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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: 00386)

PROPOSED AMENDMENTS TO THE MUTUAL SUPPLY AGREEMENT AND ITS RELEVANT ANNUAL CAPS

References are made to the announcements and circulars in relation to the renewal of continuing connected transactions and discloseable transactions dated 23 August 2024 and 30 August 2024. At the first extraordinary general meeting of 2024 of the Company, the Independent Shareholders approved, among other things, the Mutual Supply Agreement between the Group and Sinopec Group and its annual caps for the three years ending 31 December 2027.

Given that upon completion of the Reorganisation on 9 July 2026, CNAF has become a wholly-owned subsidiary of China Petrochemical Corporation. Therefore, the continuing transactions conducted between the Group and CNAF Group in the ordinary course of business will become part of the continuing connected transactions between the Group and Sinopec Group.

Taking into account the fact that (i) the existing annual caps for the continuing connected transactions under the Mutual Supply Agreement will not be sufficient for the expected transaction demand based on the existing continuing transaction amounts between the Group and CNAF Group and the estimation of future transaction demands; (ii) there may be an increase and fluctuation of the prices of crude oil and refined oil; and (iii) the increase in the mutual supply volume of crude oil and refined oil between the Group and Sinopec Group is anticipated, the Board proposes to amend the scope of service of the Mutual Supply Agreement and the 2026 and 2027 annual caps for the provision of products and services by the Group to Sinopec Group and the provision of products and services by Sinopec Group to the Group under the Mutual Supply Agreement.

Save as disclosed above, the terms of the Mutual Supply Agreement, the pricing policy, the relevant caps and basis for the entrusted loan provided by the Group to the Connected Subsidiaries as disclosed in the circular of the Company dated 30 August 2024 (the “**2024 Circular**”) remain unchanged. For details, please refer to the contents set out in the 2024 Circular.

Pursuant to the Hong Kong Listing Rules and the Shanghai Listing Rules, as at the date of this announcement, China Petrochemical Corporation, directly holding approximately 68.79% of the total issued share capital of the Company, and its associates will constitute connected persons of the Company. As such, the continuing transactions between the Company and Sinopec Group constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.54 of the Hong Kong Listing Rules, due to the Proposed Amendments, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transactions. Given that the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) for the Proposed Amendments exceeds 5%, the Proposed Amendments are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

According to the Shanghai Listing Rules, the Proposed Amendments are subject to the announcement and Independent Shareholders' approval requirements.

A circular containing, among other things, (i) further details of the Proposed Amendments, (ii) a letter from the Independent Board Committee and (iii) a letter from the IFA, will be dispatched and/or notified to the Shareholders within 15 business days after the date of this announcement.

I. BACKGROUND

References are made to the announcements and circulars in relation to the renewal of continuing connected transactions and discloseable transactions dated 23 August 2024 and 30 August 2024. At the first extraordinary general meeting of 2024 of the Company, the Independent Shareholders approved, among other things, the Mutual Supply Agreement between the Group and Sinopec Group and its annual caps for the three years ending 31 December 2027.

Given that upon completion of the Reorganisation on 9 July 2026, CNAF has become a wholly-owned subsidiary of China Petrochemical Corporation. Therefore, the continuing transactions conducted between the Group and CNAF Group in the ordinary course of business will become part of the continuing connected transactions between the Group and Sinopec Group.

Taking into account the fact that (i) the existing annual caps for the continuing connected transactions under the Mutual Supply Agreement will not be sufficient for the expected transaction demand based on the existing continuing transaction amounts between the Group and CNAF Group and the estimation of future transaction demands; (ii) there may be an increase and fluctuation of the prices of crude oil and refined oil; and (iii) the increase in the mutual supply volume of crude oil and refined oil between the Group and Sinopec Group is anticipated, the Board proposes to amend the scope of service of the Mutual Supply Agreement and the 2026 and 2027 annual caps for the provision of products and services by the Group to Sinopec Group and the provision of products and services by Sinopec Group to the Group under the Mutual Supply Agreement.

Save as disclosed above, the terms of the Mutual Supply Agreement, the pricing policy, the relevant caps and basis for the entrusted loan provided by the Group to the Connected Subsidiaries as disclosed in the 2024 Circular remain unchanged. For details, please refer to the contents set out in the 2024 Circular.

