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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 TO ISSUE DOMESTIC CORPORATE BONDS
AND
PROPOSAL TO ISSUE A SHARE CONVERTIBLE BONDS**

On 26 August 2011, the Board resolved, among other things, to seek the Shareholders' approval for the proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds.

The proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds are subject to the Shareholders' approval at the EGM.

A circular containing, among other things, details of the proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds, together with notice of the EGM, will be despatched to the H Shareholders as soon as practicable.

I PROPOSAL IN RELATION TO THE ISSUANCE OF DOMESTIC CORPORATE BONDS

(I) Background

To satisfy the demand for working capital of Sinopec Corp. and reduce the financing costs, the Board announces that on 26 August 2011, it resolved to submit to shareholders for consideration and approval the proposed issuance of Domestic Corporate Bonds with an aggregate principal amount of not more than RMB20 billion at the EGM to be held on 12 October 2011.

According to the Company Law of the PRC and the Articles of Association, 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 be subject to approval from the CSRC. The timing of the issuance will depend on the timing of the approval and the condition of the bond market of the PRC.

(II) 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 : Sinopec Corp.
- 2 Place of issuance : PRC
- 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 issuance of Domestic Corporate Bonds to the holders of domestic shares of Sinopec Corp. : The Domestic Corporate Bonds will be issued or placed to the existing holders of domestic shares of Sinopec Corp.. Subject to the authorisation to the Board by the shareholders of Sinopec Corp. at the EGM, 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 : 3-10 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 EGM, the maturity and the issuance 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 (or any person authorised by the Board) at the EGM, according to which, the final rate will be determined by the Board (or any person authorised by the Board) by reference to the market conditions prior to the issuance.)
- 7 Guarantor : It is tentatively decided that China Petrochemical Corporation will provide guarantee for the Domestic Corporate Bonds Issue. Subject to the granting of authorisation by the shareholders of Sinopec Corp. to the Board at the EGM, 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 Use of Proceeds : Proceeds from the issuance will be used to supplement working capital and repay mature debts. The company will, in consideration of the availability of such proceeds, the changes in the company’s debt structure and interest rate and its actual needs and for the purpose of reducing financing costs, optimizing debt structure and fulfilling business operations, determine the amounts to be used towards supplementation of working capital and repayment of mature debts.
- 9 Listing of Domestic Corporate Bonds : Subject to the satisfaction of the relevant listing requirements, application for listing of the Domestic Corporate Bonds on the qualified stock exchange will be made.
- 10 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 EGM with regard to the proposed Domestic Corporate Bonds Issue will expire 24 months after the date of such resolutions are considered and passed at the aforesaid EGM.

(III) Granting of authorisation to the Board (or any person authorised by the Board) to deal with matters relating to the Domestic Corporate Bonds Issue

To ensure a smooth issue of the proposed Domestic Corporate Bonds and in accordance with the relevant regulations promulgated by the CSRC, it is proposed that the Board will be authorised by shareholders at the EGM to deal with matters relating to the Domestic Corporate Bonds Issue, including but not limited to the following:

- (1) to formulate the specific issuance plan with respect to the Domestic Corporate Bond Issue and to 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 conditions, including but not limited to: the terms relating to the issuance size, maturity, coupon rate and its 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 issuance such as whether the Domestic Corporate Bonds will be issued in instalments or whether any term of repurchase and redemption will be adopted for such issuance, etc.
- (2) to appoint intermediaries to deal with the Domestic Corporate Bonds 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 establish the rules on meetings of the holders of Domestic Corporate Bonds;
- (4) to enter into contracts, agreements and to execute documents with respect to the proposed issuance and the listing of Domestic Corporate Bonds and to disclose relevant information as appropriate;
- (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 decide not to distribute dividends to Shareholders 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 Domestic Corporate Bonds Issue where there is any change to the policies on the issuance of corporate bonds or the market conditions, save for the matters which are subject to the re-voting by shareholders at the general meeting of shareholders as required under the relevant laws, regulations and the Articles of Association;
- (8) to deal with any other matters relating to the proposed Domestic Corporate Bond Issue and the listing of the Domestic Corporate Bonds.

