorded as part of the total profits of the Company for 2005 (before tax) and will be subject to profits tax.

This announcement is made pursuant to Rule 11 of the Listing Rules of the Shanghai Stock Exchange.

By Order of the Board
China Petroleum & Chemical Corporation
Chen Ge
Secretary to the Board of Directors

Beijing, PRC, 27 December 2005

As at the date of this announcement, the executive directors of Sinopec Corp. are Messrs. Chen Tonghai, Wang Jiming, Mou Shuling, Zhang Jiaren, Cao Xianghong; the non-executive directors of Sinopec Corp. are Messrs. Liu Genyuan, Gao Jian and Fan Yifei; the independent non-executive directors of Sinopec Corp. are Messrs. Chen Qingtai, Ho Tsu Kwok Charles, Shi Wanpeng and Zhang Youcai; and the employee representative director of the Sinopec Corp. is Mr. Cao Yaofeng.

Please also refer to the published version of this announcement in South China Morning Post.