Pursuant to the Hong Kong Listing Rules and the Shanghai Listing Rules, the Proposed Amendments are subject to requirements including reporting, announcement, annual review, and Independent Shareholders' approval.

II. MUTUAL SUPPLY AGREEMENT

1. Signing Date and Term

The Company and China Petrochemical Corporation entered into the Mutual Supply Agreement on 3 June 2000. The Company and China Petrochemical Corporation entered into the Continuing Connected Transactions Eighth Supplemental Agreement on 7 September 2026 to amend the Mutual Supply Agreement, and the term of the Mutual Supply Agreement is up to 31 December 2027.

2. Scope of Service after the Proposed Amendments

The following transactions are contemplated under the Mutual Supply Agreement:

- (1) Products and services provided by the Group, including:
 - (a) Crude oil, natural gas, refined and petrochemical products and by-products, semi-finished products, coal, steel, water, electricity, gas, heat, measurements, quality inspection, and other related or similar products and services;
 - (b) Entrusted loan to the Connected Subsidiaries.
- (2) Products and services provided by Sinopec Group, including:
 - (a) Supply: fresh water, chemical water, recycled water, industrial air, hydrogen, nitrogen, electricity, steam, heat supply, materials and equipment parts, chemical raw materials, precious metals, the sourcing of crude oil and natural gas (including crude oil and natural gas from overseas), refined oil products and other related or similar products and services;
 - (b) Storage and transportation: railway, vehicular transport, water transport, pipeline transmission, loading and unloading, wharves, warehousing and other related or similar services;
 - (c) Ancillary production: well drilling, well surveying, well logging, exploration and development testing, technological research, communication, fire control, security guards, public security, chemical examination, material examination, information, pressure containers and pipelines inspection, metering inspection, computer services, equipment research, airports, feasibility study, design, construction, installation, production of electromechanical instruments, inspection and maintenance of equipment devices and electrical equipment meters, projects supervision, environmental protection, repair and maintenance of roads, bridges and culverts and slope protection, flood control and other related or similar services;
 - (d) Training and auxiliary services: staff training, culture and sports, newspapers and magazines, radio and TV, office and factory property management, canteens, dormitories, commuting, re-employment service centres and other related or similar services;

- (e) Others: agent services in the collection and payment of administrative services fees, labour services, asset leasing, insurance, insurance agency service, entrusted loans and other intermediary services, sharing services (including finance, human resources, business travel and information technology sharing, etc.), and other related or similar services.

Pursuant to the Mutual Supply Agreement, the Group and Sinopec Group will supply each other with crude oil, natural gas and utilities (i.e. water, electricity, steam, industrial air, etc.). Such mutual supply will bring convenience and flexibility to both parties' production and operation. In particular:

- (a) In terms of crude oil, on one hand, according to relevant regulations in China, overseas crude oil purchases require relevant qualifications, which Sinopec Group lacks. China International United Petroleum & Chemicals Co., Ltd., being a subsidiary of the Company, has the relevant qualifications and is a leading crude oil trading company in China. By purchasing crude oil from China International United Petroleum & Chemicals Co., Ltd., Sinopec Group can ensure stable production and operation. On the other hand, the Group purchases a large amount of crude oil from overseas every year in order to meet its production and operation demands, a small portion of which is overseas equity crude oil of Sinopec Group. In addition, taking into account factors such as transport time, market demand, and the crude oil's adaptability to facilities, the Group will purchase crude oil from Sinopec Group's commercial petroleum storage companies in the same region from time to time;
- (b) In terms of natural gas, on one hand, since Sinopec Group has demands for natural gas as raw material, fuel and for other uses whereas the Group is engaged in natural gas exploration and production, Sinopec Group needs to purchase natural gas from the Group to meet its production and operation demands. On the other hand, since some of the Group's gas-consuming member enterprises and the Group's natural gas exploration and production member enterprises are located in different regions, a small number of the Group's member enterprises need to occasionally purchase a small amount of natural gas for production and operation from Sinopec Group in order to reduce costs;
- (c) In terms of utilities, utilities in some regions belong to the Group while utilities in some other regions belong to Sinopec Group. Under circumstances where member enterprises of the Group and Sinopec Group are located in the same region, one party will purchase the utility products belonging to the other party so as to satisfy its production and operation demands and to ensure its stable operation.