II. PROPOSAL IN RELATION TO THE ISSUANCE OF THE CONVERTIBLE BONDS

(I) Background and the proposed issuance of Convertible Bonds

The Board announced that, at the meeting of the Board held on 26 August 2011, the proposal in relation to the issuance of the Convertible Bonds was duly passed. The proposed issuance of the Convertible Bonds is further subject to (i) approval by the Shareholders at the EGM by way of special resolution; and (ii) approvals of the CSRC and other relevant PRC regulatory authorities.

In accordance with the relevant provisions of the Company Law of the PRC, the Securities Law of the PRC, the Administrative Measures for the Issuance of Securities by Listed Companies, and any other relevant law, regulations and regulatory documents, Sinopec Corp. has satisfied the criteria for the issuance of convertible bonds in the PRC. The Board therefore considered and approved the proposal for the issuance of the Convertible Bonds with details as follows:

(1) Type of securities to be issued

The type of the securities to be issued by Sinopec Corp. is convertible corporate bonds which can be converted into A Shares of Sinopec Corp..

(2) Issuance size

The issuance of the Convertible Bonds will be in an amount of not more than RMB30 billion. The actual size of the issuance will be determined by the Board within such scope subject to authorisation by the Shareholders at the EGM.

(3) Nominal value and issuance price

The Convertible Bonds will be issued at par with a nominal value of RMB100 each.

(4) Term

The term of the Convertible Bonds will be six years from the date of issuance.

(5) Interest rate

The interest rate of the Convertible Bonds will be not more than 3.0%. Subject to authorisation by the Shareholders at the EGM, the actual annual interest rate will be determined by the Board (or any person authorised by the Board) with reference to the PRC government policies, market conditions and the actual conditions of Sinopec Corp., prior to the issuance of the Convertible Bonds and in consultation with the sponsor (the lead underwriter) for the issuance.

(6) Timing and method of interest payment

(i) Calculation of annual interest

Annual interest means the interest to be paid to the CB Holders on each anniversary of the date of issuance of the Convertible Bonds based on the aggregate nominal value of the Convertible Bonds, accrued from the date of issuance.

The formula for calculating annual interest: $I=B \times i$

I: means annual interest;

B: means total nominal value of the Convertible Bonds held by the CB Holders;
and

i: means annual interest rate of the Convertible Bonds.

(ii) Method of interest payment

A Interest of the Convertible Bonds will be accrued from the date of issuance and paid once a year.

B Interest payment date: Interest will be paid on each anniversary of the date of issuance of the Convertible Bonds. For the purpose of interest payment, a year means each period between two successive interest payment dates.

C Interest record date: An interest record date is the trading day immediately prior to the interest payment date each year and Sinopec Corp. will pay interest within five trading days following the interest payment date each year. Sinopec Corp. will not pay interest for such Convertible Bonds which have been applied to be converted into A Shares on or before the relevant interest record dates.

D CB Holders shall bear the taxes payable on interest income.

The vesting of interest and dividend for the year of conversion shall be determined by the Board in accordance with relevant laws and regulations and the provisions of the Shanghai Stock Exchange.

(7) Conversion period

The conversion period starts from the trading day immediately following the expiry of six months after the date of issuance of the Convertible Bonds until the maturity date.

(8) Determination and adjustment of conversion price

(i) *The basis of determining the initial conversion price*

The initial conversion price of the Convertible Bonds shall not be lower than (1) the average trading price of the A Shares of Sinopec Corp. within 20 trading days preceding the date of publication of the Offering Document (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the closing price of each of such trading days shall be determined after taking account into the ex-rights or ex-dividend), and (2) the average trading price of the A Shares of Sinopec Corp. on the trading day immediately preceding the date of the Offering Document. It will be proposed at the EGM for the Shareholders to authorise the Board (or any person authorised by the Board) to determine the actual initial conversion price with reference to the market conditions prior to the issuance of the Convertible Bonds and in consultation with the sponsor (the lead underwriter) for the issuance.

