



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 Quarter Results Announcement for 2007

1. Important Notice

- The Board of Directors and the Supervisory Board of China Petroleum & Chemical Corporation ("Sinopec Corp.") and their Directors, Supervisors and senior management warrant that there are no material omissions from, or misrepresentations or misleading statements contained in this announcement, and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this announcement.
- This quarterly results announcement has been reviewed and approved at the tenth meeting of the Third Session of the Board of Directors of Sinopec Corp..
- The financial statements contained in this announcement have not been audited.
- Mr. Chen Tonghai, Chairman of the Board of Directors of Sinopec Corp., Mr. Wang Tianpu, Director and President of Sinopec Corp., Mr. Dai Houliang, Director, Senior Vice President and Chief Financial Officer of Sinopec Corp., and Mr. Liu Yun, Vice Financial Officer and Head of the Accounting Division of Sinopec Corp., hereby declare that the authenticity and completeness of the financial statements contained in this quarterly results announcement are warranted.

2. Basic Information of Sinopec Corp.

2.1 Principal accounting data and financial indicators

- Principal accounting data and financial indicators prepared in accordance with the PRC Accounting Standards for Business Enterprises.

	At 31 March 2007	At 31 December 2006	Changes compared with the preceding year-end (%)
Total assets (RMB millions)	623,066	596,519	4.45
Shareholders' funds (excluding minority interests) (RMB millions)	277,311	257,893	7.53
Net assets per share (RMB)	3.198	2.974	7.53
	Three-month period ended 31 March 2007	Three-month period ended 31 March 2006	Changes compared with the same period of the preceding year (%)
Net cash flow from operating activities (RMB millions)	31,891	3,053	944.58
Net cash flow from operating activities per share (RMB)	0.368	0.035	944.58
Profit attributable to the equity shareholders of the Parent (RMB millions)	19,418	9,135	112.57
Basic earnings per share (RMB)	0.224	0.105	112.57
Diluted earnings per share (RMB)	0.224	0.105	112.57
Return on net assets (%)	7.002	4.031	2,971 percentage point
Return (before non-operating profits/losses) on net assets (%)	7.030	4.086	2,944 percentage point

	Three-month period ended 31 March 2007 (Income)	Expenses	RMB millions
Non-operating profits/losses			
Written back of provisions for impairment losses in previous years			
Non-operating expenses (excluding normal provisions on assets provided in accordance with PRC Accounting Standards for Business Enterprises)			178
Of which: Losses on disposal of fixed assets			7
Donations			10
Non-operating income			(62)
Tax effect of the above			(38)
Total			78

2.1.2 Principal accounting data and financial indicators prepared in accordance with IFRS

	At 31 March 2007	At 31 December 2006	Changes compared with the preceding year-end (%)
Total assets (RMB millions)	646,365	611,790	5.65
Total equity attributable to equity shareholders of the Parent (RMB millions)	282,289	262,845	7.40
Net assets per share (RMB)	3.256	3.032	7.40
Adjusted net assets per share (RMB)	3.183	2.957	7.64
	Three-month period ended 31 March 2007	Three-month period ended 31 March 2006	Changes compared with the same period of the preceding year (%)
Net cash flow from operating activities (RMB millions)	30,206	1,369	2,106.43
Profit attributable to equity shareholders of the Parent (RMB millions)	19,444	9,547	103.67
Earnings per share (RMB)	0.224	0.110	103.67
Return on net assets (%)	6.888	4.083	2,805 percentage point

- Difference between the net profit for the first quarter of 2007 and shareholders' funds as at 31 March 2007 under the PRC Accounting Standards for Business Enterprises and IFRS

- A Effects of major differences between the net profit under the PRC Accounting Standards for Business Enterprises and the profit for the period under IFRS are analysed as follows:

	Three-month periods ended 31 March 2007	2006	RMB millions	RMB millions
Net profit under the PRC Accounting Standards for Business Enterprises (including minority interests)			20,257	9,195
Adjustments:				
Oil and gas properties			88	794
Reduced amortisation on revaluation of land use rights			7	7
Effects of the above adjustments on taxation			(68)	(265)
Profit for the period under IFRS			20,284	9,731

- Effects of major differences between the shareholders' funds under the PRC Accounting Standards for Business Enterprises and the total equity under IFRS are analysed as follows:

	At 31 March 2007	At 31 December 2006	RMB millions	RMB millions
Shareholders' funds under the PRC Accounting Standards for Business Enterprises (including minority interests)			300,191	279,931
Adjustments:				
Oil and gas properties			10,904	10,816
Revaluation of land use rights			(1,065)	(1,072)
Effects of the above adjustments on taxation			(4,954)	(4,886)
Total equity under IFRS			305,076	284,789

2.2 Number of shareholders and top ten shareholders holding shares without selling restrictions at the end of the reporting period

Number of shareholders as at 31 March 2007		Number of shareholders of Sinopec Corp. as at 31 March 2007: 322,901, including 315,297 holders of A shares and 7,604 holders of H shares.	
Top ten shareholders holding shares without selling restrictions			
Name of shareholders	Number of shares held at the end of the reporting period (10,000 shares)	Type of shares (A, B, H share or others)	
HKSCC (Nominees) Limited	1,668,635.3	H	
China Life Insurance Group Company — Traditional — Ordinary Insurance Products	8,079.6	A	
China Life Insurance Company Limited — Dividend — Individual Dividend — 005L — FH002 Shanghai	7,370.1	A	
Baoying Strategy Growth Stock Investment Fund	5,195.3	A	
Bank of Communications Schroders Selected Stock Investment Fund	4,800.0	A	
Jiashi Growth Revenue Investment Fund	4,800.0	A	
Boshi Selected Investment Fund	4,200.0	A	
China Pingan Insurance Co., Ltd — Dividend — Bank-assured Dividend	4,000.0	A	
Huitianfu Growth Focus Stock Investment Fund	3,912.5	A	
Jiashi Strategy Growth Mixed Investment Fund	3,889.3	A	

2.3 Business review

In the first quarter of 2007, the Chinese economy continued to grow at a fast pace, international prices of crude oil was still fluctuating at high level. Domestic demand for petrochemical products continued its reasonable growth tendency, and prices of petrochemical products maintained at a relatively high level. In accordance with the working principle of "reform, adjustment, management, innovation and development" as identified by the Board of Directors, by actively working to cope with market changes, focusing on health, safety and environmental protection, striving to cut down cost and expense, accelerating structure adjustment, strengthening enterprise management and promoting science & technology innovation, the Company maintained increases, amongst others, in production of oil and gas, the volume of crude oil processed, sales volume of refined oil products and production of ethylene, and realized excellent business performance.

Exploration and Production Segment: The Company has made new progress in the exploration in marine facies oil gas in Northeast Sichuan Province, old eastern region, Tahe oilfields in western China, placing a basis for the resource replacement in the future. Output of crude oil and natural gas of the Company in the first quarter increased by 2.0% and 10.1%, respectively, over the same period last year.

Refining Segment: The Company actively optimized resource allocation and product structure, increased the processing ratio of lower quality crude oil and expanded the production volume of higher value-added products. The processing volume of crude oil of the Company in the first quarter increased by 5.0% over the same period last year.

Marketing and Distribution Segment: The Company strengthened resource co-ordination, optimized marketing and distribution network, logistics operation, leading to further increases in total sales volume, retail volume and self-operated service station. The Company's domestic sales and retail volume of refined oil products in the first quarter increased by 5.5% and 3.5%, respectively, over the same period last year.

Chemicals Segment: The major chemical production facilities of the Company maintained stable full-load operation, production volume and sales volume of chemical products increased steadily, the advantages of centralized sales were brought into further play. The Company's production of ethylene and synthetic resin in the first quarter increased by 7.8% and 13.9%, respectively, over the same period last year.

Summary of Principal Operating Results for the First Quarter

Operating Data	Unit	Three-month period ended 31st March 2007	2006	Changes (%)
Exploration and Production				
Crude oil production	10 thousand tonnes	999.43	979.86	2.00
Natural gas production	million cubic meters	1,996	1,813	1,007
Realised crude oil price	RMB/tonne	2582.70	3112.81	(17.03)
Realised natural gas price	RMB/thousand cubic meters	799.27	745.10	7.27
Refining				
Crude processing volume	10 thousand tonnes	3691.40	3516.88	4.96
Gasoline, diesel and kerosene production	10 thousand tonnes	2164.94	2088.87	3.64
Of which: Gasoline	10 thousand tonnes	587.24	553.40	6.11
Diesel	10 thousand tonnes	1390.88	1381.87	0.65
Kerosene	10 thousand tonnes	186.82	153.60	21.63

