中国石化
SINOPEC

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)

CHANGE AND POSTPONEMENT OF CERTAIN PROJECTS FINANCED WITH THE PROCEEDS

References are made to the announcement dated 24 March 2023 and the circular dated 13 April 2023 (the "**Circular**") of China Petroleum & Chemical Corporation ("**Sinopec Corp**." or the "**Company**"), in relation to the issuance of A shares by the Company to China Petrochemical Corporation under the general mandate (the "**Non-public Issuance of A Shares**"). The Non-public Issuance of A Shares was considered and approved at the 2022 annual general meeting of the Company and completed on 19 March 2024. Unless otherwise specified, the terms used in this announcement shall have the same meanings as those defined in the Circular.

STATUS OF THE USE OF PROCEEDS

The gross proceeds from the Non-public Issuance of A Shares were RMB11,999,999,999.94, and the net proceeds were RMB11,987,328,778.90 (the "**Proceeds**"). As of 28 February 2026, the status of the use of the Proceeds of the Company is set out below:

Unit: RMB100 million

No.	Investment projects financed with the Proceeds ("Projects Financed with the Proceeds")	Proposed Proceeds to be invested	Used Proceeds	Investment progress
1	First Stage of Phase III of Tianjin LNG Project (the "**Tianjin LNG Project**")	45	3.93	8.73%
2	Yanshan Branch Hydrogen Purification Facilities Improvement Project	1.87	1.56	83.36%
3	Maoming Branch Oil Refining Transformation and Upgrading	48	16.43	34.24%

	and Ethylene Quality Revamping Project (the "**Maoming Oil Refining and Ethylene Project**")			
4	Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project	9	8.56	95.16%
5	Zhongke (Guangdong) Refinery & Petrochemical Company Limited No.2 EVA Project (the "**Zhongke EVA Project**")	16	8.45	52.80%
Total		**119.87**	**38.93**	**32.48%**

Note: The Yanshan Branch Hydrogen Purification Facilities Improvement Project and the Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project have reached the intended usable condition.

CHANGE AND POSTPONEMENT OF CERTAIN PROJECTS FINANCED WITH THE PROCEEDS

On 20 March 2026, the Company convened the 11th meeting of the ninth session of the Board, at which the "Resolution in relation to the Change and Postponement of Certain Projects Financed with the Proceeds" was considered and approved. Among which, the change of certain Projects Financed with the Proceeds is subject to the consideration and approval at the general meeting of the Company.

The Company proposes not to continue financing Tianjin LNG Project and Zhongke EVA Project with the Proceeds. It is proposed to use the unutilised Proceeds of RMB4.107 billion for Tianjin LNG Project to finance the Southwest Natural Gas Development Project (the "**Southwest Natural Gas Project**") and Maoming Oil Refining and Ethylene Project, of which RMB4 billion will be invested in the Southwest Natural Gas Project and RMB107 million will be invested in Maoming Oil Refining and Ethylene Project. It is proposed to use the unutilised Proceeds of RMB755 million for Zhongke EVA Project to invest in Maoming Oil Refining and Ethylene Project. The unutilised Proceeds of RMB3.157 billion, which was originally proposed to be invested towards fields in relation to high value-added materials under the Maoming Oil Refining and Ethylene Project, will be invested comprehensively into the entire Maoming Oil Refining and Ethylene Project, and the date for the project to reach the ready-for-use status will be postponed from 2027 to December 2028.

The new projects financed with the Proceeds are set out below:

Unit: RMB100 million

No.	Projects Financed with the Proceeds	Proposed total investment of the projects	Proposed Proceeds to be invested
1	Southwest Natural Gas Development Project	111	40
2	Maoming Branch Oil Refining Transformation and Upgrading and Ethylene Quality Revamping Project	330.57	56.62[note1]

Note: 1. Including the Proceeds of RMB1.643 billion already invested in Maoming Oil Refining and Ethylene Project.

2. Upon the completion of the Projects Financed with the Proceeds, the remaining unutilised Proceeds may be used to replenish the working capital for the daily operations of the Company in accordance with the relevant domestic regulatory requirements for proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS AND POSTPONEMENT OF PROJECTS FINANCED WITH THE PROCEEDS

The main construction work contemplated in Tianjin LNG Project involves five 270,000 m^3 LNG storage tanks and supporting facilities. In view of factors such as the Company's industry layout adjustment and the overall implementation pace of the project construction, the Company will intensify the efforts in the self-production of natural gas resources and optimise the gas source structure. Zhongke EVA Project was affected by the postponed delivery of certain key equipment, leading to an adjustment in the overall pace of the project. The construction progress of Maoming Oil Refining and Ethylene Project needs to be optimised in line with market adjustments.

In order to improve the efficiency of the use of Proceeds, the Company proposes to invest the Proceeds from the aforementioned projects to the Southwest Natural Gas Project and Maoming Oil Refining and Ethylene Project, which have higher certainty. The subsequent construction of Tianjin LNG Project and Zhongke EVA Project will be reasonably arranged according to market conditions with their self-owned or self-raised funds, which will not affect their existing assets.

As natural gas is a key support for the energy structure transition. The Company will shift its investment focus to domestic natural gas and shale gas exploration and development, which will help enhance the stability of domestic resource supply. Strengthening domestic natural gas and shale gas development is more economical in the current environment, with advantages such as relatively shorter investment return cycles and faster generation of cash flow after being put into production, which is conducive to accelerating investment recovery and improving return efficiency. The Company has formed a series of mature exploration and development technology systems and management experience in major domestic basins and gas fields. The change in the use of Proceeds will help concentrate resources to accelerate the development and capacity construction of high-quality domestic blocks.