(ii) *Adjustments to initial conversion price and applicable formula thereto*

The conversion price is subject to adjustment, upon the occurrence of certain prescribed events which affect the share capital of Sinopec Corp., including but not limited to scrip dividend, capitalization issuance, issue of new shares, rights issue or cash dividend payment (excluding share issuance resulted from conversion(s) of the Convertible Bonds). The initial conversion price will be adjusted based on the following formulas (the numerical figures are rounded to two decimal place):

Scrip dividend or capitalization issue: $P1 = P0 / (1 + n)$;

Issuance of new Shares or rights issue: $P1 = (P0 + A \times k) / (1 + k)$;

The two above occurring concurrently: $P1 = (P0 + A \times k) / (1 + n + k)$;

Distribution of cash dividend: $P1=P0-D$;

The three above occurring concurrently: $P1= (P0-D + A \times k)/(1+n+k)$.

P0: means initial conversion price

n: means scrip dividend rate

k: means new share issue rate or rights issue rate

A: means price of new share issue or rights issue

D: means cash dividend per share

P1: means conversion price after adjustment

Where the abovementioned changes in shareholding and/or shareholder's interests occur, the conversion price will be adjusted accordingly. The adjustment to the conversion price, having been resolved by the Board, will be published in the form of an announcement on the media designated by the CSRC for information disclosure of listed companies. The announcement will indicate the date of adjustment to the conversion price, adjustment method and suspension period of share conversion (if required). An announcement will also be published (if required) on the website of the Hong Kong Stock Exchange if it is required by the Hong Kong Listing Rules and the Articles of Association. If the conversion price adjustment date is on or after the CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the adjusted conversion price.

In the event that the rights and benefits of the CB Holders derived from share conversion rights are affected by the change in the Company's share class, quantity and/or shareholders' interest due to the possible share repurchase, consolidation, separation or any other action which may be taken by Sinopec Corp., Sinopec Corp. will adjust the conversion price based on the principles of fairness, justice, equality and protection of the CB Holders' rights. The conversion price will be adjusted based on relevant PRC laws and regulations and relevant provisions of the PRC securities regulatory authorities.

(9) Downward adjustment to conversion price

(i) *Permitted adjustment magnitude*

The conversion price may be subject to downward adjustments if, during the term of the Convertible Bonds, the closing prices of the A Shares in any 15

trading days out of any 30 consecutive trading days are lower than 80% of the prevailing conversion price. The Board may propose any such adjustments for the Shareholders to consider and seek their approval at a general meeting.

The above-mentioned proposal is subject to approval of two-thirds of the participating Shareholders with voting rights. Shareholders who are also CB Holders shall abstain from voting. The adjusted conversion price shall be not less than (a) the average trading price of the A Shares of Sinopec Corp. within 20 trading days preceding the general meeting of shareholders, (b) the average trading price of the A Shares of Sinopec Corp. on the day immediately before the general meeting of shareholders, (c) the net asset value per Share based on the latest audited financial statement, and (d) the nominal value per Share.

In the event that another adjustment of conversion price has been implemented in the aforementioned 30 trading days, the conversion price will be calculated based on the date prior to and after the adjustment, in accordance with the adjusted conversion price and closing price.

(ii) *Procedures of adjustment to conversion price*

If Sinopec Corp. decides to make a downward adjustment to the conversion price, Sinopec Corp. will publish an announcement in the print media and the website designated by the CSRC for information disclosure. The information disclosed will include the resolutions of general meeting of shareholders and the information disclosure will cover the magnitude of the adjustment, the adjustment date and the suspension period of share conversion. An announcement will also be published (if required) on the website of the Hong Kong Stock Exchange if it is required by the Hong Kong Listing Rules and the Articles of Association of Sinopec Corp..

(10) Conversion method of fractional share

The number of shares to be requested by the CB Holders for conversion shall be in whole number. The remaining balance of the fractional share will be paid by Sinopec Corp. to the CB Holders at par with accrued interest in cash within the five trading days after the date of conversion in accordance to the relevant regulations of Shanghai Stock Exchange and other regulatory authorities.

(11) Terms of redemption

(i) *Terms of redemption at maturity*

Within five trading days after the maturity of the Convertible Bonds, Sinopec Corp. will redeem all the Convertible Bonds which have not been converted into

A Shares of Sinopec Corp. at a certain ascent ratio of the nominal value (including the final term of interest). The Board (or any person authorised by the Board) shall determine the specific ascent ratio with reference to market conditions and in consultation with the sponsor (the lead underwriter) for the issuance subject to authorisation by the Shareholders.

