



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 ON PROPOSAL RELATING TO THE ISSUE OF
DOMESTIC CORPORATE BONDS**

Proposed Domestic Corporate Bonds Issue

The Board of Sinopec Corp. announces that on 3 April 2008, it resolved to submit to shareholders for consideration and approval the proposed issue of Domestic Corporate Bonds with an aggregate principal amount of not more than RMB20 billion at the AGM to be held on 26 May 2008.

Circular

A circular containing, among other things, details of the proposed issue of Domestic Corporate Bonds and notice to shareholders convening the AGM will be dispatched to shareholders as soon as practicable.

This announcement is made by Sinopec Corp. pursuant to 13.09(1) of the Hong Kong Listing Rules.

I PROPOSED ISSUE OF DOMESTIC CORPORATE BONDS

1. Background

To satisfy the demand for working capital of Sinopec Corp., reduce the financing costs and make full use of the flexibility of the corporate bonds, the Board announces that on 3 April 2008, it resolved to submit to shareholders for consideration and approval the proposed issue of Domestic Corporate Bonds with an aggregate principal amount of not more than RMB20 billion at the AGM to be held on 26 May 2008.

According to the Company Law of the PRC and the Articles of Association of Sinopec Corp., the Domestic Corporate Bond Issue is subject to the approval of shareholders (including holders of H shares and domestic shares).

After approval of shareholders is obtained, the Domestic Corporate Bond Issue will still require final approval from the CSRC. The timing of the issue will depend on the timing of the approval and the condition of the bond market of the PRC.

2. Proposed Issue of Domestic Corporate Bonds

The proposed arrangements for the Domestic Corporate Bond Issue are as follows (such arrangements are subject to the approval of the CSRC and the condition of the PRC bond market):

- 1 Issuer : China Petroleum & Chemical Corporation
- 2 Place of issue : Public of Mainland China
- 3 Size of Domestic Corporate Bond Issue : The aggregate principal amount of the Domestic Corporate Bonds shall not be more than RMB20 billion.
- 4 Arrangement for issue of Domestic Corporate Bonds to the holders of A shares of Sinopec Corp. : The Domestic Corporate Bonds will be issued or placed to the existing holders of A shares of Sinopec Corp.. Subject to the granting of authorisation to the Board by the shareholders of Sinopec Corp. at the AGM, the specific terms and conditions for the Domestic Corporate Bonds Issue (including whether such issuance will be made by way of placing and the proportion of placing) will be determined by the Board after taking into account of the market conditions prior to the issuance.
- 5 Duration : 5-10 years since the date of issuance of the Bonds. The Domestic Corporate Bonds may be issued under single category or mixed categories with different maturity. Subject to the granting of authorisation by shareholders of Sinopec Corp. to the Board at the AGM, the maturity and the issue size of each category of the Domestic Corporate Bonds will be determined by the Board according to the relevant requirements and the market conditions prior to the issuance.
- 6 Coupon rate : The final rate will not exceed 90% of the rate for RMB loans as announced by the People's Bank of China for the same tenure at the time of the issue. (Subject to the granting of authorisation by the shareholders of Sinopec Corp. to the Board at the AGM, the final rate will be determined by the Board according to the market conditions prior to the issuance.)

- 7 Guarantor : It is tentatively decided that China Petrochemical Corporation will provide guarantee for the issue of the Domestic Corporate Bonds. Subject to the granting of authorisation by the shareholders of Sinopec Corp. to the Board at the AGM, the arrangement for provision of guarantee will be determined by the Board according to the market conditions prior to the issuance and the relevant regulatory requirements.
- 8 Listing of Domestic Corporate Bonds : Subject to the satisfactory of the relevant requirements for listing of shares, application for listing of the Domestic Corporate Bonds on the qualified stock exchange will be made.
- 9 Validity of the resolution in respect of Domestic Corporate Bond Issue : The authority granted to the Board by way of special resolutions passed at the AGM with regard to the proposed issue of Domestic Corporate Bonds will expire 24 months after the date of such resolutions passed at the aforesaid AGM.

3. Proposed Use of Proceeds

It is planned that RMB10 billion of the proceeds raised from the Domestic Corporate Bond Issue will be used to improve Sinopec Corp.'s debt structure and the remaining proceeds from the Domestic Corporate Bond Issue will be used to supplement the working capital of Sinopec Corp. so as to improve its fund status.

