



SINOPEC Corp.

(386 HKEX; SNP NYSE; SNP LSE; 600028 CH)



News from China Petroleum & Chemical Corporation (Sinopec Corp.)

Investor Inquiries:

Tel: (8610) 6499 0060

Fax: (8610) 6499 0489

Email: ir@sinopec.com.cn

Media Inquiries:

Tel: (8610) 6499 0092

Fax: (8610) 6499 0093

Email: media@sinopec.com.cn

Sinopec Corp. to Privatize Four A-Share Listed Subsidiaries

Beijing, People's Republic of China (PRC) February 15, 2006 — China Petroleum & Chemical Corporation, (“Sinopec Corp.” or “the Company”) (HKEX: 386; NYSE: SNP; LSE: SNP; CH: 600028), today held a Board Meeting and approved the acquisition of all the floating and non-floating shares of four A share listed subsidiaries of the Company, namely Sinopec Qilu Petrochemical Company Limited (CH:600002), Sinopec Yangzi Petrochemical Company Limited(CH:000866), Sinopec Zhongyuan Petroleum Company Limited(CH:000956), Sinopec Shengli Oil Field Dynamic Group Company Limited(CH:000406) (“the Target Companies”), by way of cash offers. According to the Summary of the Voluntary General Offer Report released by Sinopec Corp., the offer prices for acquiring Sinopec Qilu Petrochemical Company Limited, Sinopec Yangzi Petrochemical Company Limited, Sinopec Zhongyuan Petroleum Company Limited, Sinopec Shengli Oil Field Dynamic Group Company Limited are RMB10.18 per share, RMB13.95 per share, RMB12.12 per share and RMB10.30 per share, respectively. If these offers are accepted by all holders of the floating shares of the Target Companies, the total cash consideration will be approximately RMB 14.3 billion for the all floated shares.

1. The transactions are in line with Sinopec Corp.’s long term strategy and creating a win-win situation

The privatization of these four subsidiaries brings substantial strategic value to Sinopec Corp. :

Firstly, the Company will be able to consolidate the resources of the subsidiaries, further enhance its internal integrated management and fully realize the synergies in strategic decisions making, funding allocation, investment management and distribution networks. That is consistent with the strategic objectives of Sinopec Corp. to become a global competitive integrated energy and chemical company.

Secondly, the consolidation will help the Company further refine its management structure and enhance efficiency.

Thirdly, by consolidating these subsidiaries, Sinopec Corp. will effectively eliminate connected transactions and peer competition, fulfilling the commitment made to the capital markets and investors at the time of the IPO.

The privatization is also important for the Target Companies:

Firstly, upon completion of the consolidation, the Target Companies will merge into the integrated business structure of Sinopec Corp., which will benefit their long term business development. Sinopec Qilu Petrochemical Company Limited and Sinopec Yangzi Petrochemical Company Limited will use the raw materials supply and distribution model of Sinopec Corp. and form a comprehensive business chain, which will strengthen their risk resistance. Sinopec Zhongyuan Petroleum Company Limited and Sinopec Shengli Oil Field Dynamic Group Company Limited will leverage Sinopec Corp.'s technological advantage and exploration resources, fuelling long term growth, defending industry risks, and solving a number of problems, such as scarcity in long term resources and unstable production.

Secondly, the consolidation will eliminate connected transactions and competition between Target Companies and Sinopec Corp.

Thirdly, the offer provides a one-off opportunity to the holders of floating shares of the Target Companies to realize their investments at a reasonable price.

2. Reasonable Offer Price

The Company believes that the offer prices are reasonable for all relevant parties. These offer prices represent premiums of 24.4%, 26.2%, 13.2% and 16.9%, respectively, over the closing prices on the last trading date preceding the suspension of trading of Sinopec Qilu Petrochemical Company Limited, Sinopec Yangzi Petrochemical Company Limited, Zhongyuan Petroleum Company Limited and Sinopec Shengli Oil Field Dynamic Group Company Limited, and premiums of 18.0%, 19.3%, 19.1% and 19.4%, respectively, over the highest closing price of the previous 12 months. The Company also believed that, based on the 2005 IBES forecast, the offer valuations are generally fair and reasonable for Sinopec Corp.'s shareholders. The Company's earnings per share will slightly increase post acquisitions. Finally, Sinopec Corp. believes that the transactions will improve its profitability. In the long-term, the synergies realized after the consolidation will further enhance shareholder value.

3. Descriptions of the transaction

Sinopec Corp. plans to announce the details of the "Resolutions Passed at the Board Meeting" and the "Summary of the General Offer Report" on February 16, 2006. According to the "Summary of the Voluntary General Offer Report", if the China Securities Regulatory Commission does not object to the transaction during the 15 calendar days following the Announcement Date Sinopec Corp. will release the legal documents related to the offer, including the "Voluntary General Offer Report". The offer period will become effective on the Announcement Date and will end on the 30th calendar day following the Announcement Date.