3. Pricing Policy

The pricing policy and internal control measures under the Mutual Supply Agreement as set out in the 2024 Circular remain unchanged, and are applicable to all transactions contemplated under the Proposed Amendments. For ease of reference, the pricing policy and internal control measures relating to the pricing policy under the Mutual Supply Agreement in relation to the Proposed Amendments are set out below.

The transactions conducted under the Mutual Supply Agreement shall be priced in accordance with the following terms:

- (1) government-prescribed price;
- (2) where there is no government-prescribed price but government guidance price exists, the government guidance price will apply;
- (3) where there is neither a government-prescribed price nor a government guidance price, the market price will apply;
- (4) where none of the above is applicable, the price is to be agreed between relevant parties for the provision of the above products or service, which shall be the reasonable cost incurred in providing the same plus 6% or less of such cost.

In particular:

(1) Government-prescribed price (including government guidance price)

Applicable to gasoline, diesel, natural gas, liquefied gas, water supply, electricity supply and heating supply (plus diversion costs in respect of water, electricity and heating supply). The government pricing for different products and services is determined based on the following principles:

**Types of product/
service with
government-
prescribed price**

Primary basis for price determination

Refined oil products
(gasoline and diesel)

According to the Notice of Issues Concerning Further Improving the Pricing Formation Mechanism of Refined Oil (Fa Gai Jia Ge [2016] No. 64) (《關於進一步完善成品油價格形成機制有關問題的通知》(發改價格[2016]64號)) issued by the NDRC on 13 January 2016, government guidance price shall be applied for the retail price and wholesale price of gasoline and diesel, as well as the supply price of gasoline and diesel to special users such as social wholesale enterprises, railway and transportation etc.; government-prescribed price shall be applied for the supply price of gasoline and diesel to the national reserve and other entities, and the factory price of aviation gasoline. The price of gasoline and diesel may be adjusted every ten working days with reference to the changes in the international market price of crude oil. The NDRC prescribes the maximum retail price of gasoline and diesel for all provinces (autonomous regions, municipalities) or central cities, and the supply price of gasoline and diesel to the national reserve and other entities, as well as the factory price of aviation gasoline. The price adjustment for refined oil products is subject to the documents issued by the relevant national competent authorities for pricing.

(2) *Relevant market price (including tender price)*

Applicable to crude oil, refined oil products (jet fuel, light chemical feedstock, lubricant, heavy oil etc.), chemical products, coal, asset leasing, machinery repairs, transportation, warehousing, material procurement and so on. The relevant market price for each of the products is determined based on the following principles:

Types of product/service with relevant market price	Primary basis for price determination
Crude oil	The relevant market price of crude oil is determined with reference to crude oil quoted prices on international markets, such as Brent, Dubai and Oman.
Refined oil products (jet fuel, light chemical feedstock, lubricant, heavy oil)	The relevant market price of jet fuel is determined in accordance with the duty-paid CIF price for jet fuel imports from the Singapore market; the relevant market price of light chemical feedstock is determined in accordance with the duty-paid CIF price for naphtha imports from Japan and Singapore markets; the relevant market price of lubricant is determined by referring to the quotations on the relevant domestic price websites for lubricant; the relevant market price of heavy oil is determined in accordance with the duty-paid CIF price for imports of 180C heavy oil from Singapore market. Such product prices in Singapore and Japan markets are publicly available.
Asset leasing, machinery repairs, transportation, warehousing and materials procurement, etc.	The relevant market price is determined through price enquiry and comparison on the relevant price websites or by referring to the prices of the same type of transactions in surrounding markets or by tender through the e-commerce system, etc.

The Company has established procedures and internal control system for pricing and terms of the Continuing Connected Transactions. For details, please refer to 「VI. Procedures and Internal Control System for Pricing and Terms of the Mutual Supply Agreement」 of this announcement.

