



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 Financial Support Policy to Guarantee the
Supply for the Refined Oil Market**

China Petroleum & Chemical Corporation and all members of its board of directors warrant the authenticity, accuracy and completeness of the information contained in this announcement, and jointly and severally accepts full responsibility for any misrepresentation, misleading statements or material omissions contained in this announcement.

This announcement is made pursuant to Rules 13.09 (1) and 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

This year, the international crude oil prices have been continuously climbing. Due to the strict control over refined oil prices in the People's Republic of China (the "PRC"), a distortion to the correlation of the refined oil prices and crude oil prices occurred. China Petroleum & Chemical Corporation (the "Company") has taken various measures to guarantee the supply for the refined oil market in the PRC, which resulted in great losses in the oil-refinery business and massive decline in overall performance of the Company. Recently, the Company received a notice from the Ministry of Finance regarding the policy on provision of financial support to guarantee the supply for the refined oil market. The matters in relation to provision of financial support setting out in the notice are as follows:

1. From 1 April of this year, the central finance authority has started to provide appropriate subsidy to compensate the losses arising from the imported crude oil processing. The subsidy will be distributed in advance and settled on a monthly basis.
2. During the second quarter of this year, value-added tax (VAT) imposed on refined oil imports to be paid in advance will be refunded in full amount.

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

Beijing, the PRC
20 April 2008

As at the date of this Announcement, the directors of the Company 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