

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibilities for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: 00386)

**CONNECTED TRANSACTIONS
ACQUISITION OF TARGET ASSETS**

THE TRANSACTIONS

The Board is pleased to announce that on 26 March 2021, (i) Overseas Investment Company, a subsidiary of Sinopec Corp., and Century Bright Company entered into the Century Bright Company Agreement, pursuant to which Overseas Investment Company proposed to purchase the 25% equity interest in Hainan Refining and Chemical held by Century Bright Company at a consideration of RMB5,769.3053 million; (ii) Sinopec Corp. and Assets Company entered into the Assets Company Agreement, pursuant to which Sinopec Corp. proposed to purchase the 40% equity interest in Cangzhou Toray held by Assets Company at a consideration of RMB19.9922 million; (iii) Sinopec Corp. and Assets Company entered into the Cangzhou branch Agreement, pursuant to which Sinopec Corp. proposed to purchase the non-equity assets held by Assets Company, including the polypropylene and utility business assets of Cangzhou branch, at a consideration of RMB138.2066 million; (iv) Sinopec Corp. and Orient Petrochemical entered into the Orient Petrochemical Agreement, pursuant to which Sinopec Corp. proposed to purchase the non-equity assets held by Orient Petrochemical, including inventory and equipment, at a consideration of RMB715.0314 million; and (v) Beihai Refining and Chemical, a subsidiary of Sinopec Corp., and Beihai Petrochemical entered into the Beihai Petrochemical Agreement, pursuant to which Beihai Refining and Chemical proposed to purchase the non-equity assets held by Beihai Petrochemical, including the pier operation platform, at a consideration of RMB148.6299 million.

THE LISTING RULES IMPLICATIONS

As of the date of this announcement, China Petrochemical Corporation is the controlling shareholder of the Company. As Century Bright Company, Assets Company, Orient Petrochemical and Beihai Petrochemical are subsidiaries of China Petrochemical Corporation, they are associates of China Petrochemical Corporation and thus constitute connected persons of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Transactions are more than 0.1% but less than 5% on aggregate basis, the Transactions are subject to the reporting and announcement requirements, but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 26 March 2021, (i) Overseas Investment Company, a subsidiary of Sinopec Corp., and Century Bright Company entered into the Century Bright Company Agreement, pursuant to which Overseas Investment Company proposed to purchase the 25% equity interest in Hainan Refining and Chemical held by Century Bright Company at a consideration of RMB5,769.3053 million; (ii) Sinopec Corp. and Assets Company entered into the Assets Company Agreement, pursuant to which Sinopec Corp. proposed to purchase the 40% equity interest in Cangzhou Toray held by Assets Company at a consideration of RMB19.9922 million; (iii) Sinopec Corp. and Assets Company entered into the Cangzhou branch Agreement, pursuant to which Sinopec Corp. proposed to purchase the non-equity assets held by Assets Company, including the polypropylene and utility business assets of Cangzhou branch, at a consideration of RMB138.2066 million; (iv) Sinopec Corp. and Orient Petrochemical entered into the Orient Petrochemical Agreement, pursuant to which Sinopec Corp. proposed to purchase the non-equity assets held by Orient Petrochemical, including inventory and equipment, at a consideration of RMB715.0314 million; and (v) Beihai Refining and Chemical, a subsidiary of Sinopec Corp., and Beihai Petrochemical entered into the Beihai Petrochemical Agreement, pursuant to which Beihai Refining and Chemical proposed to purchase the non-equity assets held by Beihai Petrochemical, including the pier operation platform, at a consideration of RMB148.6299 million.