III. EXISTING ANNUAL CAPS AND PROPOSED AMENDED ANNUAL CAPS

1. Existing annual caps and historical transaction amounts

The following are the historical figures and existing annual transaction caps for the mutual supply of products and services between the Group and Sinopec Group under the Mutual Supply Agreement for the year ended 31 December 2025 and the six months ended 30 June 2026:

Continuing Connected Transactions under the Mutual Supply Agreement		For the year ended 31 December 2025	For the year ending 31 December 2026	For the year ending 31 December 2027
(1) Products and services provided by the Group to Sinopec Group	Historical transaction amount (RMB100 million)	1,645	1,079 <i>Note</i>	N/A
	Existing annual cap (RMB100 million)	2,548	2,548	2,632
(2) Products and services provided by Sinopec Group to the Group	Historical transaction amount (RMB100 million)	2,614	1,601 <i>Note</i>	N/A
	Existing annual cap (RMB100 million)	4,039	4,215	4,229

Note: Being the historical figures for the 6 months ended 30 June 2026.

2. Proposed amended annual caps for the mutual supply of products and services between the Group and Sinopec Group

Continuing Connected Transactions under the amended Mutual Supply Agreement		Proposed amended annual caps for the year ending 31 December (RMB100 million)	
		2026	2027
(1)	Products and services to be provided by the Group to Sinopec Group	3,928	5,946
(2)	Products and services to be provided by Sinopec Group to the Group	4,420	5,236

Note: The Proposed Amendments do not involve the amendments to the annual caps for the entrusted loan provided by the Group to the Connected Subsidiaries under the Mutual Supply Agreement.

IV. REASONS FOR AND BENEFITS OF THE PROPOSED AMENDMENTS

Taking into account the following facts: (i) upon completion of the Reorganisation on 9 July 2026, CNAF has become a wholly-owned subsidiary of China Petrochemical Corporation. As the Group is the largest jet fuel supplier of CNAF Group, and there are a small amount of gasoline and diesel transactions and related services between the Group and CNAF Group, based on the existing continuing transaction amounts between the Group and CNAF Group and the estimation of future transaction demands, the existing annual caps for the relevant continuing connected transactions under the Mutual Supply Agreement are not able to satisfy expected transaction demands; (ii) due to the geopolitical conflicts in the Middle East, the supply of crude oil resources has been hindered, to ensure the stable supply of crude oil resources and smooth production of the Group, the Group is expected to increase the volume of crude oil purchased from Sinopec Group's commercial petroleum storage companies in the same region, and Sinopec Group's commercial petroleum storage companies are also expected to further increase the volume of crude oil purchased through China International United Petroleum and Chemicals Co., Ltd., a subsidiary of the Company; and (iii) there may be an increase and fluctuation of the prices of crude oil and refined oil, the Board proposes to amend the scope of service of the Mutual Supply Agreement and the 2026 and 2027 annual caps for the provision of products and services by the Group to Sinopec Group and the provision of products and services by Sinopec Group to the Group under the Mutual Supply Agreement.

The Directors of the Company (including the independent non-executive Directors) consider that the Proposed Amendments are conducted on normal commercial terms, are fair and reasonable, and are in the overall interests of the Company and the Shareholders.

V. BASIS FOR THE PROPOSED AMENDED ANNUAL CAPS

Continuing Connected Transactions under the Mutual Supply Agreement

Basis for Determining the Proposed Amended Annual Caps

- | | |
|--|--|
| (1) Products and services provided by the Group to Sinopec Group | The proposed amended annual caps for the provision of products and services by the Group to Sinopec Group are determined with reference to: |
| | (i) The utilisation rate of the existing 2026 annual cap under the Mutual Supply Agreement: For the six months ended 30 June 2026, the utilisation rate of the 2026 annual cap has reached approximately 42%, representing a significant increase as compared to the same period in previous years, mainly due to factors such as high oil prices caused by geopolitical conflicts, which led to an increase in the business amount between the Group and Sinopec Group; |

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**Basis for Determining the
Proposed Amended Annual Caps**

