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中國石化鎮海煉油化工股份有限公司  
**SINOPEC ZHENHAI REFINING & CHEMICAL COMPANY LIMITED**

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

**(Stock Code: 1128)**

**ANNOUNCEMENT OF ONE-OFF GOVERNMENTAL COMPENSATION**

The international prices of crude oil continued to rise in 2005 and remained at high levels for a long time. This created a distortion of the correlation of domestic refined oil product prices and crude oil prices. China Petrochemical Corporation has recently received a one-off compensation of RMB10 billion from the Ministry of Finance, of which China Petroleum & Chemical Corporation and its subsidiaries received a one-off compensation of RMB9.415 billion. Sinopec Zhenhai Refining & Chemical Company Limited (“the Company”) will receive a one-off compensation of RMB1.12 billion. This amount will be recorded in the total profits (profit before tax) of the Company for the 2005 fiscal year and is subject to enterprise income tax according to the regulations.

*As at the date of this announcement, the Executive Directors of the Company are Mr. Sun Weijun (Chairman), Mr. Zhan Juping (Deputy Chairman), Mr. Xu Liqiao, Mr. Sun Jianli and Mr. Yu Renming; the Non-executive Directors of the Company are Ms. Wang Lisheng and Mr. Hu Weiqing, and the Independent Non-executive Directors of the Company are Mr. Sun Yongsen, Mr. Cen Kefa, Mr. Li Linghong and Ms. Qiu Yun.*

By Order of the Board  
**Su Dewen**  
*Company Secretary*

27 December 2005, Ningbo, the PRC

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