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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)

**Discloseable Transaction
Acquisition of 50% Equity Interest of Shanghai SECCO**

THE ACQUISITION AGREEMENT

The Board is pleased to announce that on 27 April 2017, Gaoqiao Petrochemical (a subsidiary of the Company), BP Chemicals and the Company entered into the Acquisition Agreement, pursuant to which Gaoqiao Petrochemical conditionally agreed to purchase and BP Chemicals conditionally agreed to sell the Equity Interest at a total consideration of US\$1,681,500,000 (subject to adjustment), and the Company (as Gaoqiao Petrochemical's controlling shareholder) shall use its commercially reasonable endeavours to procure the Completion of the Acquisition. Upon completion of the Acquisition, the Target Company will be held as to 50% by Gaoqiao Petrochemical, 30% by the Company and 20% by Shanghai Petrochemical.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 27 April 2017, Gaoqiao Petrochemical (a subsidiary of the Company), BP Chemicals and the Company entered into the Acquisition Agreement, pursuant to which Gaoqiao Petrochemical conditionally agreed to purchase and BP Chemicals conditionally agreed to sell the Equity Interest at a total consideration of US\$1,681,500,000 (subject to adjustment), and the Company (as Gaoqiao Petrochemical's controlling shareholder) shall use its commercially reasonable endeavours to procure the Completion of the Acquisition. Upon completion of the Acquisition, the Target Company will be held as to

50% by Gaoqiao Petrochemical, 30% by the Company and 20% by Shanghai Petrochemical.

THE ACQUISITION AGREEMENT

The principal terms of the Acquisition Agreement are summarised below.

1. Date

27 April 2017

2. Parties

- (i) Gaoqiao Petrochemical (as Buyer)
- (ii) BP Chemicals (as Vendor)
- (iii) The Company

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, BP Chemicals and its ultimate beneficial owner are Independent Third Parties.

3. The Acquisition Subject

Pursuant to the Acquisition Agreement, Gaoqiao Petrochemical conditionally agreed to purchase and BP Chemicals conditionally agreed to sell 50% of the existing equity interest of the Target Company.

4. Consideration

The total consideration of the Acquisition was US\$1,681,500,000 which, less any dividends that may be paid by the Target Company to BP Chemicals from the date of the Acquisition Agreement to the Date of Legal Title Transfer (inclusive), shall be payable in accordance with the terms and conditions of the Acquisition Agreement.

The Consideration will be satisfied by self-raised funds of Gaoqiao Petrochemical. The Consideration was determined after arm's length negotiations between the parties to the Acquisition Agreement with reference to (i) the valuation results of the net assets of the Target Company prepared by the Valuer as of the Reference Date, (ii) the production, operation and financial position of the Target Company, (iii) the future planning for development and strategic synergy with the Group, while the Company had also taken into consideration of other comparable transactions and businesses.

Pursuant to the valuation results as of 31 December 2016, being the Reference Date, prepared by the Valuer using the asset-based method, the appraised value of the net assets of Target Company is RMB19.489 billion.

5. Terms of Payment

Gaoqiao Petrochemical shall pay in full the Consideration in US\$ as soon as possible following the Date of Legal Title Transfer:

If the Condition Precedent (1) set out below is satisfied (or waived in accordance with the Acquisition Agreement):

- (1) on or before 15 August 2017, the Buyer shall pay 100% of the Consideration (rounded to the nearest US\$) to the Vendor by no later than the First Long-stop Date;
- (2) at any time after 15 August 2017 but on or before 15 September 2017, the Buyer shall pay 80% of the Consideration (rounded to the nearest US\$) to the Vendor by no later than the First Long-stop Date and any amount of the Consideration remaining unpaid to the Vendor after the First Long-stop Date (rounded to the nearest US\$) to the Vendor by no later than the Second Long-stop Date; or
- (3) at any time after 15 September 2017 but on or before 15 October 2017, the Buyer shall pay 75% of the Consideration (rounded to the nearest USD) to the Vendor by no later than the First Long-stop Date and any amount of the Consideration remaining unpaid to the Vendor after the First Long-stop Date (rounded to the nearest US\$) to the Vendor no later than the Third Long-stop Date;
- (4) at any time after 15 October 2017, the Buyer shall pay 75% of the Consideration (rounded to the nearest US\$) to the Vendor by no later than the First Long-stop Date and any amount of the Consideration remaining unpaid to the Vendor after the First Long-stop Date (rounded to the nearest US\$) to the Vendor no later than the Fourth Long-stop Date,

In each case, the Buyer shall make the payment in US\$ and credited to the Vendor's nominated account.

