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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 Provision of Guarantee for Zhong An United Coal  
Chemical Co., Ltd. by China Petroleum & Chemical Corporation**

The Company and all members of the Board warrant that there are no false representations, misleading statements or material omissions contained in this announcement and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained herein.

This announcement is made pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Pursuant to the Listing Rules, the Guarantee does not constitute a notifiable transaction or a connected transaction of the Company.

## Important Notice

- **Guaranteed Party: Zhong An United**
- **The amount of the Guarantee and the balance of the guarantee actually provided: The Guarantee to be provided by the Company for Zhong An United shall cover a principal amount of no more than RMB7.1 billion, the interests accrued thereon and relevant fees as agreed in the guarantee contract. As of the date of this announcement, the balance of the guarantee amount provided by Great Wall Energy to Zhong An United is RMB940 million.**
- **Counter-guarantee: None**
- **Aggregated amount of overdue external guarantees: None**

## 1. Definitions

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

Guarantee	Sinopec Corp. provides a joint liability guarantee to Zhong An United in proportion to its indirect shareholding in Zhong An United through Great Wall Energy to secure the financing of Zhong An United Coal Chemical Project
Company or Sinopec Corp.	China Petroleum & Chemical Corporation
Zhong An United	Zhong An United Coal Chemical Co., Ltd.
Zhong An United Coal Chemical Project	Coal to methanol and olefin conversion projects constructed and operated by Zhong An United, including coal to methanol project and methanol deep processing project, and relevant supporting facilities and ancillary facilities
Wanbei Coal & Electricity	Wanbei Coal & Electrical Group Co., Ltd. of Anhui Province

Great Wall Energy	Sinopec Great Wall Energy and Chemical Co., Ltd.
Bank Syndicate/Creditor	a bank syndicate group formed by BOC as the lead bank
BOC	Bank of China Limited Anhui Branch
RMB	Renminbi, the lawful currency of the People's Republic of China

## **2. Overview of the Guarantee**

### **(1) Background information**

Zhong An United has applied financing for Zhong An United Coal Chemical Project from the Bank Syndicate in the amount of no more than RMB14.2 billion. The Bank Syndicate requires the shareholders of Zhong An United, i.e. Wanbei Coal & Electricity (with a direct shareholding of 50% in Zhong An United) and Sinopec Corp. (with an indirect shareholding of 50% in Zhong An United through Great Wall Energy), to provide the joint liability guarantee in proportion to their respective shareholdings in Zhong An United. The Company proposes to provide a joint liability guarantee to Zhong An United (the guaranteed party) in proportion to its indirect shareholding in Zhong An United through Great Wall Energy to secure the financing from the Creditor. The amount of the Guarantee shall cover a principal amount of no more than RMB7.1 billion, the interests accrued thereon and relevant fees as agreed in the guarantee contract.

### **(2) Internal decision-making process for the Guarantee**

*The Proposal on Provision of Guarantee for the Bank Syndicate Financing of Zhong An United Coal Chemical Project* was considered and approved at the 17th meeting of the sixth session of the board of directors of the Company (the "**Board**") convened on 23 March 2018, where all the directors of the Company unanimously agreed to the provision by Sinopec Corp. of a joint liability Guarantee for Zhong An United Coal Chemical Project in proportion to its shareholding in Zhong An United.

## **3. General Information of the Guaranteed Party**

### **(1) General information of the guaranteed party**

Name: Zhong An United Coal Chemical Co., Ltd.

Address: Jingliu Road, Coal Chemical Industry Avenue, Panji District, Huainan City.

Legal Representative: Gong Naiqin

Scope of Business: development, production, storage, transportation and sales of coal and coal chemical products (excluding hazardous chemicals and monitoring products); coal mining and coal chemical machinery equipment sales and related import and export business, coal and coal chemical machinery, equipment manufacturing, installation (excluding special equipment), procurement and sales of coal and coal chemical raw and auxiliary materials (excluding hazardous chemicals and monitoring products), equipment and parts; technology and information, R&D, application and consulting services of alternative energy products, sales of general merchandise; import and export business of the above goods and technologies and relevant agent business.

Below are the latest financial information of Zhong An United for the preceding year and the 2 months ended 28 February 2018, without significant contingent event affecting the credit of Zhong An United:

Unit: RMB100 million

<b>Item</b>	<b>At 31 December 2017 (audited)</b>	<b>At 28 February 2018 (unaudited)</b>
Total assets	152.04	155.98
Total liabilities	85.20	89.97
Total bank loans	69.23	77.88
Total current liabilities	33.18	32.47
Net assets	66.84	66.01
<b>Item</b>	<b>a year ended 31 December 2017 (audited)</b>	<b>2 months ended 28 February 2018 (unaudited)</b>
Operating income	0.74	0.73
Net profit	(2.46)	(0.87)

## **(2) Relationship between the guaranteed party and the Company**

As at the date of this announcement, each of Great Wall Energy and Wanbei Coal & Electricity holds 50% of shareholdings of Zhong An United respectively. Great Wall Energy is the wholly-owned subsidiary of the Company and the Company indirectly holds 50% of shareholdings of Zhong An United through Great Wall Energy.

## **4. Key Terms to be included the Guarantee Contract**

- 1) Type of Guarantee: joint liability guarantee.
- 2) Guarantee amount covers a principal amount of no more than RMB7.1 billion, the interests accrued thereon and relevant fees as agreed in the guarantee contract.
- 3) Term of Guarantee: two years commencing from the expiry date of the performance period of the guaranteed debt.
- 4) There is no counter-guarantee.

The Company has not yet entered into formal guarantee contract in relation to the Guarantee.

## **5. Opinions of the Board**

*The Proposal on Provision of Guarantee for the Bank Syndicate Financing of Zhong An United Coal Chemical Project* was considered and approved at the 17th meeting of the sixth session of the Board. The Board considered relevant circumstances comprehensively and was of the view that Zhong An United has capacity to repay the debt due and the risk of the Guarantee is controllable. The guarantee is in line with the operating needs of the Company. The Board unanimously agreed to the provision of a joint liability Guarantee by Sinopec Corp. for the financing of Zhong An United Coal Chemical Project in proportion to its shareholding in Zhong An United. The Guarantee to be provided by the Company shall cover a principal amount of no more than RMB7.1 billion, the interests accrued thereon and relevant fees as agreed in the guarantee contract. The term of the guarantee is two years commencing from the expiry date of the performance period of the guaranteed debt. The Board also authorised the Chief Financial Officer of the Company to execute relevant documents.

## **6. Aggregated Amount of External Guarantees and Amount of Overdue External Guarantees**

As of 28 February 2018, the balance of the external guarantees provided by the Company and its subsidiaries was RMB23.333 billion, and the guarantees provided by the Company to its subsidiaries was RMB23.102 billion, representing 3.21% and 3.18% of the latest audited net assets of the Company (at 31 December 2017) respectively. There are no overdue external guarantees.

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

Beijing, the PRC

23 March 2018

*As of the date of this announcement, directors of the Company are: Dai Houliang<sup>#</sup>, Li Yunpeng<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*