- (ii) The product prices of crude oil and related refined oil: According to the 2024 Circular, the Company assumed that the crude oil price for 2026-2027 was originally US\$85/barrel. Based on the increase in crude oil prices since 2026, the Company now assumes that the crude oil prices for the second half of 2026 and 2027 will be adjusted to US\$90/barrel and US\$85/barrel respectively, and the prices of relevant refined oil will fluctuate according to the crude oil prices;
- (iii) The historical transaction amounts of the provision of products and services by the Group to CNAF Group: During the year of 2025 and the period from January to June 2026, the amounts of products and services such as jet fuel sold by the Group to CNAF Group were approximately RMB133.2 billion and RMB80.9 billion respectively. As CNAF has become a subsidiary of China Petrochemical Corporation since 9 July 2026, taking into account the historical transaction amounts and the historical price of jet fuel in the first half of 2026, the Company expects that the amounts of products and services such as jet fuel provided by the Group to CNAF Group after July 2026 and in 2027 will be RMB121.0 billion and RMB214.0 billion respectively;
- (iv) The expected business development of the Group and Sinopec Group: Taking into account the fluctuations in crude oil and market demand caused by geopolitical conflicts, the demand of Sinopec Group for purchasing crude oil from the Group is expected to further increase, and the Company expects that the amounts of crude oil sold by the Group to Sinopec Group after July 2026 and in 2027 will increase by RMB10.4 billion and RMB74.0 billion respectively;

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**Basis for Determining the
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(v) Taking into account: (a) both the Group and Sinopec Group (including CNAF Group) are considered as large enterprises in terms of their large corporate scale and volume; (b) the evolving international geopolitics may lead to a significant volatility in the prices of crude oil, petroleum and petrochemical products and exchange rates, it is difficult to accurately predict potential emergencies in the future; and (c) the importance of the sale of products and services by the Group to Sinopec Group under the Mutual Supply Agreement to the revenue and production and operation of the Company, and the Company is therefore of the view that the newly added annual caps for 2026 and 2027 should be flexible with a buffer of 5% and 15% respectively, to accommodate the maximum amount considering various possibilities according to commercially feasible plans.

(2) Products and services provided by Sinopec Group to the Group

The proposed amended annual caps for the provision of products and services by Sinopec Group to the Group are determined with reference to:

- (i) The utilisation rate of the existing 2026 annual cap under the Mutual Supply Agreement: For the six months ended 30 June 2026, the utilisation rate of the 2026 annual cap has reached approximately 38%, representing a significant increase as compared to the same period in previous years, mainly due to factors such as high oil prices caused by geopolitical conflicts, which led to an increase in the transaction amount between the Group and Sinopec Group;
- (ii) The product prices of crude oil and related refined oil: the Company assumed that the crude oil price for 2026 and 2027 was originally US\$85/barrel according to the 2024 Circular. Based on the increase in crude oil prices since 2026, the Company now assumes that the crude oil prices for the second half of 2026 and 2027 will be adjusted to US\$90/barrel and US\$85/barrel respectively, and the prices of relevant refined oil will fluctuate according to the crude oil prices;

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- (iii) The historical transactions amounts of the provision of products and services by CNAF Group to the Group: During the year of 2025 and the period from January to June 2026, the amounts of products and services such as refined oil products sold by CNAF Group to the Group were approximately RMB11.0 billion and RMB4.7 billion respectively. As CNAF has become a subsidiary of China Petrochemical Corporation since 9 July 2026, taking into account the historical transaction amounts and the historical price of relevant refined oil products in the first half of 2026, the Company expects that the amounts of refined oil products and services provided by CNAF Group to the Group after July 2026 and in 2027 will be RMB9.1 billion and RMB13.5 billion respectively;
- (iv) The expected business development of the Group and Sinopec Group: Taking into account the fluctuations in crude oil and market demand caused by geopolitical conflicts, the demand of the Group for purchasing crude oil from Sinopec Group's commercial petroleum storage companies is expected to further increase. The Company expects that the amounts of crude oil provided by Sinopec Group to the Group after July 2026 and in 2027 will increase by RMB10.4 billion and RMB74.0 billion respectively;

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**Basis for Determining the
Proposed Amended Annual Caps**

- (v) Taking into account: (a) both the Group and Sinopec Group (including CNAF Group) are considered as large enterprises in terms of their large corporate scale and volume; (b) the evolving international geopolitics may lead to a significant volatility in the prices of crude oil, petroleum and petrochemical products and exchange rates, it is difficult to accurately predict potential emergencies in the future; (c) the importance and necessity of the sale of products and services by Sinopec Group to the Group under the Mutual Supply Agreement to the production and operation of the Company, and the Company is therefore of the view that the newly added annual caps for 2026 and 2027 should be flexible with a buffer of 5% and 15% respectively, to accommodate the maximum amount considering various possibilities according to commercially feasible plans.

