



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)

First Quarterly Report for 2004

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 and the contents of the announcements published 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.

1.1 The Board of Directors of China Petroleum & Chemical Corporation ("Sinopec Corp.") and its Directors warrant that there are no material omissions from, or misrepresentations or misleading statements contained in this quarterly report, and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report.

2.1 Summary of the information of Sinopec Corp.

Stock name SINOPEC SINOPEC SINOPEC SINOPEC 中国石化
Stock code 0386 SNP SNP 600028
Place of listing Hong Kong New York Stock Exchange London Stock Exchange Shanghai Stock Exchange

Table with columns: Name, Mr Wang Jiming, Mr Chen Ge, Mr Chen Ge, Mr Huang Wensheng. Includes address, tel, fax, and e-mail information.

2.2 Financial Information

2.2.1 Principal accounting data and financial indicators prepared in accordance with the PRC Accounting Rules and Regulations

Table showing financial indicators: Total assets (RMB millions), Shareholders' funds, Net assets per share, Adjusted net assets per share, Return on net assets, etc.

2.2.2 Consolidated income statement prepared in accordance with IFRS

Table showing consolidated income statement with columns for 31 March 2004, 31 December 2003, and 31 March 2004 vs 31 March 2003 comparison.

Table showing income statement items: Interest expense, Interest income, Foreign exchange losses, etc.

Table showing major differences between PRC Accounting Rules and Regulations and IFRS: Disposal of oil and gas properties, Depreciation of oil and gas properties, etc.

Table showing effects of major differences between PRC Accounting Rules and Regulations and IFRS on shareholders' funds: Shareholders' funds under PRC Accounting Rules and Regulations, etc.

3. Management's Discussion and Analysis

3.1 Business review: In the first quarter of 2004, the Chinese economy continued to maintain a rapid growth momentum and domestic demand for refined oil and petrochemical products remained strong.

Table showing Operating Results: Exploration and Production, Refining (Note 1), Marketing and Distribution, etc.

Summary of Principal Operating Results for the first quarter: Total domestic sales of refined oil products, Of which: Retail sales, etc.

Table showing Capital expenditure: Ethylene, Synthetic resins, Of which: performance compound resins, etc.

capital expenditure for marketing and distribution segment was RMB 3,447 million, whereby the construction of southwest oil products pipeline, construction and revamping projects for the petrol stations are implementing on schedule.

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 million.

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 million, representing an increase of 25.30% over the same period last year, and the net profits amounted to RMB 7,430 million, representing an increase of 27.8% over the same period last year.

Based on IFRS, the turnover and other operating revenues of the Company for the first quarter of 2004 amounted to RMB 128,363 million, representing an increase of 23.2% over the same period last year. Profit attributable to shareholders amounted to RMB 8,008 million, representing an increase of 24.8% over the same period last year.

3.2.1 The principal segments or products accounting for over 10% of income or profit from principal operations

Applicable/not applicable for segments or products.

The table below shows segment information prepared in accordance with the PRC Accounting Rules and Regulations.

Table showing segment information: Segments or products, Income from principal operations, Costs of sales, taxes and other charges, Profit from principal operations, Gross profit margin.

Note: Gross profit margin = profit from principal operations/income from principal operations

The table below shows segment information prepared in accordance with IFRS.

Table showing segment information under IFRS: Segments or products, Operating revenues, Operating expenses, Operating profit/loss, Percentage of operating revenue.

3.2.2 Seasonal or periodic nature of the Company's operations

Applicable/not applicable for seasonal or periodic nature.

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 explained below in accordance with the PRC Accounting Rules and Regulations)

Applicable/not applicable for composition of profits.

Table showing significant changes and explanations: Item, Three-month period ended 31 March 2004, Year ended 31 December 2003, Percentage of profit before taxation, Change in percentage of profit before taxation.

3.2.4 Significant changes in, and explanations of, the principal operations and their structures as compared with those during the previous reporting period

Applicable/not applicable for significant changes in operations.

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 the PRC Accounting Rules and Regulations

Applicable/not applicable for profitability changes.

3.3 Significant events and their impacts as well as the analysis and explanations for the solutions

Applicable/not applicable for significant events.

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".

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 of Directors, Sinopec Corp. entered into an Acquisition Agreement with Jinzhi Company, a wholly owned subsidiary of Sinopec Group Beijing Yanhua Petrochemical Company Limited.

3.4 Disclosure and explanations as to the changes in accounting policies, accounting estimates and scope of consolidation and fundamental errors

Applicable/not applicable for disclosure of changes in accounting policies.

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 for relevant explanations.

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.

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 for caution and explanation.

3.8 Adjustments to the annual business plan or budget which have been disclosed

Applicable/not applicable for adjustments to business plan.

3.9 This quarterly report is published in both English and Chinese languages. The Chinese version shall prevail.

By Order of the Board Chairman

Beijing, PRC, 29 April 2004

As at the date of this announcement, the executive directors of the Company are: Messrs. Chen Tonghai, Wang Jiming, Mo Shulin, Zhang Jiaren, Cao Xianghong, Liu Genyuan, Liu Kegui and Fan Yifei; the independent directors are: Messrs. Chen Qinglai, Ho Tzu Kwok, Charles, Shi Wanping and Zhang Youcai; and the employee representative director is: Mr. Cao Yaofeng.