(ii) *Terms of conditional redemption*

During the term of the Convertible Bonds, if the closing price of the A Shares of Sinopec Corp. is not lower than 130% of the conversion price in at least 15 trading days out of any 30 consecutive trading days, Sinopec Corp. has the right to redeem all or part of the Convertible Bonds based on the nominal value plus the accrued interest. For any year in which interest is accrued, Sinopec Corp. may redeem the Convertible Bonds upon first time when the conditions for redemption are satisfied. If the redemption right is not exercised when first time the conditions for redemption are satisfied, such redemption right shall not be exercised in such year.

Formula for calculating current accrued interest: $IA = B \times i \times t / 365$

IA: Accrued interest for the current period;

B: Aggregate nominal value of the Convertible Bonds held by the CB Holders;

i: Coupon interest rate of the Convertible Bonds; and

t: Number of days of interest accrued, i.e. actual calendar days from the last interest payment date to the redemption date (excluding the redemption date).

In the event that any adjustment of share conversion price has been implemented in the aforementioned trading days, the conversion price will be calculated based on the date prior to and after the adjustment, in accordance with the adjusted conversion price and closing price.

In addition, when the outstanding balance of unconverted Convertible Bonds is below RMB30 million, the Board can decide whether to redeem all the outstanding Convertible Bonds based on the nominal value plus the accrued interest.

(12) Terms of sale back

During the term of the Convertible Bonds, if the use of the proceeds from the issuance of Convertible Bonds is substantially different from the application of proceeds disclosed in the Offering Document, and the change may be regarded as a change of use of proceeds according to relevant regulations of the CSRC or regarded by the CSRC as a change of use of proceeds, then the CB Holders are entitled to sell back all or part of the Convertible Bonds he holds to Sinopec Corp. at 103% of its nominal value (plus accrued interest). Under the aforesaid circumstances, the CB Holders may sell back during the sale back declaration period after the announcement of Sinopec Corp.. The aforesaid sale back right shall be only valid during the sale back declaration period. Holders who have not applied for sale back during the sale back declaration period shall not exercise the sale back right. Save for the aforesaid, the CB Holders shall not sell back any Convertible Bonds.

(13) Dividend rights of the year of conversion

The new shares of Sinopec Corp. to be issued upon the conversion of the Convertible Bonds shall rank *pari passu* with all existing shares. Shareholders whose names appear on the register on the registration date of dividend rights are entitled to dividend.

(14) Method of issuance and target subscribers

The method of the issuance of the Convertible Bonds will be determined by the Board (or any person authorised by the Board) under the mandate approved at the EGM and in consultation with the Sponsor (the lead underwriter). The target subscribers are individual and corporate investors, securities investment funds, and other investors permitted by the law (other than those prohibited by laws and regulations) who have maintained securities accounts with the Shanghai branch of China Securities Depository and Clearing Corporation Limited.

(15) Subscription arrangement for existing shareholders

Existing shareholders have the pre-emptive rights to subscribe for the Convertible Bonds on the basis that shall be determined by the Board (or any person authorised by the Board) under the mandate issued at the EGM and disclosed in the Offering Document. The Convertible Bonds not subject to the pre-emptive rights and the pre-emptive rights for which has not been exercised will be offered to institutional investors or be issued through the trading system of Shanghai Stock Exchange, and the remaining balance shall be underwritten by the underwriters.

(16) CB Holders and CB Holders' meetings

(i) *Rights and obligations of CB Holders*

A *Rights of CB Holders*

- (a) right to receive interest accrued on the Convertible Bonds he holds;
- (b) right to convert the Convertible Bonds he holds to the shares of Sinopec Corp. on the terms of the Convertible Bonds;
- (c) right to exercise his sale back rights on the terms of the Convertible Bonds;
- (d) right to transfer, bestow or pledge the convertible bonds he holds in accordance with laws, regulations and the Articles of Association;
- (e) right to receive relevant information in accordance with laws and the Articles of Association.
- (f) right to demand the repayment of the principal and interest of the convertible bonds by Sinopec Corp. in the period and method set out in the terms of Convertible Bonds;
- (g) right to attend in person or by proxy the meeting of CB Holders and vote;
- (h) other rights in the capacity of the Company's creditor under laws, regulations and the Articles of Association.

