The Stock Exchange of Hong Kong Limited takes no responsibility for the co	ntents of this announcement, makes no representa	on as to its accuracy or completeness and expressly disclaims any liability whatsoe		ance upon the whole or any part of the contents of this announcement.
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 Rep (Stock Code: 0386) First Quarterly Report	v . ,	
Highlights of the results of the Company for the first quarter ended 31 March 2004 During this reporting period, income from principal operations and net profit of China Petroleum & Chemical Corporation and its subsidiaries ("the Company") under the PRC Accounting Rules and Regulations amounted to RMB 123,490 million and RMB 7,430 million respectively. Turnover and other operating revenues, and profit attributable to shareholders of the Company under International Financial Reporting Standards ("IFRS") amounted to RMB 128,363 million and RMB 8,008 million respectively. This quarterly report announcement is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission ("CSRC"). This announcement is published simultaneously in Shanghai and Hong Kong are the same. Financial information set out in this quarterly report announcement has been prepared in accordance with the PRC Accounting Rules and Regulations. Although it is not required by CSRC, Sinopec Corp. has also included in this announcement the relevant financial information prepared in accordance with IFRS. This announcement is made pursuant to the disclosure requirement under Rule 13.09 of the Listing Rules for its publication in Hong Kong.				
 \$1 Important Notice \$1.1 The Board of Directors of China Petroleum & Clits Directors warrant that there are no material 	- hemical Corporation ("Sinopec Corp.") an	Item	Three-month periods ended 31 March 2004 2003 RMB millions RMB millions	capital expenditure for marketing and distribution segment was RMB 3.447 billion, whereby the construction of southwest oil products pipeline, construction and revamping projects for the petrol stations are implementing on schedule. The capital expenditure for corporate and others was RMB 0.407 billion.
 misleading statements contained in this quarterly responsibility for the authenticity, accuracy and c this quarterly report. 1.2 This quarterly report has been reviewed and unained the statement of the	report, and severally and jointly accept fu ompleteness of the information contained i nimously approved at the eighth meeting of	Including: Interest expense Interest income Foreign exchange losses	$\begin{array}{ccc} (1,101) & (1,117) \\ 71 & 65 \\ (24) & (8) \end{array}$	Information projects like ERP etc. are progressing smoothly. In addition, in the first quarter of 2004, the capital expenditure for joint ventures such as the Shanghai Secco ethylene project and the Yueyang Sinopec-Shell coal gasification project was approximately RMB 1.549 billion.
 the second session of the Board of Directors of 1.3 This quarterly financial report has not been audi 1.4 Mr Chen Tonghai, Chairman of the Board of Sino and President of Sinopec Corp., Mr Zhang Jiaren Financial Officer of Sinopec Corp., and Mr Liu 	ited. pec Corp., Mr Wang Jiming, Vice-Chairma , Director, Senior Vice President and Chic	7. Profit from ordinary activities before	$\begin{array}{cccc} 7 & 3 \\ 2 & (10) \\ 123 & 66 \\ 12,856 & 10,016 \\ \end{array}$	3.2 The brief analysis of the Company's general operating activities during the reporting period Based on the PRC Accounting Rules and Regulations, the income from principal operations of the Company for the first quarter of 2004 amounted to RMB 123.490 billion, representing an increase of 25.30% over the same period last year, and the net profits amounted to RMB 7.43 billion, representing an increase of 27.8% over the same period last year.
 State of Sinopec Corp., hereby declare that the auther statements contained in this quarterly report are Basic Information of Sinopec Corp. Summary of the information of Sinopec Corp. 	nticity and completeness of the financia warranted.		$\begin{array}{cccccccccccccccccccccccccccccccccccc$	Based on IFRS, the turnover and other operating revenues of the Company for the first quarter of 2004 amounted to RMB 128.363 billion, representing an increase of 23.2% over the same period last year. Profit attributable to shareholders amounted to RMB 8.008 billion, representing an increase of 24.8% over the same period last year.