PRINCIPAL TERMS OF THE TRANSACTIONS

The principal terms of the Century Bright Company Agreement, Assets Company Agreement, Cangzhou branch Agreement, Orient Petrochemical Agreement and Beihai Petrochemical Agreement are as follows:

Date : 26 March 2021

- Parties** :
- (1) Century Bright Company Agreement: Overseas Investment Company (a subsidiary of Sinopec Corp., as Purchaser) and Century Bright Company (as Seller).
 - (2) Assets Company Agreement: Sinopec Corp. (as Purchaser) and Assets Company (as Seller).
 - (3) Cangzhou branch Agreement: Sinopec Corp. (as Purchaser) and Assets Company (as Seller).
 - (4) Orient Petrochemical Agreement: Sinopec Corp. (as Purchaser) and Orient Petrochemical (as Seller).
 - (5) Beihai Petrochemical Agreement: Beihai Refining and Chemical (a subsidiary of Sinopec Corp., as Purchaser) and Beihai Petrochemical (as Seller).

Target Assets	:	<p>(1) Century Bright Company Agreement: 25% of equity interest in Hainan Refining and Chemical.</p> <p>(2) Assets Company Agreement: 40% equity interest in Cangzhou Toray.</p> <p>(3) Cangzhou branch Agreement: Non-equity assets including the polypropylene and utility business assets of Cangzhou branch.</p> <p>(4) Orient Petrochemical Agreement: non-equity assets including the inventory and equipment.</p> <p>(5) Beihai Petrochemical Agreement: non-equity assets including pier operation platform.</p>
Consideration	:	<p>(1) Century Bright Company Agreement: RMB5,769.3053 million.</p> <p>(2) Assets Company Agreement: RMB19.9922 million.</p> <p>(3) Cangzhou branch Agreement: RMB138.2066 million.</p> <p>(4) Orient Petrochemical Agreement: RMB715.0314 million.</p> <p>(5) Beihai Petrochemical Agreement: RMB148.6299 million.</p>
Payment period and payment method	:	Under the Agreements, Purchasers shall pay all cash consideration to Sellers on or before 30 September 2021.
Profit and loss during the transition period	:	<p>The transition period refers to the period from the Valuation Reference Date to the closing date.</p> <p>Within 30 days after the delivery of the Target Asset, audit shall be conducted on the Target Asset and audit report shall be issued to determine the profit and loss of the Target Asset during the transition period. Such delivery audit shall be completed by an accounting firm with securities and futures business qualifications.</p> <p>The profit or loss generating from the Target Asset and the corresponding increase or decrease in net assets due to other reasons during the transition period shall be borne by the Seller, which shall be settled by the parties with cash before 30 September 2021.</p>

Closing and handover arrangement	: The ownership, obligations, responsibilities and risks of the Target Assets shall be transferred from Seller to Purchaser on 1 July 2021. Commencing from the aforementioned closing date, the Target Assets and the relevant businesses and personnel will be deemed to have been received and legally owned by the Purchasers on an as-is basis, and the obligations, responsibilities and risks related to the Target Assets shall be borne by the Purchasers. Except for the handover obligations expressly stipulated in the Agreements, after the closing date, the Sellers will no longer assume any obligations, responsibilities and risks related to the Target Assets.
Conditions precedent	: Pursuant to the Agreements, the closing shall follow the full satisfaction or waiver by competent party/department of the conditions precedent below: (1) The representations, undertakings and warranties made by the Purchaser and the Seller on the date of execution of the Agreement are true, accurate and complete in all material respects, and are free of misleading or false statements, omissions/material omissions in all material respects, as of the closing date; (2) The Seller has approved the Transaction in accordance with its constitutional document; (3) The Purchaser has approved the Transaction in accordance with its constitutional document; (4) the valuation report on the Target Asset under the Agreement has been approved or filed in accordance with the PRC laws and regulations; (5) the Transaction has obtained all other applicable approvals, permits, filings and registrations from or with the relevant authorities.
Effectiveness of the agreements and effective time	: The Agreements shall be established and effective after being signed by the legal representatives or authorised representatives of the Purchasers and the Sellers and with their official seals affixed.
Liabilities for breach of agreements	: (1) Cangzhou branch Agreement, Orient Petrochemical Agreement and Beihai Petrochemical Agreement provide: 1) If any party has material intentional misrepresentations, intentional omissions or misleading statements in any representations and/or warranties made in the Agreement, or is in breach of any undertakings made therein, or is in breach of any terms of the Agreement, it shall constitute a breach of the agreement and the defaulting party is liable for direct damages incurred by the non-defaulting party. 2) If the Seller refuses to hand over the Target Assets and relevant businesses and employees thereunder within the agreed time limit in accordance with the requirements under the Agreement, the Seller shall pay an overdue penalty amounting to 0.05% of the consideration for the assets to be handed over as agreed per day unless the delayed handover of the Target Assets is not attributable to the Seller (including but not limited to delayed handover of the Target Assets attributable to force majeure, the Purchaser or third parties). However, the defaulting liabilities borne by the Seller shall not exceed 1% of the appraisal value of the Target Assets whose handover is not completed on schedule.