B *Obligations of CB Holders*

- (a) obligation to comply with the requirements of the terms of the Convertible Bonds set out in the Offering Document;
- (b) obligation to make due payment of subscription fee and related expenses, if any, in relation to the Convertible Bonds he subscribed;
- (c) obligation not to demand early payment of the principal and interests of the Convertible Bonds by Sinopec Corp. other than in accordance with laws, regulations and the Offering Document;
- (d) obligation to comply with the resolution approved at the meeting of CB Holders;

- (e) obligation to bear their own travelling, accommodation and any expenses incurred in relation to attending the bondholders' meetings by themselves or their proxies;
- (f) other obligations of CB Holders under laws, regulations and the Articles of Association.

(ii) *Meetings of CB Holders*

A *Convening the meetings of CB Holders*

The Board of Sinopec Corp. shall convene a meeting of CB Holders within 15 days after becoming aware of the following circumstances:

- (a) proposal for changes of terms of the Offering Document;
- (b) the Company's default in paying principal and interests of the Convertible Bonds on time;
- (c) reduction of the Company's capital, merger, separation, dissolution or filing for bankruptcy of Sinopec Corp.;
- (d) material changes to the guarantor (if any) of the Convertible Bonds;
- (e) other matters which may significantly affect the material interests of the CB Holders.

The following institutions or individuals may propose the convening of the CB Holders' meeting:

- (a) the Board of Sinopec Corp.;
- (b) the CB Holders who hold 10% or more of the total nominal value of the outstanding Convertible Bonds by written proposal;
- (c) the guarantor (if any) of the Convertible Bonds;
- (d) other institutions or persons designated by the CSRC.

B *Convening of the meeting of CB Holders*

- (a) CB Holders' meeting shall be convened and hosted by the Board; and
- (b) The meeting of CB Holders shall be convened by the Board within 30 days after the proposal of the meeting has been raised or received by the Board. The Board shall publish a notice in at least one designated newspaper and

a website 15 days prior to the meeting of the CB Holders, which specifies the time and date, place, contents, methods, matters to be considered, registration date of bonds for determining the entitlement, and contact as confirmed by the Board.

C Participants of the CB Holders' meetings

Unless otherwise provided by the laws and regulations, the CB Holders and their representatives have the right to attend the CB Holders' meeting and to exercise their voting rights.

The following institutions or persons may participate in the CB Holders' meeting and submit proposal for consideration, but do not have voting rights:

- (a) the issuer of the Convertible Bonds (i.e. Sinopec Corp.);
- (b) the guarantor (if any) of the Convertible Bonds; and
- (c) other key parties.

The Board shall appoint lawyers to attend the CB Holders' meeting, and issue legal opinion in relation to the calling of the meeting, the convening of the meeting, voting procedure, and the qualifications of the participants.

D Procedures of the CB Holders' meetings

- (a) The meeting shall be held on site. The Chairman of the meeting will announce the meeting agenda and important notice, confirm and announce the scrutineer, and present the proposals. Voting will be commenced after discussion of the proposals, the resolution will be effective upon witness by a lawyer;
- (b) CB Holders' meetings will be chaired by the Chairman of the Board. If the Chairman is unable to attend the meeting, the Chairman shall authorise a director to host the meeting. If both are not able to host the meeting, a representative elected by the CB Holders representing more than 50% of the total nominal value of the Convertible Bonds in attendance shall host the meeting; and
- (c) The convener shall record the attendees of the meeting. The record shall list out the participants' name (or company name), identity card number, residential address, the total nominal value of the Convertible Bonds held or represented by the participant, the appointing CB Holder's name (or company name) etc..

E *Voting and resolution of the CB Holders' meeting*

- (a) The voting method is one vote per note of the Convertible Bonds;
- (b) Voting will be processed by open ballot;
- (c) Effective resolution shall be passed by attendees holding more than half of the total nominal value of the Convertible Bonds;
- (d) All the items contained in the proposals shall be discussed and voted separately;
- (e) A resolution will be valid after it has been resolved by the CB Holders at the CB Holders' meeting and subject to approval by the CSRC or other regulatory authorities, the resolution will be effective from the date of approval;
- (f) Unless otherwise prescribed by applicable laws or agreed by way of resolution, the resolutions are binding to all CB Holders whose names appear on the register on the effective date of the resolution; and
- (g) After the resolutions are passed by the CB Holders at the meeting of the CB Holders, the Board will publish an announcement to inform the CB Holders of the resolutions and execute such resolutions.