In order to ensure the implementation quality of the Projects Financed with the Proceeds and the effectiveness of the use of Proceeds, based on the principle of prudence and taking into account the current construction status and investment progress of the Projects Financed with the Proceeds, the Company will adjust the time to reach the ready-for-use status from 2027 to December 2028 of Maoming Oil Refining and Ethylene Project.

The Board is of the view that the change in the use of Proceeds has fully considered the changes in the market environment and the future development strategy of the Company, is conducive to improving the efficiency of the use of Proceeds and enhancing the overall operating results of the Company, and is in line with the long-term development requirements of the

Company and in the interests of the Company and its shareholders as a whole.

DETAILS OF THE NEW PROJECTS

Details of the Maoming Oil Refining and Ethylene Project were set out in the Circular. Details of the Southwest Natural Gas Project are as follows:

1. Basic Information of the Project

(1) Implementation entity: Southwest Oil & Gas Branch of China Petroleum & Chemical Corporation

(2) Construction site: Northeast Sichuan areas such as Guangyuan and Langzhong; West Sichuan areas such as Chengdu and Deyang; South Sichuan areas such as Zigong, Luzhou and Yibin; as well as Qijiang District and Yongchuan District in Chongqing and Xishui County in Guizhou Province.

(3) Construction work and size of the project: The total investment of the project is RMB11.1 billion. Upon implementation of the project, natural gas drilling and production engineering and supporting facilities with an annual output of over 3 billion cubic meters will be built.

(4) Construction period: The Southwest Natural Gas Project will be put into production gradually. The construction of the project is expected to be fully completed and be put into production by December 2028.

(5) Approval status: The Southwest Natural Gas Project consists of 20 sub-projects. The pre-approval procedures for the commencement of each sub-project mainly include planning opinions, environmental impact assessment approvals and temporary land use approvals. As at the date of this announcement, 12 sub-projects have obtained all necessary approvals. 8 sub-projects have not yet obtained all approvals and such approval work will be advanced according to the actual needs of project construction and the progress of production deployment.

2. Investment Plan of the Project

Unit: RMB0'000

No.	Item	Investment amount	Percentage
1	Exploration investment	32,457	2.92%
2	Incurred investment	56,867	5.12%
3	New investment (including investment in drilling, gas production, surface engineering, etc.)	1,012,227	91.19%
4	Interest during construction period	8,417	0.76%
Total		1,109,968	100%

3. Necessity and Feasibility of the Project

The Southwest Natural Gas Project is a necessary measure to promote the energy structure transition. The Southwest region has a solid resource base and huge resource potential, with proven reserves exceeding 100 billion cubic meters. The Company has successfully developed and built several gas fields in the Southwest region, such as Yuanba Gas Field, Weirong Gas Field, West Sichuan Gas Field and Qijiang Gas Field, and has accumulated rich experience in natural gas development. Relying on the core technology system for safe and efficient development of ultra-deep high-sulfur gas fields and leveraging the well-established export pipeline infrastructure in the region, the Company is able to conduct efficient development in the area. The implementation of the project will further assist the Company in building a natural gas production capacity base in the Southwest region.

4. Economic Benefits of the Project

Based on calculation and analysis, the financial internal rate of return of the project is greater than 8%, and the project is economically feasible.

RISK WARNING OF THE NEW PROJECTS

(1) Construction progress risk

The Company has formulated a relatively reasonable implementation schedule for the new projects based on our past project experience. However, each project construction involves many procedures and is subject to force majeure events such as natural disasters. As a result, there may be a risk that the implementation progress of the Projects Financed with the Proceeds may fall short of expectations.

(2) Risk of project benefits failing to meet expectations

Each new project has undergone sufficient market analysis and feasibility demonstration, which is in line with industrial policies and industry development trends, and possess promising market prospects. In addition, the Company has sufficient resource reserves in terms of personnel, technology and market, which can ensure the smooth implementation of the Projects Financed with the Proceeds. However, during the implementation process of each project, the actual implementation of the project may be affected by changes in industrial policies and industry and market environment, increases in project construction and operation costs and other unforeseen factors, resulting in the risk of the return of the new project failing to meet expectations.

(3) Risk of utilisation of the new production capacity of the project

Each new project has been designed based on factors such as current industrial policies, market demand and industry development trends, combined with the Company's strategic development planning. After the completion of the construction and implementation of each project in the future, if there are major adverse changes in the domestic and international economic environments, industrial policies, market capacity, market competition, industry development trends, or if the Company's market development fails to meet expectations, there may be a risk that the newly added production capacity of the relevant new project cannot be utilised in a timely manner.

In response to the above risks, the Company will closely monitor industry development trends and market changes, and strictly control key stages such as project construction and use of Proceeds based on actual circumstances, so as to promote the steady development of the new projects.

By Order of the Board
China Petroleum & Chemical Corporation
Huang Wensheng
Vice President and Secretary to the Board of Directors

Beijing, the PRC
20 March 2026

As of the date of this announcement, directors of the Company are: Hou Qijun, Zhao Dong*, Zhong Ren*, Wan Tao#, Lv Lianggong#, Niu Shuanwen#, Cai Yong*, Xu Lin+, Zhang Liying+, Liu Tsz Bun Bennet+, Zhang Xiliang+, Li Wei+and Wang Shijie*.*

Executive Director
* *Non-executive Director*
\+ *Independent Non-executive Director*