SINOPEC SINOPEC SINOPEC Stock name CORP CORP Stock code 0386 SNP Place of listing Hong Kong New York	SINOPEC CORP 中國石化 SNP 600028	 2.2.3 Difference between the net profit for the first qua at the end of the reporting period under the PRC A IFRS 2.2.3.1 Effects of major differences between the PRC Acc 	Accounting Rules and Regulations and	 3.2.1 The principal segments or products accounting for over 10% of income or profit from principal operations √ applicable □ not applicable The table below shows segment information prepared in accordance with the PRC Accounting Rules and Regulations:
Stock Exchange Exchange	Exchange Exchange Secretary to the Representative Board of on Securities	IFRS on the net profit are analysed as follows:	Three-month periods ended 31 March20042003RMB millionsRMB millions	Income from principal sales taxes and principal Gross profit Segments or products Operations operations (RMB millions) Call operations (RMB millions)
Authorised Representatives Name Mr Wang Jiming Mr Chen G	Wensheng	Net profit under the PRC Accounting Rules and Regulations Adjustments: Disposal of oil and gas properties	7,430 5,813 572 —	Exploration and production 16,189 7,878 6,914 42.71 Refining 76,579 72,841 3,635 4.75 Marketing and 72,017 64,040 0.060 12,11
	ang District, Beijing, China 10060 86-10-64990060 86-10-64990060 10022 86-10-64990022 86-10-64990022	Depreciation of oil and gas properties Capitalisation of general borrowing costs Acquisition of Sinopec National Star, Sinopec Maoming, Tahe Petrochemical	232 754 94 128	distribution 73,217 64,348 8,869 12.11 Chemicals 26,416 20,900 5,516 20.88 Corporate and others 13,936 13,798 138 0.99 Elimination of inter- segment sales (82,847) (81,347) N/A N/A
 E-mail ir@sinopec.com.cn/media@sin 2.2 Financial Information 2.2.1 Principal accounting data and financial indicator 	rs	and Xi'an Petrochemical Revaluation of land use rights Unrecognized losses of subsidiaries Pre-operating expenditures Effects of the above adjustments on	$ \begin{array}{cccccccccccccccccccccccccccccccccccc$	Total 123,490 98,418 25,072 20.30 Of which: related party transactions 7,342 6,644 698 9.5 Note: Gross profit margin = profit from principal operations/income from principal operations 9.5
2.2.1.1 Principal accounting data and financial indicator Accounting Rules and Regulations	Changes at the en of this reportin period compare	taxation Net profit under IFRS	(260) (308) 8,008 6,419	The table below shows segment information prepared in accordance with IFRS: Percentage of operating profit/(loss) Operating Operating Operating over operating
Al 31 March 2004 Total assets (RMB millions) 406,900	At 31 December 2003 vith data at the en of the precedin year end (% 390,213 4.8	in KS on the shareholders rulus are analysed as h	counting Rules and Regulations and ollows: At As at 31 March 31 December 2004 2003	Segments or products revenues expenses profit/(loss) revenues (RMB millions) (RMB millions) (RMB millions) (%) Exploration and production 17,399 11,457 4,545 26.12
Shareholders' funds (excluding minority interests) (RMB millions) 170,309 Net assets per share (RMB) 1.964	162,946 4.5 1.879 4.5	Shareholders' funds under the PRC Accounting	<i>RMB millions RMB millions</i> 170,309 162,946	Refining 77,880 75,608 2,169 2.79 Marketing and distribution 73,389 69,271 4,118 5.61 Chemicals 28,354 24,719 3,635 12.82
Adjusted net assets per share (RMB) 1.942	1.850 4.9 Changes in thi reporting perio	Adjustments: Disposal of oil and gas properties Depreciation of oil and gas properties Capitalisation of general borrowing costs	1,832 1,260 11,117 10,885 1,219 1,125	Corporate and others 14,188 14,877 (689) (4.86) Elimination of inter- segment sales (82,847) (81,347) N/A N/A Total 128,363 114,585 13,778 10.73 3.2.2 Seasonal or periodic nature of the Company's operations
Three-month period ended 31 March 2004 Net cash flows from	Three-monthcompared to thperiod endedsame period of th31 March 2003preceding year (%)	Revaluation of land use rights	$\begin{array}{cccc} (2,783) & (2,812) \\ (865) & (870) \\ 78 & 61 \\ (213) & (169) \end{array}$	 3.2.2 beastrait of periodic flatter of the company's operations applicable √ not applicable 3.2.3 The composition of the profits during this reporting period (significant changes in the profit from principal operations, profit from other operations, period expenses, investment income, subsidy income and net non-operating income/expenses as a percentage of profit before taxation are listed and