(17) Use of proceeds from the issuance of the Convertible Bonds

The proceeds from the issuance of the Convertible Bonds is proposed to be applied on the Shandong LNG Project, Jinling oil quality upgrade project, Maoming oil quality upgrade and production reform and expansion project, Yangzi oil quality upgrade and low quality crude oil reform project, Changling oil quality upgrade and reform project, Jiujiang oil quality upgrade and reform project, the flexibility reform and oil quality upgrade project of sour crude oil processing of Anqing Branch, the oil quality upgrade and bad crude oil reform project of Shijiazhuang Refining Branch.

In the event that the proceeds raised from this issuance are not sufficient to finance these projects, or the availability of the proceeds is not consistent with the progress of these projects, Sinopec Corp. will complete the investment in the projects with its own resources, bank borrowings or by other ways of debt financing. Once the proceeds are sufficient, Sinopec Corp. will prioritise their use according to the needs of the projects stated above. Any surplus from the proceeds raised will be applied to repay bank borrowings and supplement working capital.

Sinopec Corp. will maintain a separate account for the proceeds as determined by the Board so as to administer the proceeds under a separate deposit system.

(18) Guarantee

A resolution will be put forward to the EGM to authorise the Board (or any person authorised by the Board) to determine whether or not a guarantee for the issuance of the Convertible Bonds is required, and to handle the related matters.

(19) Validity period of the resolutions in relation to the issuance of the Convertible Bonds

The resolution in relation to the issuance of the Convertible Bonds will be valid for 12 months from the date of the passing of the relevant resolutions at the EGM.

(20) Matters relating to authorisation in relation to the issuance of the Convertible Bonds

To ensure smooth implementation of the issuance of the Convertible Bonds by Sinopec Corp., it will be proposed at the EGM to authorise the Board (or any person authorised by the Board) to handle matters regarding the issuance of the Convertible Bonds, including but not limited to:

- (i) Subject to the laws, regulations and other regulatory documents promulgated by CSRC and to the extent of the scope as permitted by the Articles of Association, the Board will be authorised to determine the specific terms and proposal prior to the proposed issuance in accordance with the requirements of the regulatory authorities and in view of the actual conditions of Sinopec Corp., to formulate and implement the final proposal for the Convertible Bonds and to decide on the timing of such issuance and other related materials;
- (ii) The Board of Directors will be authorised to determine the specific arrangements on the use of proceeds as stated above, for instance, if the Chinese government announces new regulations in relation to the issue of convertible bonds, or the regulatory agencies have issued new requirements, or there are changes in market conditions, the Board will, subject to the applicable laws in Mainland China at that time, adjust the issuance proposal and use of proceeds accordingly. Before the implementation of this issue of Convertible Bonds, if adjustment is made to RMB benchmark deposit interest rate, corresponding adjustment can be made to the cap of the coupon rate of Convertible Bonds;

- (iii) The Board of Directors will be authorised to produce, amend, file the application materials of the proposed issuance according to the requirements of the securities regulatory agencies;
- (iv) The Board of Directors will be authorised to amend, supplement, execute and implement the agreements, contracts and documents (including but not limited to underwriting and sponsorship agreements) during the course of the proposed issuance;
- (v) After the conversion of the Convertible Bonds, the Board will be authorised to amend the relevant provisions of the Articles of Association, and to complete the filing and change of registration based on the conversion status;
- (vi) The Board of Directors will be authorised to determine the sponsors (lead underwriters) and other intermediaries of the proposed issuance;
- (vii) The Board of Directors will be authorised to complete matters relating to the listing of the Convertible Bonds; and
- (viii) The Board of Directors will be authorised to complete other matters relating to the proposed issuance.