4. Granting of Authorisation to the Board to Deal with Matters Relating to the Domestic Corporate Bond Issue

To ensure the smooth issue of the proposed Domestic Corporate Bonds and in accordance with the relevant provision of the "Tentative Methods on Issue of Corporate Bonds" promulgated by the CSRC, it is proposed that the Board will be authorised by shareholders at the AGM to deal with all the matters relating to the Domestic Corporate Bond Issue, including but not limited to the following:

- (1) to formulate the specific issue plan with respect to the Domestic Corporate Bond Issue and make amendments and adjustments to the terms of the issue to the extent permitted by laws and regulations based on the specific circumstances of Sinopec Corp. and the prevailing market, including without limitation to: the terms relating to the issue size, maturity, coupon rate or method of determination, timing of issuance, provision of security, duration and method of repayment of the principal and the interests, the specific placing arrangements and the place of listing, and any other matters relating to the proposed issue such as whether the Domestic Corporate Bonds will be issued in instalments and whether any term of repurchase and redemption will be adopted for such issue, etc.

- (2) to appoint intermediaries to deal with the Domestic Corporate Issue and to deal with matters relating to the application for the listing of the Domestic Corporate Bonds;
- (3) to select entrusted manager to execute the agreement for management of entrusted bonds and to formulate the rules on meetings of the holders of Domestic Corporate Bonds;
- (4) to enter into contracts, agreements and documents with respect to the proposed issuance and the listing of Domestic Corporate Bonds and to make appropriate information disclosure;
- (5) to deal with matters relating to the listing of the Domestic Corporate Bonds upon completion of the issuance;
- (6) to authorise the Board to determine not to distribute dividends to shareholder in the circumstances where Sinopec Corp. expects that it may fail or is unable to repay the principal and the interests of the Domestic Corporate Bonds on schedule;
- (7) to authorise the Board to make corresponding changes based on the opinions of the regulatory authorities on the specific plan of the issue of the Domestic Corporate Bonds in the circumstances when there is any change to the policies on the issuance of corporate bonds or the market conditions, save for the issues which are subject to the re-voting by shareholders at the general meeting of shareholders as required under the relevant laws, regulations and Articles of Association of Sinopec Corp;
- (8) to deal with any other matters relating to the proposed Domestic Corporate Bond Issue and the listing of the Domestic Corporate Bonds.

The proposed issue of Domestic Corporate Bonds will be conditional on, among other things, the following:

- (1) the obtaining of the approvals by way of special resolution at the AGM;
- (2) the obtaining of the approvals or consents from the relevant PRC regulatory authorities including:
 - (a) the CSRC; and
 - (b) other relevant regulatory bodies

II RECOMMENDATION

The directors believe that the proposed issue of the Domestic Corporate Bond is in the

best interests of Sinopec Corp. and its shareholders and accordingly recommend the shareholders to vote in favour of the resolutions at the AGM.

III AGM

Sinopec Corp. is preparing to convene the AGM on or about 26 May 2008. A circular containing, among other things, details of the proposed Domestic Corporate Bond Issue and notice to shareholders convening the AGM will be dispatched to shareholders as soon as practicable.

IV DEFINITION

In this Announcement, unless otherwise indicated in the context, the following expressions have the meaning set out below:

"Articles of Association"	of	the articles of association of Sinopec Corp.
"Board"		the board of directors of Sinopec Corp.
"Domestic Corporate Bond Issue"		the proposed issue of Domestic Corporate Bonds by Sinopec Corp.
"Domestic Corporate Bonds"		domestic corporate bonds of not more than RMB 20 billion in principal amount proposed to be issued by Sinopec Corp.
"AGM"		the annual general meeting of Sinopec Corp. for 2007 to be held on 26 May 2008 at 9:00 a.m. at Crowne Plaza Beijing Wuzhou, No. 8 Beichendong Road, Chaoyang District, Beijing, the People's Republic of China
"CSRC"		China Securities Regulatory Commission
"Mainland China"		the PRC, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
"RMB"		Renminbi, the lawful currency of PRC
"Sinopec Corp."		China Petroleum & Chemical Corporation

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

Beijing, PRC
3 April 2008

As at the date of this Announcement, the directors of Sinopec Corp are Messrs. Su Shulin, Zhou Yuan*, Wang Tianpu#, Zhang Jianhua#, Wang Zhigang#, Dai Houliang#, Fan Yifei*, Yao Zhongmin*, Shi Wanpeng+, Liu Zhongli+ and Li Deshui+.*

Executive Directors

** Non-executive Directors*

+ Independent Non-executive Directors