VI. PROCEDURES AND INTERNAL CONTROL SYSTEM FOR PRICING AND TERMS OF THE MUTUAL SUPPLY AGREEMENT

The Group has established a series of internal control system in order to ensure that the pricing mechanism and terms of the Mutual Supply Agreement are fair and reasonable and no less favourable than the terms provided by any independent third party, as well as in the interest of the Company and its shareholders as a whole. Such system mainly includes:

- (I) The transactions contemplated under the Mutual Supply Agreement are conducted on a non-exclusive basis;
- (II) As for the pricing mechanism of the Group's procurement and/or sales of products or services from/to Sinopec Group, according to the Company's procurement and sales measures, if there is no government-prescribed price or government guided price, the Group will actively obtain information about market price through various channels, such as taking into consideration the prices of at least two comparable transactions of the Group with independent third parties during the same period and transactions among independent third parties during the same period, conducting market price research through various independent industry information providers (such as industry websites), and participating in activities organised by leading industry organisations. Market price information will also be provided to other departments and subsidiaries of the Company so as to assist in pricing of relevant continuing connected transactions. Such price is determined by parties involved (i.e. the subsidiaries of the Company and the subsidiaries of China Petrochemical Corporation) on normal commercial terms with reference to aforementioned price information. For products and services with agreed prices, for the purpose of ascertaining the connected transaction prices, the supplier will provide a cost list, while the purchaser will compare the comparable average cost of the same type of companies in proximity or the cost of the same type of products to determine reasonable cost. For the Group, such price is subject to the approval of the financial department of the Company. The price of connected transactions, once determined and signed, shall not be changed by either party unilaterally;

- (III) As for the Group's procurement process of relevant products or services, according to the Company's procurement measures, the Group will request suppliers, including Sinopec Group and other independent suppliers, to provide price quotations in respect of the requested services or products. Following the receipt of quotations, the Group will compare the quotations and negotiate the terms of quotations with suppliers. The Group will confirm supplier selection after taking into account factors such as price quotations, quality of the products or services, particular needs of parties involved, technical advantages of the supplier, ability of the supplier in performing the contracts and providing follow-up services, and qualifications and relevant experiences of the supplier;
- (IV) The Company's internal control and risk management departments will conduct regular internal assessments on the internal control measures every year to examine the completeness and effectiveness of internal control measures in respect of connected transactions. The legal and contract management departments of the Company will conduct prudent reviews of the connected transaction contracts, while the departments executing relevant contracts will monitor the connected transaction amounts in a timely manner;
- (V) The Company will implement connected transactions in accordance with the internal control procedures, and review the accounting statements on connected transactions submitted by relevant subsidiaries on a monthly basis. Review and analysis on the connected transaction statements and price implementation are conducted on a quarterly basis, and analysis report on the implementation of connected transactions will be prepared to recommend rectification measures for any issues identified;
- (VI) The Board will review the implementation of the continuing connected transactions on an annual basis, and review the financial report, which included the implementation of the continuing connected transactions, on a half-year basis, mainly in respect of matters such as: whether the Group and connected parties performed the continuing connected transaction agreement during relevant period; whether the amounts of the connected transactions between the Group and connected persons incurred are within the annual caps as approved at the general meeting. The independent non-executive directors report their performance of duties at the general meeting on an annual basis, and particularly express their opinions on whether the continuing connected transactions exceed relevant caps as approved at the general meeting, whether the continuing connected transactions are performed pursuant to the agreements, and whether the continuing connected transactions are fair and reasonable and in the interests of the shareholders of the Company as a whole;

(VII) The Audit Committee of the Company will review the annual financial statements, annual report, interim financial statements and interim report, which include the implementation of the continuing connected transactions, and express opinion on the connected transactions conducted during relevant periods mainly in respect of matters such as: whether the connected transactions are fair, and whether the actual connected transaction amounts incurred are within the annual caps;

(VIII) The external auditor of the Company will conduct interim review and annual audit for each year, express opinions on the implementation of the pricing policies and whether the actual connected transaction amounts incurred are within relevant annual caps for respective year of the Group's annual continuing connected transactions pursuant to the Hong Kong Listing Rules, and issue relevant letter to the Board.

By implementing the above internal control measures and procedures, the Directors consider that the Company has established sufficient internal control measures to ensure the pricing basis of the continuing connected transactions will be on market terms and be conducted on normal commercial terms, and will be fair and reasonable to the Company and the shareholders as a whole.

