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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)

Announcement on Disposal of Pipeline Inventory

Reference is made to the announcement of the major transaction dated 23 July 2020 of China Petroleum & Chemical Corporation (“**Sinopec Corp.**” or the “**Company**”) in relation to the disposal of assets and external investment by Sinopec Corp. and its subsidiaries (the “**Announcement**”). Unless otherwise stated in the announcement, the capitalised terms used herein shall have the same meaning as those defined in the Announcement.

Pursuant to the Agreement on Cash Payment to Purchase Assets entered into between Marketing Company and China Oil & Gas Pipeline Network Corporation (“**PipeChina**”) on 23 July 2020, both parties shall enter into separate agreement to stipulate the purchase of Pipeline Inventory (including asset volume and prices) by PipeChina from Marketing Company. On 30 September 2020, Marketing Company and PipeChina entered into the Agreement on Disposal of Pipeline Inventory in relation to the Oil and Gas Pipeline Assets Transaction (the “**Pipeline Inventory Disposal Agreement**”), of which details are as follows:

1. Disposal and Delivery of Pipeline Inventory

Marketing Company agreed to dispose of the refined oil products stored in the pipelines and storage facilities in the Target Assets (the “**Pipeline Inventory**”) to PipeChina in accordance with the agreement.

The ownership, obligations, responsibilities and risks of the Pipeline Inventory shall be transferred from Marketing Company to PipeChina from 24:00 on the Closing Date as agreed in the Agreement on Cash Payment to Purchase Assets.

The occurrence of the Closing Date represents that Marketing Company has completed the obligation of delivery of Pipeline Inventory under the Pipeline Inventory Disposal Agreement. Marketing Company and PipeChina shall confirm the volume and total price of the Pipeline Inventory as agreed under the Pipeline Inventory Disposal Agreement.

2. Handover Measurement of Pipeline Inventory

Taking 8:00 a.m. on the Closing Date as the time point for stocktaking of Pipeline Inventory, Marketing Company and PipeChina shall perform stocktaking of Pipeline Inventory, which is expected to be approximately 1.27 million tonnes. The products quality and volume of Pipeline Inventory to be delivered shall be examined and confirmed by auditor jointly appointed by Marketing Company and PipeChina.

3. Unit Price of Pipeline Inventory

Marketing Company and PipeChina agreed that the unit price of refined oil products is confirmed and calculated based on the following formula:

Unit price of refined oil products = (unit price base of refined oil products as at the Valuation Date + unit price base of refined oil products as at the Closing Date) / 2 (Unit: RMB /tonne).

Unit price base of refined oil products (distinguish gasoline and diesel product specifications): unit price base of gasoline and diesel is determined respectively by the average price of the highest retail prices of standard gasoline and diesel products in 30 provinces, municipalities and central cities across the PRC published by National Development and Reform Commission, multiplied by the quality ratios of gasoline and diesel, with RMB500 deducted per tonne.

The unit price base of refined oil products shall be tax inclusive. Price (tax exclusive) = price (tax inclusive) ÷ 1.13.

4. Total Price of Pipeline Inventory and Payment

The total price of Pipeline Inventory is determined based on the volume and the unit price of Pipeline Inventory confirmed separately in accordance with the Pipeline Inventory Disposal Agreement. It is expected that the total price of Pipeline Inventory shall be approximately RMB7.7 billion (tax exclusive). Within 5 days after the audit confirmation, Marketing Company and PipeChina shall confirm the total price of Pipeline Inventory in the Target Assets in terms of various types and locations and sign the confirmation letters regarding the price of each part of the Pipeline Inventory. PipeChina shall pay in one lump-sum the total price of the Pipeline Inventory to the designated bank account of Marketing Company before 31 October 2020 in the amounts as confirmed in all confirmation letters of the price of each part of Pipeline Inventory.

5. Establishment and Effectiveness

The Pipeline Inventory Disposal Agreement shall be established and become effective from the date of being signed and sealed by Marketing Company and PipeChina.

This is a voluntary announcement made by the Company.

By order of the Board
China Petroleum & Chemical Corporation
Huang Wensheng

Vice President and Secretary to the Board of Directors

Beijing, the PRC

30 September 2020

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*