operating activities (RMB millions) 11,208 Earnings per share (RMB) 0.086 Return on net assets (%) 4.363	13,605 (17.62 0.067 28.3 3.816 0.55 percentage point	Impairment losses on long-lived assets Government grants Effects of the above adjustments on tayation	$\begin{array}{c} (113) \\ (113) \\ (326) \\ (4,348) \\ (4,088) \end{array}$	explained below in accordance with the PRC Accounting Rules and Regulations) $$ applicable \Box not applicable Three-month period Year ended Item ended 31 March 2004 31 December 2003
Return on net assets before non-operating profits/losses (%) (Fully diluted)4.852 4.958(Weighted average)4.958	3.926 0.93 percentage point 4.002 0.96 percentage point	288,658 shareholders are domestic shareholders, a		PercentagePercentageChange in of profitof profitof profitpercentage of beforeAmounttaxationAmounttaxation(RMB millions)(%)(RMB millions)(%) (percentage points)
Non operating profits/losses	Three-month period ende 31 March 200 (<i>RMB million</i> :	 8.5 Management's Discussion and Analysis 3.1 Business review In the first quarter of 2004, the Chinese econom 		Profit from principal operations 25,072 209.63 80,716 268.92 (59.29) Profit from other operations 149 1.25 856 2.85 (1.60)
Losses on disposal of long-term equity investme Written back of provisions on assets provided in previous years Non-operating expenses(excluding normal provis on assets provided in accordance with the	i (2 sions	Influenced by international market, the prices of crude oil a fairly high level, and as the chemical business was go products had increased to a certain extent over the same opportunities, devoting to increase production volume a Company has obtained fairly good results in oil and gas pr	and refined oil products had fluctuated at ing up the cycle, the prices of chemical period last year. By seizing the market nd optimizing production operation, the	Period expenses 11,884 99.36 46,063 153.47 (54.11) Investment income 141 1.18 548 1.83 (0.65) Net non- operating
Accounting Regulation for Business Enterpri Of which: losses on disposal of fixed assets donations Non-operating income Income tax effect	ses) 1,32 84 1 (7 (41	oil, the sales of refined oil products and ethylene product Exploration and Production Segment: In the first achieved good results in terms of exploration, development exploration, the Company has made significant achievemer	ion etc. t quarter of this year, the Company has t and oil and gas production. In respect of its in the exploration of concealed oil and	income/expenses 1,518 12.69 6,042 20.13 (7.44) Profit before taxation 11,960 100.00 30,015 100.00 0.00 Significant changes and explanations: • Profit from principal operations
Total 2.2.1.2 Principal accounting data and financial indicator	83	surrounding areas in western China has shown good di Company seized the valuable opportunities of higher cruc "balanced reserves, production, investment and efficiency" gas production has increased over the same period last ye	scoveries. In respect of production, the de oil price, adhered to the four unity of , and improved the recovery rate. Oil and ar in a stable manner.	 Profit from principal operations The percentage of profit from principal operations to the profit before taxation was 209.63%, representing a decrease of 59.29 percentage points over 268.92% of the previous year. This was largely due to the fact that although profit from principal operations has increased by 24.25% over the quarterly average value of RMB 20.179 billion of the previous year; expenses in the reporting period had a slight increase of 3.20% over the quarterly average
At 31 March 2004	At 31 December 2003 At 31 December 2003 Period compare with data at the en of the precedin year end (%	was strong. The Company seized the market opportunities, product mix, devoted to increase the processing volume difference between sour and sweet crude oil increased the	, optimized resources allocation, adjusted of crude oil, made full use of the price processing volume of sour crude oil, and ization rate. Meanwhile, the Company was	expenses in the reporting period had a slight increase of 3.20% over the quarterly average value of the previous year; profit before taxation had an increase of 59.39% over the quarterly average of the previous year; and profit before taxation attained a higher growth than profit from principal operations. The major reason for the increase in profit from principal operations and profit before
Total assets (RMB millions) 418,308 Shareholders' funds (excluding minority interests) (RMB millions) 175,907	400,818 4.9 167,899 4.7		quarter of 2004, the Company seized the d oil products, coordinated production and nestic marketing volume in a reasonable	taxation is that prices for crude oil, refined oil products and chemical products were still on a high level in the first quarter of 2004. The Company seized opportunities of the high demand for refined oil and chemical products, devoted to develop the market, and raised its sales volume. At the same time, profit from principal operations increased substantially, and the total margin ratio increased from 19.47% in the first quarter of 2003 to 20.30% in the first quarter of 2004, especially the chemicals margin ratio which rapidly increased from 10.46%