6. Conditions Precedent

Completion of the Acquisition shall be conditional upon fulfillment of the following conditions:

- (1) evidence having been received by the Vendor that a merger control notification has been submitted to, and accepted by, MOFCOM under the Anti-Monopoly Law of the PRC, and that the Acquisition has been cleared by MOFCOM under the Anti-Monopoly Law of the PRC;
- (2) the Buyer having obtained and delivered to the Vendor a Valuation Report, with the valuation result in respect of the Equity Interests in the Valuation Report allowing the parties to the Acquisition Agreement to complete the Acquisition validly, in accordance with applicable laws and the Acquisition Agreement;
- (3) Buyer having delivered to the Vendor the duly executed standby letters of credit substantially in the form set out in the Acquisition Agreement;
- (4) MOFCOM having issued a receipt evidencing the completion of all necessary filings as may be required by MOFCOM in connection with the Acquisition;

- (5) SAIC having issued an updated business license and all necessary filings and registrations in connection with the Acquisition having been made with the competent PRC tax authority and SAFE or the competent bank ; and
- (6) the Vendor having received all duly executed waivers on the pre-emptive rights in relation to the Acquisition as required under the Equity Joint Venture Contract issued by Shanghai Petrochemical.

The Buyer and the Vendor may jointly waive, by agreement in writing between the Buyer and the Vendor, the above Precedent Conditions (1), (2) and (4) to (6). The Vendor may in its sole and absolute discretion waive the above the Precedent Condition (3) by notice in writing to the Buyer.

7. Completion

Completion shall occur only when all amounts due under the Acquisition Agreement have been received in full by the Vendor.

8. Representatives and Warranties

Vendor's Warranties

The Vendor warrants to the Buyer that each of the Vendor's Warranties is true and accurate as at the date of the Acquisition Agreement and that the Vendor's Warranties will be true and accurate as at the Date of Legal Title Transfer as if repeated immediately before the Date of Legal Title Transfer by reference to the facts and circumstances subsisting at that date on the basis that any reference in these warranties, whether express or implied, to the date of the Acquisition Agreement is substituted by a reference to the Date of Legal Title Transfer.

The Vendor's Warranties shall not in any respect be extinguished or affected by Legal Title Transfer or Completion.

Buyer's Warranties and the Company's Warranties

- (1) the Buyer warrants to the Vendor that each of the Buyer's Warranties is true and accurate as at the date of the Acquisition Agreement and that the Buyer's Warranties will be true and accurate as at each Payment Date as if repeated immediately before each Payment Date by reference to the facts and circumstances subsisting at that date on the basis that any reference in these warranties, whether express or implied, to the date of the Acquisition Agreement is substituted by a reference to Payment Date.
- (2) the Company warrants to the Vendor that each of the warranties made by the Company set out in relevant schedule of the Acquisition Agreement is true and

accurate as at the date of the Acquisition Agreement and that such warranties will be true and accurate as at each Payment Date as if repeated immediately before each Payment Date by reference to the facts and circumstances subsisting at that date on the basis that any reference in these warranties, whether express or implied, to the date of the Acquisition Agreement is substituted by a reference to Payment Date.

- (3) the Buyer's Warranties and the warranties set out in relevant schedule of the Acquisition Agreement shall not in any respect be extinguished or affected by Completion.

9. Termination

If any of the above Conditions Precedent (1) through (4) or Condition Precedent (6) is not satisfied in accordance with the Acquisition Agreement by the First Long-stop Date, the Acquisition Agreement shall be terminated by way of written notice issued by the relevant parties pursuant to the terms of the Acquisition Agreement. If the Acquisition Agreement is terminated for any reason not attributable to BP Chemicals, the Company will waive the rights in relation to its pre-emptive rights under the Equity Joint Venture Contract when BP Chemicals sells its equity interest in the Target Company in the following 12 months, conditional on (i) the consideration of the equity interest shall not be less than an amount equal to US\$1,681,500,000 and (ii) the buyer of the equity interest will not renegotiate the terms of the Equity Joint Venture Contract.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on 29 October 2001 with a registered capital of US\$1,051,526,582 and is principally engaged in the production and sale of ethylene, polyethylene (PE), styrene monomer (SM), polystyrene (PS) propylene, acrylonitrile (AN), polypropylene (PP), butadiene, aromatics and byproducts; the sale of self-purchased production material and the provision of after-sales service and relevant technical consultation; the application and development of polymers and the provision of auxiliary utilities service to suppliers and processors. The Target Company is located in the Shanghai Chemical Industry Park and has 13 chemical facilities leading by ethylene cracking unit with production capacity of 1.09 million ton per year.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, BP Chemicals and its ultimate beneficial owner are Independent Third Parties. Upon Completion, the Target Company will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated in the consolidated financial statements of the Company.

The following is the financial information of the Target Company extracted from its audited financial statements prepared in accordance with the PRC Accounting Standards for Business Enterprises for the year ended 31 December 2016 and 2015 respectively:

	For the year ended 31 December 2016	Unit: RMB For the year ended 31 December 2015
Net profit before taxation	5,030,058,853	2,919,286,472
Net profit after taxation	3,778,739,365	2,194,776,345

REASONS FOR AND BENEFITS OF THE ACQUISITION

Currently, the Target Company, with a good track record of performance in business, is a mutual supplier of feedstocks with Gaoqiao Petrochemical and Gaoqiao Petrochemical is the main naphtha supplier for the Target Company. Upon Completion of the Acquisition, the Target Company will become a controlled subsidiary of the Company, which helps build synergy through integration with Gaoqiao Petrochemical's refinery projects and is expected to maintain good profitability, thus further improve the Company's financial performance. In addition, the Completion of the Acquisition will help facilitate the building of the refining-chemical base in Shanghai among the Company's big four refining-chemical bases.