VII. THE HONG KONG LISTING RULES AND THE SHANGHAI LISTING RULES REQUIREMENTS

Pursuant to the Hong Kong Listing Rules and the Shanghai Listing Rules, as at the date of this announcement, China Petrochemical Corporation, directly holding approximately 68.79% of the total issued share capital of the Company, and its associates will constitute connected persons of the Company. As such, the continuing transactions between the Company and Sinopec Group constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

Pursuant to Rule 14A.54 of the Hong Kong Listing Rules, due to the Proposed Amendments, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transactions. Given that the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) for the Proposed Amendments exceeds 5%, the Proposed Amendments are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

According to the Shanghai Listing Rules, the Proposed Amendments are subject to the announcement and Independent Shareholders' approval requirements.

VIII. APPROVAL BY THE BOARD AND INDEPENDENT SHAREHOLDERS

The Company has convened the Independent Board Committee on 4 September 2026 before submitting it to the Board for consideration. The resolution to approve the Proposed Amendments was unanimously agreed and approved by all the independent non-executive Directors. On 7 September 2026, the fifteenth meeting of the ninth session of the Board was convened, at which non-connected Directors approved the Proposed Amendments. Connected Directors, namely Hou Qijun, Zhao Dong, Zhong Ren, Wan Tao, Niu Shuanwen, Cai Yong, Tian Hongbin, Chen Yanbin, Wang Shijie are abstained from voting on relevant resolutions. Save as disclosed above, none of the Directors has any material interest in the abovementioned transactions.

According to the requirements of the Hong Kong Listing Rules, an Independent Board Committee has been formed, which will advise the Independent Shareholders in respect of the fairness and the reasonableness of the Proposed Amendments, and whether the Proposed Amendments are in the interests of the Company and its Shareholders as a whole. Furthermore, the Independent Board Committee will advise Shareholders on how to vote, taking into account the recommendations of the IFA. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Independent Board Committee has any material interest in the Continuing Connected Transactions.

Maxa Capital has been appointed as the IFA to advise the Independent Board Committee and the Independent Shareholders in respect of, among other things, the fairness and reasonableness of the Proposed Amendments and whether the Proposed Amendments are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

The Company will convene the EGM for the Independent Shareholders to approve the Proposed Amendments. As at the date of this announcement, China Petrochemical Corporation and its associates (holding 84,588,774,653 Shares, representing approximately 69.95% of the total share capital of the Company including China Petrochemical Corporation holding 83,183,932,653 A Shares, representing approximately 68.79% of the total share capital of the Company and Sinopec Century Bright, an overseas wholly-owned subsidiary of China Petrochemical Corporation, through HKSCC Nominees Limited holding 1,404,842,000 H Shares, representing approximately 1.16% of the total share capital of the Company) will abstain from voting on the ordinary resolution in respect of the Proposed Amendments at the EGM.

A circular containing, among other things, (i) further details of the Proposed Amendments, (ii) a letter from the Independent Board Committee and (iii) a letter from the IFA, will be dispatched and/or notified to the Shareholders within 15 business days after the date of this announcement.

IX. GENERAL INFORMATION

The Company

The Company is one of the largest integrated energy and chemical companies in China. Its principal operations include 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 an import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; research, development and application of technologies and information; hydrogen energy business and related services such as hydrogen production, storage, transportation and sales; battery charging and swapping, solar energy, wind energy and other new energy business and related services.

China Petrochemical Corporation

China Petrochemical Corporation is a limited liability company established under the laws of the PRC, and is a state-authorised investment organisation and a state-owned enterprise. Its principal businesses include organizing its affiliated enterprises to engage in the exploration, extraction, storage and transportation (including pipeline transportation), sales and comprehensive utilisation of crude oil and natural gas; organizing its affiliated enterprises to engage in refining; organizing its affiliated enterprises to engage in wholesale and retail of refined oil; organizing its affiliated enterprises to engage in the production, sales, storage, transportation and operation of petrochemical and other chemical products; industrial investment and investment management; exploration and design, construction, and building installation of petroleum and petrochemical engineering; inspection, repair and maintenance of petroleum and petrochemical equipments; manufacturing electrical equipment; research, development, application, and consulting services of technology and information and alternative energy products; import & export business.