Net assets per share (RMB)2.029Adjusted net assets per share (RMB)2.008	1.937 4.7 1.908 5.2 Changes in thi reporting perio	At the same time, the Company took measures to raise its re further optimized its sales portfolio. Chemicals Segment: In the first quarter of 2004, inf of both major chemical products and gross margin had inc	etail and direct distribution volume, which fluenced by international market, the price creased to a fairly significant extent. The	 Expenses in the reporting period Expenses in the reporting period amounted to RMB 11.884 billion, accounting for 99.36% of the profit before taxation, and representing a decrease of 54.11 percentage points over
Three-month period ended 31 March 2004 Net cash flows from	Three-month period ended 31 March 2003 preceding year (%	inventories", adjusted product mix and optimized marketing	s structure, and kept major chemical plants themical products such as synthetic resin, fibers has increased significantly. The	 153.47% of the previous year. This is mainly due to the fact that expenses in the reporting period rose slightly by 3.2% as compared with the quarterly average value of the previous year. Affected by the higher refining and chemicals gross margin ratio, profit before taxation has increased by 59.39% as compared with the quarterly average value of the previous year. 3.2.4 Significant changes in, and explanations of, the principal operations and their structures as compared
operating activities (RMB millions) 10,073 Earnings per share (RMB) 0.092	12,851 (21.62 0.074 24.3 0.78 percentag	Summary of Principal Operating Results for the	e first quarter Three-month Changes as periods ended compared with the 31st March same period	 with those during the previous reporting period □ applicable √ not applicable 3.2.5 Significant changes in, and explanations of, the profitability (gross profit margin) of principal operations as compared with those during the previous reporting period prepared in accordance with
Return on net assets (%) 4.552 2.2.2 Income statements This section includes the income statements fc prepared in accordance with both the PRC Accou comparative figures for the corresponding perior	nting Rules and Regulations and IFRS wit	Exploration and	2004 2003 last year (%) 953.83 928.72 2.70	 the PRC Accounting Rules and Regulations applicable √ not applicable 3.3 Significant events and their impacts as well as the analysis and explanations for the solutions √ applicable □ not applicable
2.2.2.1 Income statements prepared in accordance with Regulations Item Ended 31 M	the PRC Accounting Rules and th periods Three-month period	Natural gas production One hundred million cubic meters Realized crude oil price RMB yuan/tonne Realized natural gas price RMB yuan/thousand cubic		3.3.1 Issuance of corporate bonds At Sinopec Corp.'s Second Extraordinary General Meeting of Shareholders for year 2003 held on 15 October 2003, the Board considered and approved "The Proposal Concerning the Issuance of Domestic Corporate Bonds Amounting to RMB 3.5 billion". On 16 January 2004, Sinopec Corp. obtained the
The Group The (Note 1) RMB millions 1. Income from principal 123,490	(Note I) (Note I) (Note I	Crude processing volume Ten thousand tonnes Gasoline, diesel and Ten thousand tonnes	3,236.86 2,763.10 17.15 1,925.09 1,645.23 17.01	approval from the National Development and Reform Commission ("NDRC") to issue 10-year domestic corporate bonds of RMB 3.5 billion. On 23 February 2004, the sixth meeting of Sinopee Corp.'s second session of the Board of Directors and the NDRC approved and confirmed the coupon rate of the corporate bonds to be 4.61%. As of the date of 8 March 2004, the corporate bonds of Sinopee Corp. have been issued successfully. For relevant details, please refer to Sinopee Corp.'s announcement published in
operations Less: Cost of sales 94,583 Sales taxes and 3,835 surcharges	71,740 76,178 53,12 2,290 3,161 1,96	Of which: Gasoline Ten thousand tonnes Diesel Ten thousand tonnes Kerosene Ten thousand tonnes Chemical feedstock Ten thousand tonnes	573.06 512.84 11.74 1,204.31 991.52 21.46 147.72 140.87 4.86 453.40 421.13 7.66	 China Securities, Shanghai Securities, and Securities Times in China, and South China Morning Post and Hong Kong Economic Times in Hong Kong, respectively on 15 October 2003, 30 January 2004, and 24 February 2004. 3.3.2 Acquisition of shares of Jinzhi Company On 26 March 2004, upon the approval at the seventh meeting of the second session of the Board