In view of the above, the Board considers that the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INFORMATION ON THE PARTIES

1. Gaoqiao Petrochemical

Gaoqiao Petrochemical is a company with limited liability established in the PRC and is principally engaged in the processing of crude oil; the production and sale of refined oil, liquefied petroleum gas (LPG), naphtha, fuel oil, lubricant and other chemical products; the import and export of goods and technologies; the research and development of petrochemical technologies, information and alternative energy products; and technical development, technical services, industrial investment and investment management in relevant fields.

2. BP Chemicals

BP Chemicals is a holding company incorporated in England and Wales in 2001 by BP Global Investments Limited to support and manage its equity interests in Shanghai SECCO.

3. 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.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

"Warranties"	the representations and warranties set out in the relevant schedule of the Acquisition Agreement
"Company"	China Petroleum & Chemical Corporation
"Group"	the Company and its subsidiaries from time to time
"BP Chemicals" or "Vendor"	BP Chemicals East China Investments Limited (company number 04152953), a company incorporated in England and Wales, with its registered office at Chertsey Road, Sunbury on Thames, Middlesex, TW16 7BP, United Kingdom
"Consideration"	the total consideration of the Acquisition of US\$1,681,500,000 which, less any dividends paid by the Target Company to the Vendor from the date of the Acquisition Agreement to the Date of Legal Title Transfer (inclusive), shall be paid to the Vendor
"Second Long-stop Date"	15 January 2018, or such later date as the Vendor and the Buyer may agree in writing
"Third Long-stop Date"	15 February 2018, or such later date as the Vendor and the Buyer may agree in writing
"Fourth Long-stop Date"	15 March 2018, or such later date as the Vendor and the Buyer may agree in writing
"Board"	the board of directors of the Company
"Directors"	the directors of the Company, and a "Director" means any one of them
"Independent Third Party(ies)"	any person or company not connected with any Director, chief executive or substantial shareholder of the Company and its subsidiaries or any of their respective associates
"Date of Legal Title Transfer"	the date shown on the updated business license of the Target Company issued by the SAIC
"Legal Title Transfer"	the registration of the Buyer as the owner of the Equity Interests with the SAIC and the issuance of the updated business licence of the Target Company by the SAIC in accordance with the Acquisition Agreement
"Payment Date"	each date on which a payment of Consideration is made by the Buyer
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Gaoqiao Petrochemical" or "Buyer"	Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd., a non-wholly owned subsidiary of the Company

"SAIC"	PRC State Administration of Industry and Commerce or its competent local counterpart(s)
"Equity Interest"	50% interest in the registered capital of the Target Company legally and beneficially owned by the Vendor
"Equity Joint Venture Contract"	the equity joint venture contract dated 31 August 2001 entered into among the Vendor, the Company and Shanghai Petrochemical in relation to the establishment of the Target Company, as amended from time to time
"SASAC"	the State-owned Assets Supervision and Administration Commission under the State Council or its competent local counterpart(s);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US\$"	US dollars, the lawful currency of the United States of America
"Target Company" or "Shanghai SECCO"	Shanghai SECCO Petrochemical Company Limited, a company established in the PRC with limited liability
"Reference Date"	31 December 2016
"Valuer"	China United Assets Appraisal Co., Ltd.
"Valuation Report"	a valuation report issued by a State-owned assets valuation firm acceptable to SASAC and filed with the competent government entities
"RMB"	Renminbi, the lawful currency of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Shanghai Petrochemical"	Sinopec Shanghai Petrochemical Company Limited, a non-wholly owned subsidiary of the Company
"MOFCOM"	PRC Ministry of Commerce or its competent local counterpart(s)
"First Long-stop Date"	11 December 2017, or such later date as the Vendor and the Buyer may agree in writing
"Acquisition"	the acquisition of 50% equity interest of the Target Company by Gaoqiao Petrochemical pursuant to the Acquisition Agreement
"Acquisition Agreement"	the Equity Interest Purchase Agreement dated 27 April 2017 by and among Gaoqiao Petrochemical, BP Chemicals and the Company in respect of the Acquisition
"SAFE"	PRC State Administration of Foreign Exchange or its competent local counterpart(s)
"Completion"	the completion of the sale and purchase of the Equity Interests pursuant to the Acquisition Agreement
"Conditions Precedent"	the conditions precedent to the completion of the Acquisition
"PRC" or "China"	the People's Republic of China

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

Beijing, PRC
27 April 2017

As of the date of this announcement, directors of the Company are: Wang Yupu, Dai Houliang#, Wang Zhigang#, Zhang Haichao#, Jiao Fangzheng#, Ma Yongsheng#, Jiang Xiaoming+, Yan Yan+, Tang Min+ and Fan Gang+.*

Executive Director

* *Non-executive Director*

+ *Independent Non-executive Director*