CNAF

CNAF is a limited liability company established under the laws of the PRC, and its principal businesses include testing and refueling businesses of jet fuel and other refined oil at home and abroad; wholesale and retail of gasoline, kerosene and diesel; industrial investment, equity investment, securities investment and operation and management related to transportation aviation, general aviation and service support; import and export business and domestic and overseas futures hedging business; investment, construction, operation and related consulting services of civil airports; research and development, procurement, sales and after-sales service of facilities, equipment and vehicles (including spare parts) related to civil aviation support; human resources development and management related to civil aviation support; development and operation of self-owned land; leasing of assets such as land and equipment and related property management, leasing of commercial housing and office housing; technology development, technical services and technical consulting related to the above services.

X. DEFINITIONS

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

“associates”	has the meaning under the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“China Petrochemical Corporation”	China Petrochemical Corporation, being the controlling shareholder of the Company
“CNAF”	China National Aviation Fuel Group Limited
“CNAF Group”	CNAF and its associates
“Company”	China Petroleum & Chemical Corporation, a joint stock limited company incorporated in the PRC with limited liability
“Connected Subsidiaries”	the subsidiaries of the Company in which China Petrochemical Corporation and its associates hold at least 10% of the direct equity interest (excluding any indirect interest in the subsidiaries of the Company held by China Petrochemical Corporation and its associates through the Company), and any subsidiaries of such subsidiaries
“Continuing Connected Transactions”	the transactions relating to the supply and purchase of products and services under the Mutual Supply Agreement
“Continuing Connected Transactions Eighth Supplemental Agreement”	the agreement dated 7 September 2026 entered into between the Company and China Petrochemical Corporation regarding the amendments of the terms of the continuing connected transactions
“Directors”	the directors of the Company
“EGM”	the first extraordinary general meeting of 2026 of the Company to be held for Independent Shareholders to consider and approve the Proposed Amendments
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Independent Board Committee”	an independent board committee of the Board comprising all independent non-executive Directors, namely Mr. Xu Lin, Ms. Zhang Liying, Mr. Liu Tsz Bun Bennett, Mr. Zhang Xiliang and Mr. Li Wei
“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), appointed as independent financial adviser by the Company to advise the Independent Board Committee and Independent Shareholders
“Independent Shareholders”	the shareholders of the Company other than China Petrochemical Corporation and its associates
“Mutual Supply Agreement”	the mutual supply agreement dated 3 June 2000 and the supplemental agreement dated 26 September 2000 (as amended) regarding the provision of a range of products and services from time to time (1) by Sinopec Group to the Group; and (2) by the Group to Sinopec Group, and the mutual supply agreement amended by the Continuing Connected Transactions Eighth Supplemental Agreement dated 7 September 2026
“NDRC”	the National Development and Reform Commission
“PRC” or “China”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong Special Administrative Region of China, Macau Special Administrative Region and Taiwan Region of the People’s Republic of China
“Proposed Amendments”	the proposed amendments to the existing 2026 and 2027 annual caps for the Continuing Connected Transactions relating to the supply and purchase of products and services under the Mutual Supply Agreement and the entering into of the Continuing Connected Transactions Eighth Supplemental Agreement
“Reorganisation”	the reorganisation completed between CNAF and China Petrochemical Corporation on 9 July 2026. After the Reorganisation, China Petrochemical Corporation holds 100% of the equity interests in CNAF
“RMB”	the lawful currency of the PRC
“Shanghai Listing Rules”	the Share Listing Rules of Shanghai Stock Exchange
“Shareholders”	the shareholders of the Company
“Shares”	the ordinary shares of RMB1.00 each in the share capital of the Company, including A Shares and H Shares

“Sinopec Century Bright”	Sinopec Century Bright Capital Investment Limited, a wholly-owned subsidiary of China Petrochemical Corporation
“Sinopec Group”	(i) China Petrochemical Corporation and its associates (other than the Company and its subsidiaries except for those mentioned in (ii)); and (ii) the Connected Subsidiaries
“SSE”	the Shanghai Stock Exchange

By Order of the Board
China Petroleum & Chemical Corporation
Zhang Zheng
Secretary to the Board of Directors

Beijing, the PRC
7 September 2026

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

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*