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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)

### **Progress Update Announcement**

This announcement is made by China Petroleum & Chemical Corporation (the "**Company**", together with its subsidiaries, the "**Group**") on voluntary basis pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the voluntary announcements of the Company dated 27 December 2018 in relation to the unusual price movement and the Progress Update Announcement dated 4 January 2019.

China International United Petroleum and Chemical Company Limited (the "**Unipecc**") is a wholly owned subsidiary of the Company. Unipecc is mainly engaged in crude oil and petrochemical products trading business and procurement of imported crude oil for the refineries of the Group. The Company discovered in its regular supervision that there were unusual financial data in the hedging business of Unipecc. Further investigations have indicated that the misjudgment about the global crude oil price trend and inappropriate hedging techniques applied for certain parts of hedging positions, resulted in a loss from some futures leg of the exchange hedging business for crude oil during the period of the crude oil price decline. In 2018, Unipecc had an operating loss of approximately RMB 4.65 billion; during the same period, Unipecc had also saved the cost of physical crude oil import for the refineries of the Group by approximately RMB 6.4 billion, compared with global crude oil price benchmarks.

As at the date of this announcement, the Company and Unipecc are under normal production and operation.

The shareholders of the Company and potential investors should exercise caution when investing in or dealing in the securities of 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,  
25 January 2019

*As of the date of this announcement, directors of the Company are: Dai Houliang\*, Li Yunpeng\*, Yu Baocai\*, Ma Yongsheng#, Ling Yiqun#, Liu Zhongyun#, Li Yong\*, Tang Min+, Fan Gang+, Cai Hongbin+, Ng, Kar Ling Johnny+*

*#Executive Director*

*\*Non-executive Director*

*+Independent Non-executive Director*