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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: 0386)**

## **ANNOUNCEMENT ON CHANGES IN ACCOUNTING POLICY**

### **Important Note:**

The captioned Changes in Accounting Policy have no impact on the financial statements prepared in accordance with China Accounting Standards for Business Enterprises (“**ASBE**”) and consolidated financial statements prepared in accordance with International Financial Reporting Standards (“**IFRS**”).

### **1. Introduction of the Changes in Accounting Policy**

On 26 August 2016, the eighth meeting of the Sixth Session of the board of directors (the “**Board**”) of China Petroleum & Chemical Corporation (“**Sinopec Corp.**” or the “**Company**”) was convened, during which the “Proposal on Changes in Accounting Policy of Sinopec Corp.” (the “**Changes in Accounting Policy**”) was considered and approved unanimously by the Board.

The Changes in Accounting Policy is not subject to the approval of shareholders at the general meeting of the Company.

### **2. Details of Changes in Accounting Policy and Impacts on the Company**

#### **1) Nature, content and reason for the Changes in Accounting Policy**

In 2014, the International Accounting Standards Board published Amendments to International Accounting Standard 27 (IAS 27) — Separate Financial Statements. These amendments allowed entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities wishing to change to the equity method must do so retrospectively. The amendment is effective from 1 January 2016.

In order to eliminate the difference regarding subsequent measurements on investments in joint ventures and associates between separate financial statements prepared in accordance with ASBE and IFRS, the Company changed its subsequent measurements on investments in associates and joint ventures from cost method to equity method in its separate financial statements prepared in accordance with IFRS from 1 January 2016.

2) The impacts on the Company of the Changes in Accounting Policy

By adopting the amendments to IAS 27 — Separate Financial Statements, the balance of investments in associates, investments in joint ventures, retained earnings and other reserves as at 31 December 2015 would be increased by RMB8,056 million, RMB644 million, RMB8,672 million and RMB28 million in the separated financial statements prepared in accordance with IFRS due to the retrospective adjustment.

The Changes in Accounting Policy has no impact on financial statements prepared in accordance with ASBE or consolidated financial statements prepared in accordance with IFRS.

**3. Opinion of Independent Directors**

The independent non-executive directors of the Company are of the view that the decision-making procedures for the Changes in Accounting Policy have complied with applicable laws and regulations and the articles of association of the Company. The Changes in Accounting Policy are in the interests of the Company and its shareholder as a whole, and without prejudice to the interests of Sinopec Corp. and its independent shareholders. Consent has been given to the above Changes in the Accounting Policy.

By Order of the Board

**China Petroleum & Chemical Corporation**

**Huang Wensheng**

*Vice President and Secretary to the Board of Directors*

Beijing, the PRC

26 August 2016

*As of the date of this announcement, directors of Sinopec Corp. are: Wang Yupu<sup>\*</sup>, Dai Houliang<sup>#</sup>, Wang Zhigang<sup>#</sup>, Zhang Haichao<sup>#</sup>, Jiao Fangzheng<sup>#</sup>, Ma Yongsheng<sup>#</sup>, Jiang Xiaoming<sup>+</sup>, Andrew Y. Yan<sup>+</sup>, Tang Min<sup>+</sup> and Fan Gang<sup>+</sup>.*

<sup>#</sup> *Executive Director*

<sup>\*</sup> *Non-executive Director*

<sup>+</sup> *Independent Non-executive Director*