2. Profit from principal operations25,072 operationsAdd: Profit/(loss) from other operations149 other operationsLess: Selling expenses4,203	12,033 19,180 8,82 (138) 119 (2 2,732 3,393 2,23) Refining yield %	73.85 74.30 (0.45) percentage points 92.82 92.64 0.18 percentage points	of Directors, Sinopec Corp. entered into an Acquisition Agreement with Jinzhi Company, a wholly owned subsidiary of Sinopec Group Beijing Yanhua Petrochemical Company Limited, of which Sinopec Group Company is the parent company. Pursuant to the Acquisition Agreement, Sinopec Corp. will use cash from its internal resources to acquire 100% of the issued shares of Jinzhi Company at a consideration of RMB 230 million. For relevant details, please refer to Sinopec Corp.'s announcement published in China
Administrative5,065expensesFinancial expensesFinancial expenses1,162Exploration1,454expenses,1	3,358 4,270 2,68 926 1,168 73 911 1,211 87	Total domestic sales of Ten thousand tonnes refined oil products	2,170.451,781.4421.841,197.72895.2033.79	Securities, Shanghai Securities, and Securities Times in China, and South China Morning Post and Hong Kong Economic Times in Hong Kong, on 29 March 2004. 3.4 Disclosure and explanations as to the changes in accounting policies, accounting estimates and scope of consolidation and fundamental errors
including dry holes 3. Operating profit/(loss) 13,337 Add: Investment income 141	3,968 9,257 2,28 8,088 70 6,29 52 26	Direct Ten thousand tonnes distribution volume Wholesale Ten thousand tonnes volume	440.14 328.26 34.08 532.59 557.98 (4.55)	 applicable √ not applicable 3.5 Relevant explanations made by the Board of Directors and the Supervisory Committee after the audit and presentation of "non standard opinion" applicable √ not applicable
Non-operating72income1,590Less: Non-operating1,590expenses4. Profit before taxation11,960	52 26 1 1,446 264 16 10,662 9,089 8,42	Total number of petrol Station stations Of which: Owned and self-Station operated	30,416 28,894 5.27 24,680 24,065 2.56	3.6 Business prospects Looking into the second quarter of 2004, the demand for domestic refined oil and chemical products will maintain a rapid growth, creating a positive market for the Company to expand its production and operation. Based on the current market conditions, where the prices of crude oil and refined oil products has
Less: Taxation 3,456 Minority interests 1,141 Add: unrecognized 67 investment losses (Note 2)	3,299 2,788 2,60 <u>488</u> <u>-</u>	stations Franchised petrol Station stations Throughput per petrol Tonne/station station (Note 2)	5,7364,82918.781,7571,6864.21	been at a fairly high level, and the chemical business is going up the cycle, the Company will closely track the market changes, optimize production and operation, adopt flexible operating policies and continue to implement its development strategies of "expanding resources, developing market, reducing costs and disciplining investments" as detailed below: Exploration and Production Segment: The Company will continue to maintain stable and increased
5. Net profit 7,430 Notes: (1) The "Company" means China Petroleum & The "Group" means China Petroleum & Chi	7,363 5,813 5,81 Chemical Corporation; emical Corporation and its subsidiaries; nt losses exceeding the carrying value of investment	Ethylene ten thousand tonnes Synthetic resins ten thousand tonnes Of which: performance ten thousand tonnes	93.1385.988.32139.34126.1610.4572.5857.4026.45	production of crude oil and natural gas, and strive for the replacement resources and expansion of production capacity. Production of crude oil and natural gas during the second quarter is expected to be 9.62 million tonnes and 1.44 billion cubic meters respectively. Refining Segment: Based on the market conditions, the Company will continue to adjust the product mix and throughput, secure the stable operation of facilities, and increase the production of high added value
2.2.2.2 Consolidated income statement prepared in acco Item	rdance with IFRS Three-month periods ended 31 Marc 2004 200 <i>RMB millions RMB million</i>	Monomers and polymers for ten thousand tonnes synthetic fibers	15.21 12.89 18.00 122.04 103.08 18.39	products. The processing volume of crude oil during the second quarter is expected to be 33.00 million tonnes. Marketing and Distribution Segment: The Company will further enhance the network construction of refined oil products and continue to increase retail volume and direct distribution volume. The total sales volume of domestic refined oil products during the second quarter is expected to reach 22.30 million tonnes, of which retail volume will be 12.50 million tonnes and direct distribution volume will be 4.40 million tonnes.