- 3) If the Purchaser fails to pay the consideration in accordance with the agreement, the Purchaser shall pay an overdue penalty amounting to 0.05% of the overdue consideration to the Seller per day unless the delay is attributable to the Seller.
- (2) Century Bright Company Agreement and Assets Company Agreement provide:
- 1) If any party has material intentional misrepresentations, omissions or misleading statements in any representations and/or warranties made in the agreement, or is in breach of any undertakings made therein, or is in breach of any terms of the Agreement, it shall constitute a breach of the Agreement and the defaulting party is liable for direct damages suffered by the non-defaulting party.
 - 2) If the Seller refuses to complete the change of industry and commerce registration of Hainan Refining and Chemical/Cangzhou Toray or to hand over the Target Assets and relevant businesses and employees thereunder within the agreed time limit in accordance with the requirements under the Agreement, the Seller shall pay an overdue penalty amounting to 0.05% of the consideration for the assets to be handed over as agreed per day unless the delayed handover of the Target Assets is not attributable to the Seller (including but not limited to delayed handover of the Target Assets attributable to force majeure or the Purchasers). However, the defaulting liabilities borne by the Seller shall not exceed 1% of the appraisal value of Hainan Refining and Chemical/Cangzhou Toray whose change of industry and commerce registration is not completed on schedule.
 - 3) If the Purchaser fails to pay the consideration in accordance with the agreement, the Purchaser shall pay an overdue penalty amounting to 0.05% of the overdue consideration to the Seller per day unless the delay is attributable to the Seller.

Arrangements of credits and debts :

Before and after the Transactions, Hainan Refinery and Chemical and Cangzhou Toray shall remain entitled to their credits and responsible for their debts in accordance with the law.

For all the credits attached to the non-equity Target Assets involved in the Transaction, the Sellers shall promptly notify the debtors of such credits after 26 March 2021, and the Purchasers shall be entitled to such credits commencing from the closing date; for all the debts attached to such Target Assets, the Sellers shall use its best reasonable efforts to obtain the consent of the creditors corresponding to the debts after 26 March 2021, and the debts shall be borne by the Purchasers after the closing date. If the consent of the relevant creditors cannot be obtained and a third party needs to be paid in accordance with contract, the Purchasers and the Sellers shall negotiate amicably.

Other arrangement : The transfer of the relevant employees and related personnel associated with the Target Assets under the Agreements should be managed under the principle of “transfer of personnel together with assets (business)” in accordance with the documents to be agreed upon separately.

The sources of fund for payment of the consideration under the Agreements will be the self-owned fund of the Purchasers.

BASIS AND METHOD OF DETERMINING THE CONSIDERATION

As of the Valuation Reference Date, the net book value of the 5 Target Assets of the Transactions totalled to RMB4,826.7910 million and was valued at RMB6,791.1654 million in aggregate, representing an appreciation of RMB1,964.3744 million and an appreciation rate of 40.70% as a whole. The basis and method of determining consideration under the Agreements are detailed as follows.