The Shareholders and potential investors should be aware that the proposed issuance of the Convertible Bonds is subject to the approvals set out above being obtained and various factors including the market conditions, and therefore the proposed issuance of the Convertible Bonds may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

(21) Feasibility Analysis Report on the use of proceeds from the issuance of the Convertible Bonds

Full texts of the “Feasibility Analysis Report on the use of proceeds from the issuance of the Convertible Bonds” are included in the circular to be dispatched separately to the holders of H shares of Sinopec Corp..

(22) Report on the use of proceeds from last issuance of securities

Full texts of the “Report on the use of proceeds from last issuance of securities” are included in the circular to be dispatched separately to the holders of H shares of Sinopec Corp..

(II) Implications of issuance of Convertible Bonds under the PRC regulatory requirements

The proposed issuance of the Convertible Bonds by Sinopec Corp. may lead to issuance of new A Shares upon conversion of the Convertible Bonds. The exact

number of A Shares to be issued as a result of the conversion of Convertible Bonds is subject to various factors, including the conversion price of the Convertible Bonds. The Board recognizes that conversion of the Convertible Bonds into new A Shares will result in dilution of the interests of the existing Shareholders in the share capital of Sinopec Corp..

Under the relevant PRC laws and regulations, the proposed issuance of the Convertible Bonds is subject to the approval of the Shareholders at the EGM and the obtaining of the approvals from the relevant PRC regulatory authorities.

(III) Implications of issuance of Convertible Bonds under Hong Kong regulatory requirements

All the subscribers of the Convertible Bonds will be third parties independent of Sinopec Corp. and its connected persons (as defined under the Hong Kong Listing Rules).

Sinopec Corp. will at all times maintain sufficient public float in compliance with the Hong Kong Listing Rules.

III RECOMMENDATION

The Directors believe that the proposed issue of the Domestic Corporate Bonds and the Convertible Bonds are in the best interests of Sinopec Corp. and its shareholders and accordingly recommend the shareholders to vote in favour of the resolutions at the EGM.

IV EGM

The proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds are subject to approval of the Shareholders at the EGM.

A circular containing, among other things, details of the proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds, together with notice of the EGM, will be despatched to the H Shareholders as soon as practicable.

V DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“A Shares” domestic shares with nominal value of RMB1.00 each in the share capital of Sinopec Corp. which are listed on the Shanghai Stock Exchange

“A Shareholder(s)”	holder(s) of A Shares
“Articles of Association”	the articles of association of Sinopec Corp. as amended from time to time
“Board” or “Board of Directors”	the board of directors of Sinopec Corp.
“CB Holder(s)”	holder(s) of the Convertible Bonds
“Sinopec Corp.” or “Company”	China Petroleum & Chemical Corporation, a joint stock limited company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Convertible Bonds”	convertible corporate bonds in the total amount of not more than RMB30 billion which are convertible into new A Shares, proposed to be issued by Sinopec Corp. in the PRC
“CSRC”	the China Securities Regulatory Commission of the PRC
“Director(s)”	the director(s) 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 RMB20 billion in principal amount proposed to be issued by Sinopec Corp.
“EGM”	the extraordinary general meeting to be convened by Sinopec Corp. for all the Shareholders to consider, and if thought fit, to approve, among other things, the proposed issuance of the Domestic Corporate Bonds and the Convertible Bonds
“H Shares”	overseas listed foreign shares with nominal value of RMB1.00 each in the share capital of Sinopec Corp. which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
”Mainland China”	the PRC, excluding the Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Offering Document”	the offering document in relation to the issuance of the Convertible Bonds
“PRC”	The People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the capital of Sinopec Corp. with a nominal value of RMB1.00 each, comprising the A Shares and the H Shares
“Shareholders”	holders of the Shares

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

Beijing, PRC, 26 August 2011

As of the date of this announcement, directors of Sinopec Corp. are: Fu Chengyu, Wang Tianpu#, Zhang Yaocang*, Zhang Jianhua#, Wang Zhigang#, Cai Xiyou#, Cao Yaofeng*, Li Chunguang*, Dai Houliang#, Liu Yun*, Ma Weihua+, Wu Xiaogen+, Li Deshui+, Xie Zhongyu+ and Chen Xiaojin+.*

Executive Director

** Non-executive Director*

+ Independent Non-executive Director