1. Turnover and other operating revenues Including: Turnover Other operating revenues	128,363 104,20 123,490 99,95 4,873 4,24	Synthetic thers ten thousand tonnes Of which: differential fibers ten thousand tonnes Urea ten thousand tonnes <i>Notes:</i> 1. The operating results for the first quarter of 20	31.32 29.91 4.71 13.37 11.50 16.26 54.15 39.03 38.74 003 are proforma data including the reference data trochemical; 1001 are service and se	Chemicals Segment: The Company will maintain efficient and full-capacity operation of chemical facilities, promote the production of major chemicals and continue to increase the production of high value-added products. Production of ethylene during the second quarter is expected to reach 0.915 million tonnes.
2. Operating expenses Including: Purchased crude oil, products and operating supplies and expenses Selling, general and	(114,585) (93,18 (90,804) (73,22	 Throughput per petrol station of 2004 was projection of 2003 was actual annual average; The operating results for the first quarter of 20 of acquiring Sinopee Maoming. 		 3.7 Caution and explanation as to the anticipated loss of accumulated net profits from the beginning of the year to the end of the next reporting period or significant changes over the same period last year □ applicable √ not applicable 3.8 Adjustments to the annual business plan or budget which have been disclosed
administrative expenses Depreciation, depletion and amortisation Exploration expenses, including dry holes	(6,875) (5,60 (6,814) (6,35 (1,454) (1,21	The capital expenditure of the Company in the first quart capital expenditure for exploration and production segment was RI in the exploration of concealed oil and gas reserves were acheived	MB 4 856 billion whereby breakthroughs	 3.8 Adjustments to the annual business plan or budget which have been disclosed applicable J applicable This quarterly report is published in both English and Chinese languages. The Chinese version shall prevail. By Order of the Board
Personnel expenses Taxes other than income tax Other operating expenses, net 3. Operating profit	(3,857) (3,35 (3,835) (3,18 (946) (25 13,778 11,01	 natural gas amounted to 0.82 million tonnes/year and 45 million ci expenditure for refining segment was RMB 1.452 billion. The Nin, pipeline will be put into operation soon. Some refining facilities e schedule. The capital expenditure for chemicals segment was RM 	ubic meters/year respectively. The capital gbo-Shanghai-Nanjing imported crude oil xxpansion and technical revamping are on IB 0.995 billion, whereby the revamping	Chen Tonghai Beijing, PRC, 29 April 2004 As at the date of this announcement, the executive directors of the Company are: Messrs. Chen Tonghai, Wang Jiming, Mou Shuling, Zhang Jiaren, Cao Xianghong, Liu Genyuan, Liu Kegu and Fan Yifei; the independent directors are: Messrs. Chen Onghai, Ho Tsu
4. Finance costs	(1,047) (1,05		i racilities are progressing smoothly. The	Knok Charles, Shi Wanpeng and Zhang Youcai; and the employee representative director is: Mr Cao Yaofeng.