Century Bright Company Agreement

China United Assets Appraisal Group Co., Ltd., an appraisal corporation that has completed the Securities Business Recordation, issued the assets valuation report taking 30 June 2020 as the Valuation Reference Date with the valuation result adopting assets-based approach as the final appraisal conclusion. The book value of net assets of the Target Assets held by Century Bright Company to be purchased by Overseas Investment Company was RMB4,377.7032 million, with an appraisal value of RMB5,769.3053 million, representing an appreciation of RMB1,391.6021 million and an appreciation rate of 31.79%. As such, the consideration of RMB5,769.3053 million was determined by the Overseas Investment Company and Century Bright Company upon arm’s length negotiation (recorded valuation result shall prevail).

The relatively high appreciation rates of the Target Assets are mainly attributable to the increase in land price, increase in the overall cost of building materials and labour, and the shorter accounting depreciation period for buildings, machineries and equipment in comparison with the economic useful life thereof.

Assets Company Agreement

Beijing Guorong Xinghua Assets Appraisal Co., Ltd., an appraisal corporation that has completed the Securities Business Recordation, issued the assets valuation report taking 30 June 2020 as the Valuation Reference Date with the valuation result adopting assets-based approach as the final appraisal conclusion. The book value of net assets of the Target Assets held by Assets Company to be purchased by Sinopec Corp. was RMB6.4314 million, with an appraisal value of RMB19.9922 million, representing an appreciation of RMB13.5608 million and an appreciation rate of 210.85 %. As such, the consideration of RMB19.9922 million was determined by Sinopec. Corp and Assets Company upon arm’s length negotiation (recorded valuation result shall prevail).

The relatively high appreciation rates of the Target Assets are mainly attributable to the increase in land price, increase in the overall cost of building materials and labour, and the shorter accounting depreciation period for buildings, machineries and equipment in comparison with the economic useful life thereof, as well as the relatively small scale of the net assets, which resulted in relatively high appreciation rate. Among the aforesaid, (1) houses and buildings were recognised around 2012 on average. At the Valuation Reference Date, the net carrying value was RMB10.58 million, and the appraisal value was RMB21.83 million, representing an appreciation rate of 106%, which was mainly attributable to the increase in cost of materials and labour and the fact that the accounting depreciation period for buildings is obviously shorter than their economic useful life. (2) Machineries and equipment were recognised between 2012 to 2020. At the Valuation Reference Date, the net carrying amount was RMB62.22 million, the appraisal value was RMB78.30 million, representing an appreciation rate of 25.8%. It is mainly because the accounting depreciation period for machineries and equipment is shorter than their economic useful life. (3) The land use right of intangible assets was recognised around 2010. At the Valuation Reference Date, the net carrying value was RMB6.07 million, and the appraisal value was RMB9.94 million, representing an appreciation rate of 63.8%, mainly due to the increase in land price recently.

Cangzhou branch Agreement

Beijing Guorong Xinghua Assets Appraisal Co., Ltd., an appraisal corporation that has completed the Securities Business Recordation, issued the assets valuation report taking 30 June 2020 as the Valuation Reference Date with the valuation result adopting assets-based approach as the final appraisal conclusion. The book value of net assets of the Target Assets of Assets Company to be purchased by Sinopec Corp. was RMB92.5621 million, with an appraisal value of RMB138.2066 million, representing an appreciation of 45.6445 million and an appreciation rate of 49.31%. As such, the consideration of RMB138.2066 million was determined by Sinopec Corp. and Assets Company upon arm's length negotiation (recorded valuation result shall prevail).

The relatively high appreciation rates of the Target Assets are mainly attributable to the increase in the overall cost of building materials and labour, and the shorter accounting depreciation period for buildings, machineries and equipment in comparison with the economic useful life thereof.