According to the Summary of the Voluntary General Offer Report, within 30 days after the Voluntary General Offer Report has been released, the offer will become effective if the Target Companies satisfy the delisting conditions stipulated under the “Securities Law”, i.e the holders of floating shares of Sinopec Qilu Petrochemical Company Limited, Sinopec Yangzi Petrochemical Company Limited, Zhongyuan Petroleum Company Limited do not hold more than 10% of the total share capital, and the holders of floating shares of Sinopec Shengli Oil Field Dynamic Group Company Limited do not hold more than 25% of its total share capital. Once the offer conditions become effective, Sinopec Corp. will facilitate the applications to terminate trading in the floating shares of the Target Companies, and complete the relevant delisting procedures. The whole process is expected to be completed in April, 2006.

~End~

Notes:

Background information of the Target Companies

Sinopec Qilu Petrochemical Company Limited firstly issued domestic A Shares on 3 March, 1998, and has 1.95 billion shares currently outstanding, of which 1.6 billion shares or 82.05% are held by Sinopec Corp. It is the largest production base for PVC and SBR in China, as well as the largest Chlorine-Alkali industrial base in China and the fifth largest in the world. In 2004, revenue generated from the principal business of Sinopec Qilu Petrochemical Company Limited was RMB 9.84 billion, with net profit of RMB 1.29 billion. Earnings per share was RMB 0.66. As at 30 September, 2005, its total assets amounted to RMB 11.07 billion, with net assets of RMB 7.50 billion. Net asset value per share was RMB3.84.

Sinopec Yangzi Petrochemical Company Limited firstly issued domestic A shares on 2 April, 1998, and has 2.33 billion shares currently outstanding, of which 1.98 billion shares or 84.98% are held by Sinopec Corp. Sinopec Yangzi Petrochemical Company Limited is a major processing production base for imported crude oil and sulphurated crude oil, and is also a key export base for refined oil products. In 2004, revenue generated from the principal business of Sinopec Yangzi Petrochemical Company Limited was RMB 31.77 billion, with net profit of RMB 4.68 billion. Earnings per share was RMB 2.01. As at 30 September, 2005, its total assets amounted to RMB 18.82 billion, with net assets of RMB 13.49 billion. Net asset value per share was RMB5.79.

Sinopec Zhongyuan Petroleum Company Limited firstly issued domestic A Shares on 10 September, 1999, and has nearly 875 million shares currently outstanding, of which 620 million shares or 70.85% are held by Sinopec Corp. Sinopec Zhongyuan Petroleum Company Limited is principally engaged in the exploration of oil and natural gas and the processing of natural gas. In 2004, revenue generated from the principal business of Sinopec Zhongyuan Petroleum Company Limited was RMB 2.12 billion, with net profit of RMB 630

million. Earnings per share was RMB 0.72. As at 30 September, 2005, its total assets amounted to RMB 5.63 billion, with net assets of RMB 5.08 billion. Net asset value per share was RMB5.81.

Sinopec Shengli Oil Field Dynamic Group Company Limited firstly issued domestic A Shares on 12 June, 1996, and has nearly 364 million shares currently outstanding, of which 96 million shares or 26.33% are held by Sinopec Corp. Sinopec Shengli Oil Field Dynamic Group Company Limited is principally engaged in oil exploration, oil field construction, construction of urban gas pipeline network, real estate development and sales of building materials. In 2004, revenue generated from the principal business of Sinopec Shengli Oil Field Dynamic Group Company Limited was RMB 1.48 billion, with net profit of RMB 130 million. Earnings per share was RMB 0.37. As at 30 September, 2005, its total assets amounted to RMB 3.7 billion, with net assets of RMB 1.83 billion. Net asset value per share was RMB5.03.

Relevant privatizations of Sinopec Corp.

- In 2002, Sinopec Corp. privatized Sinopec Hubei Xinghua Co., Ltd, an A-Shares listed subsidiary, by way of asset swap ;
- In 2004 and 2005, Sinopec Corp. privatized Sinopec Beijing Yanhua Petrochemical Co.,Ltd. and Sinopec Zhenhai Refining & Chemical Co.,Ltd., both are the H-Shares listed subsidiaries, by way of merger and absorption
- In 2005, Sinopec Corp. started privatizing Sinopec Wuhan Phoenix Co., Ltd., an A-Shares listed subsidiary, by way of asset swap, with relevant procedures are still underway.

About Sinopec Corp.

Sinopec Corp. is the first Chinese company that has been listed in Hong Kong, New York, London and Shanghai. The Company is an integrated energy and chemical company with upstream, midstream and downstream operations. The principal operations of Sinopec Corp. and its subsidiaries include: exploring, developing, producing and trading crude oil and natural gas; processing crude oil into refined oil products; producing, trading, transporting, distributing and marketing refined oil products; and producing and distributing chemical products. Based on 2004 turnover, Sinopec Corp. is the largest listed company in China. The Company is one of the largest crude oil and petrochemical companies in China and Asia. It is also one of the largest gasoline, diesel and jet fuel and other major chemical products producers and distributors in China and Asia.

For additional information about Sinopec Corp., please visit the Company's website at www.sinopec.com.cn.

Disclaimer

This press release distributed herewith includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements. Sinopec Corp.'s actual results or development may differ materially from those indicated by these forward-looking statements as a results of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, exploration and development outcomes, estimates of proved reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project delay, project approval, cost estimates and other risks and factors beyond our control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.