Orient Petrochemical Agreement

Beijing China Enterprise Appraisals Co., Ltd., an appraisal corporation that has completed the Securities Business Recordation, issued the assets valuation report taking 30 June 2020 as the Valuation Reference Date with the valuation result adopting assets-based approach as the final appraisal conclusion. The book value of net assets of the Target Assets held by Orient Petrochemical to be purchased by Sinopec Corp. was RMB237.7880 million, with an appraisal value of RMB715.0314 million, representing an appreciation of RMB477.2434 million and an appreciation rate of 200.70%. As such, the consideration of RMB715.0314 million was determined by Sinopec Corp. and Orient Petrochemical upon arm's length negotiation (recorded valuation result shall prevail).

The relatively high appreciation rates of the Target Assets are mainly attributable to the increase in the appraisal value of the fixed assets. The appraisal value of fixed assets was RMB0.671 billion, representing an appreciation of RMB0.479 billion or 249.39% as compared to the net book value of RMB0.192 billion. The appreciation is mainly due to the large-scale provision of impairment as a result of the excess production capacity of relevant products arising from the intense market competition during the previous years. According to the China Accounting Standards for Business Enterprises, the provision of impairment for fixed assets cannot be reversed once recognised. In recent years, in view of the improvement in market sentiment and the continuing improvement of enterprises in quality and efficiency, there is an enhancement in profitability. Currently, the main production devices are in good operational condition and the production has reached the normal level. The economic life of various fixed assets is recognised based on normal operating conditions. The appraised residue ratio is higher than that of the carrying value residue ratio.

Beihai Petrochemical Agreement

Beijing Guorong Xinghua Assets Appraisal Co., Ltd., an appraisal corporation that has completed the Securities Business Recordation, issued the assets valuation report taking 30 June 2020 as the Valuation Reference Date with the valuation result adopting assets-based approach as the final appraisal conclusion. The book value of net assets of the Target Assets held by Beihai Petrochemical to be purchased by Beihai Refining and Chemical was RMB112.3063 million, with an appraisal value of RMB148.6299 million, representing an appreciation of RMB36.3236 million and an appreciation rate of 32.34 %. As such, the consideration of RMB148.6299 million was determined by Beihai Refining and Chemical and Beihai Petrochemical upon arm's length negotiation (recorded valuation result shall prevail).

The appreciation in valuation is mainly attributable to the longer economic useful life of the pier in comparison with its accounting depreciation period.

BASIC INFORMATION OF TARGET ASSETS

Basic information of Hainan Refining and Chemical under the Century Bright Company Agreement

Hainan Refining and Chemical is a company established in the PRC with limited liability on 31 October 2003, and its principal businesses are processing of petroleum, import and export business. As of the date of this announcement and upon completion of the transaction under the Century Bright Company Agreement, the shareholding of Hainan Refining and Chemical are set out as follows:

	As of the date of this announcement	Upon completion of the transaction under the Century Bright Company Agreement
The Company	75%	100%
Century Bright Company	25%	-
Total	100%	100%

As of 31 December 2020, the total assets and net assets of Hainan Refining and Chemical were RMB30,650.5284 million and RMB19,539.7867 million, respectively.

The operating income, profit before taxation, net profit and net profit after extraordinary gains and losses of Hainan Refining and Chemical in 2020 were RMB37,174.5250 million, RMB1,508.0057 million, RMB1,183.3236 million and RMB1,178.6260 million, respectively. The operating income, profit before taxation and net profit of Hainan Refining and Chemical in 2019 were RMB50,127.862 million, RMB2,667.6251 million, RMB1,960.8722 million, respectively.

Basic information of Cangzhou Toray under the Assets Company Agreement

Cangzhou Toray is a company established in the PRC with limited liability on 20 July 2009, and its principal business is the business of chemical production. As of the date of this announcement and upon completion of the transaction under the Assets Company Agreement, the shareholding of Cangzhou Toray are set out as follows:

	As of the date of this announcement	Upon completion of the transaction under the Assets Company Agreement
Toray Fine Chemical Co., Ltd.	60%	60%
Assets Company	40%	-
The Company	-	40%
Total	100%	100%

Toray Fine Chemical Co., Ltd., the shareholder of Cangzhou Toray, has committed in writing not to exercise its pre-emptive right in respect of the 40% equity of Cangzhou Toray.

As of 31 December 2020, the total assets and net assets of Cangzhou Toray were RMB113.3419 million and RMB24.0506 million, respectively.

The operating income, profit before taxation, net profit and net profit excluding extraordinary gains and losses of Cangzhou Toray in 2020 were RMB114.6715 million, RMB17.5175 million, RMB16.8665 million and RMB16.8665 million. The operating income, profit before taxation, net profit and of Cangzhou Toray in 2019 were RMB103.9570 million, RMB6.1735 million and RMB6.1735 million.

Basic information of the Target Assets under the Cangzhou branch Agreement

Sinopec Corp. will purchase the non-equity assets held by Assets Company, including the polypropylene devices and utility business assets of Cangzhou branch. The designed production capacity of the polypropylene devices is 53,000 tonnes/year.

As of 31 December 2020, the total assets of the Target Assets were RMB185.2921 million and net assets were RMB67.1444 million, of which: the original book value of the fixed assets was RMB409.3221 million, the depreciation that has been accrued was RMB258.4915 million, and the provision for impairment was RMB841,400, and the net book value was RMB149.9893 million.

The operating income, profit before taxation, net profit and net profit excluding extraordinary gains and losses of the Target Assets in 2020 were RMB560.4095 million, RMB-4.04 million, RMB-4.04 million and RMB-4.04 million, respectively. The operating income, profit before taxation, net profit and net profit excluding extraordinary gains and losses of the Target Assets in 2019 were RMB593.9048 million, RMB7.5004 million, RMB5.6253 million and RMB5.6253 million, respectively.

Basic information of the Target Assets under the Orient Petrochemical Agreement

Sinopec Corp. will purchase non-equity assets held by Orient Petrochemical, including inventory and equipment. The production capacity of the main devices includes: 180,000 tonnes/year for vinyl acetate (VAC) devices, 100,000 tonnes/year for vinyl acetate-ethylene copolymer emulsion (VAE) devices, and 40,000 tonnes/year for ethylene-vinyl acetate copolymer resin (EVA) devices.

As of 31 December 2020, the total assets of the Target Assets were RMB359.4606 million and the net assets of the Target Assets were RMB244.2064 million, of which: the original book value of the fixed assets was RMB1,733.7131 million, the depreciation that has been accrued was RMB807.5362 million, the provision for impairment was RMB744.8001 million, and the net book value was RMB181.3768 million.

The operating income, profit before taxation and net profit of the Target Assets in 2020 were RMB1,223.1567 million, RMB113.9780 million and RMB113.9780 million, respectively. The operating income, profit before taxation and net profit of the Target Assets in 2019 were RMB528.0643 million, RMB118.8907 million and RMB118.8907 million, respectively.

Basic information of the Target Assets under the Beihai Petrochemical Agreement

Beihai Refining and Chemical will purchase non-equity assets held by Beihai Petrochemical, including the pier operation platform. The designed throughput of the pier is 1.5 million tonnes/year with the construction cost being approximately RMB0.16 billion.

As of 31 December 2020, the total assets of the Target Assets were RMB110.8813 million and the net assets of the Target Assets were RMB108.9520 million, of which: the original book value of the fixed assets was RMB157.6213 million, the depreciation, amortisation or impairment that has been accrued was RMB48.0048 million and the net book value was RMB109.6165 million.

The operating income, profit before taxation and net profit of the Target Assets in 2020 were RMB39.4580 million, RMB22.8408 million and RMB17.1306 million, respectively. The operating income, profit before taxation and net profit of the Target Assets in 2019 were RMB37.7554 million, RMB20.2294 million and RMB15.3302 million, respectively.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Transactions under the Agreements will further improve the integrated operation level of the Company, optimise the allocation of resources, reduce connected transactions on the whole, so as to enhance the comprehensive competitiveness of the Company in its business locations.

OPINIONS OF THE DIRECTORS

As at the date of this announcement, Zhang Yuzhuo, Ma Yongsheng, Yu Baocai, Liu Hongbin, Ling Yiqun and Zhang Shaofeng are connected Directors and therefore required to abstain from voting on the resolution approving the Agreements and the transactions contemplated thereunder at the Board meeting. The Board has considered and approved the resolution on the Transactions. All Directors (including all independent non-executive Directors) are of the opinion that, (i) the Transactions are on normal commercial terms; (ii) the terms and conditions of the Transaction documents are fair and reasonable; and (iii) the Transactions are in the interest of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As of the date of this announcement, China Petrochemical Corporation is the controlling shareholder of the Company. As Century Bright Company, Assets Company, Orient Petrochemical and Beihai Petrochemical are subsidiaries of China Petrochemical Corporation, they are associates of China Petrochemical Corporation and thus constitute connected persons of the Company pursuant to Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Transactions are more than 0.1% but less than 5% on aggregate basis, the Transactions are subject to the reporting and announcement requirements, but exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INFORMATION ON THE PARTIES

The Company

The Company is one of the largest integrated energy and chemical companies in China and is mainly engaged in the exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fibre and other chemical products; the import and export, including import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; and research, development and application of technologies and information.

Overseas Investment Company

Overseas Investment Company is a limited company established under the laws of Hong Kong and a subsidiary of the Company, and is primarily engaged in overseas investment and equity management.

Beihai Refining and Chemical

Beihai Refining and Chemical is a company established in accordance with the PRC laws with limited liability and a subsidiary of the Company, and is primarily engaged in import and process of crude oil, production, storage and sales of petroleum and petrochemical products.

Century Bright Company

Century Bright Company is a limited liability company established under the laws of Hong Kong and primarily engaged in internal corporate finance and clearing services and general businesses. As of the date of this announcement, China Petrochemical Corporation directly owns 100% equity interest of Century Bright Company.

Assets Company

Assets Company is a company established in accordance with the PRC laws with limited liability and is primarily engaged in industrial investment and investment management, refining of petroleum; production and supply of heat; production and sales of petrochemical, chemical fibre and refined chemical products (excluding hazardous products); warehousing services; leasing of land and self-owned properties. The following projects are operated by external branches: electricity business, centralised water supply, port operations and production and operation of hazardous chemicals, etc. As of the date of this announcement, China Petrochemical Corporation directly owns 100% equity interest of Assets Company.

Orient Petrochemical

Orient Petrochemical is a company established in accordance with the PRC laws with limited liability and is primarily engaged in the production of petrochemical products, refined chemical products (excluding category I precursor chemicals and hazardous chemicals); sales of petrochemical products, refined chemical products (excluding category I precursor chemicals and hazardous chemicals); import and export business; warehousing services; professional contracting; technological services and technological consultation. As of the date of this Announcement, China Petrochemical Corporation directly owns 100% equity interest of Orient Petrochemical.

Beihai Petrochemical

Beihai Petrochemical is a company established in accordance with the PRC laws with limited liability and is primarily engaged in business including transportation, loading and unloading of cargo in the PRC. As of the date of this announcement, Assets Company directly owns 100% equity interest of Beihai Petrochemical.

China Petrochemical Corporation

China Petrochemical Corporation is a company established under the Laws of the PRC with limited liability and an institution approved to carry out state-authorized investments and is a state-controlling company. It is primarily engaged in exploration, exploitation, storage and transportation (including pipeline transportation), sales and comprehensive utilization of oil and natural gas; oil refining; wholesale and retail of refined oil products; production, sales, storage and transportation of petrochemical and other chemical products; industrial investment and investment management; exploration design, construction and installation of petroleum and petrochemical engineering projects; repairing and maintenance of petroleum and petrochemical equipment; manufacture of mechanical and electrical equipment; research, development, application and consultation services of technology, information and alternative energy products; import and export business.

DEFINITIONS

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

“Agreement(s)”	collectively or partly, the Century Bright Company Agreement, Assets Company Agreement, Cangzhou branch Agreement, Orient Petrochemical Agreement and Beihai Petrochemical Agreement
“Assets Company”	Sinopec Group Asset Management Co., Ltd.
“Assets Company Agreement”	the Agreement on Purchasing Equity Interest in Cangzhou Toray Fine Chemical Co., Ltd. entered into by Sinopec Corp. and Assets Company on 26 March 2021
“Beihai Refining and Chemical”	Sinopec Beihai Refining and Chemical Limited Liability Company
“Beihai Petrochemical”	Beihai Petrochemical Limited Liability Company of Sinopec Group
“Beihai Petrochemical Agreement”	the Agreement on Purchasing Assets of Beihai Petrochemical related to Pier Business entered into by Beihai Refining and Chemical and Beihai Petrochemical on 26 March 2021
“Board”	the board of directors of the Company
“Cangzhou Toray”	Cangzhou Toray Fine Chemicals Co., Ltd.

“Cangzhou branch”	Cangzhou branch of Assets Company
“Cangzhou branch Agreement”	the Agreement on Purchasing the Polypropylene and Utility Business Assets entered into by Sinopec Corp. and Assets Company on 26 March 2021
“Century Bright Company”	Sinopec Century Bright Capital Investment Ltd.
“Century Bright Company Agreement”	the Agreement on Purchasing Equity Interest in Sinopec Hainan Refining and Chemical Company Limited entered into by Overseas Investment Company and Century Bright Company on 26 March 2021
“China Petrochemical Corporation”	China Petrochemical Corporation
“Company” or “Sinopec Corp.”	China Petroleum & Chemical Corporation
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the Directors of the Company
“Hainan Refining and Chemical”	Sinopec Hainan Refining and Chemical Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Orient Petrochemical”	Beijing Orient Petrochemical Industry Co., Ltd.
“Orient Petrochemical Agreement”	the Agreement on Purchasing Equipment and Relevant Assets entered into by Sinopec Corp. and Orient Petrochemical on 26 March 2021
“Overseas Investment Company”	Sinopec Overseas Investment Holding Limited
“PRC”	the People’s Republic of China
“Purchaser(s)”	collectively or partly, (1) Overseas Investment Company; (2) Sinopec Corp.; and (3) Beihai Refining and Chemical
“RMB”	Renminbi, the lawful currency of the PRC

“Seller(s)”	collectively or partly, (1) Century Bright Company; (2) Assets Company; (3) Orient Petrochemical; and (4) Beihai Petrochemical
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Asset(s)”	collectively or partly, equity interest or non-equity assets to be purchased by Purchaser(s) from Seller(s) under the Transactions
“Transaction(s)”	collectively or partly, the transaction(s) under the Century Bright Company Agreement, Assets Company Agreement, Cangzhou branch Agreement, Orient Petrochemical Agreement, and Beihai Petrochemical Agreement
“Valuation Reference Date(s)”	the valuation reference date(s) of the valuation over the Target Asset(s)

By Order of the Board

China Petroleum & Chemical Corporation

Huang Wensheng

Vice President and Secretary to the Board of Directors

Beijing, PRC
26 March 2021

As of the date of this announcement, directors of the Company are: Zhang Yuzhuo, Ma Yongsheng#, Yu Baocai#, Liu Hongbin#, Ling Yiqun#, Zhang Shaofeng*, Tang Min+, Cai Hongbin+, Ng, Kar Ling Johnny+*

Executive Director

** Non-executive Director*

+ Independent Non-executive Director