Operating Data	Unit	Three-month period ended 31st March		Changes (%)
		2007	2006	
Light chemical feedstock	10 thousand tonnes	608.50	576.81	5.49
Light yield	%	74.31	74.81	(0.50) percentage point
Refining yield	%	93.38	93.64	(0.26) percentage point
Marketing and Distribution				
Total domestic sales of refined oil products	10 thousand tonnes	2746.60	2603.00	5.51
Of which: Retail	10 thousand tonnes	1724.30	1666.80	3.45
Distribution	10 thousand tonnes	469.80	491.50	(4.40)
Wholesale	10 thousand tonnes	552.40	444.80	24.19
Total number of service stations	stations	28885	29744	(2.89)
Of which: Owned and self-operated	stations	28075	27464	2.22
Franchised	stations	810	2280	(64.47)
Throughput per petrol station (Note 1)	tonne/station	2457	2428	1.19
Chemicals (Note 2)				
Ethylene	10 thousand tonnes	163.23	151.36	7.84
Synthetic resins	10 thousand tonnes	236.40	207.49	13.93
Synthetic rubbers	10 thousand tonnes	18.88	16.12	17.15
Monomers and polymers for synthetic fibers	10 thousand tonnes	190.96	178.18	7.17
Synthetic fibers	10 thousand tonnes	35.52	39.02	(8.98)
Urea	10 thousand tonnes	36.36	44.13	(17.16)

Notes

1: Throughput per service station data is an annualized average;

2: Included 100% output of BASF-YPIC and Shanghai Secco.

Capital Expenditure: In the first quarter, capital expenditure of the Company aggregated at approximately RMB 15,150 million, of which the capital expenditure of the Exploration and Production Segment was RMB 6,927 million; oil and gas exploration in Northeast Sichuan Province and the preparations of "Sichuan-to-East China Gas Project" progressed smoothly, newly-built production capacity of crude oil reached 880,000 tonnes and newly-built production capacity of natural gas reached 269 million cubic meters. Capital expenditure of the Refining Segment was approximately RMB 4,377 million, which were mainly used for Cao Feidian Import Crude Oil Pier and auxiliary engineering and Jin-Yan Crude Oil Pipeline; and the refinery upgrading projects in Yanshan, Guangzhou Gaoqiao. The new refining project in Qingdao of 10 million tonnes/year was fully carried out. Capital expenditure of the Chemical Segment was RMB 1,729 million, the projects of Maoming high-pressure ethylene and Shanghai glycol were completed and commenced production; Tianjin and Zhenhai ethene projects and Jinling PX project have fully commenced. Capital expenditure of the Marketing and Distribution Segment was RMB 1,970 million, achieving outstanding performance in the construction of service stations in key areas with seventy-four service stations added; construction of finished oil pipelines made new progress. Capital expenditure of headquarters and others was RMB 147 million.

In addition, the capital expenditure of the Company's joint ventures was RMB 20 million.

3. Significant Events

- Significant changes of key accounting items and financial indices of the Company and the reasons for the changes:

✓ applicable □ not applicable

Item	Three-month period ended 31 March		Changes compared with the same period of the preceding year	
	2007	2006	RMB millions	%
Operating revenues	278,250	226,131	52,119	23.05
Sales tax and surcharges	6,313	4,418	1,895	42.89
Administrative expenses	8,295	5,694	2,601	45.68
Exploration expenses	2,412	1,493	919	61.55
Investment income	1,175	563	612	108.70
Profit before taxation	28,050	13,352	14,698	110.08
Net cash flow from operating activities	31,891	3,053	28,838	944.58

Operating revenues

Operating revenues for the first quarter of 2007 was increased by 23.05% compared to the same period last year. This was mainly due to the fact that the Company continuously expanded business scale, optimized marketing and distribution structure and enhanced market share by grasping the opportunities arising from the continuous high level of price of domestic petrochemical products.

Sales tax and surcharges

Sales tax and surcharges for the first quarter of 2007 was increased by 42.89% compared to the same period last year. This was mainly due to the fact that special oil income levy, consumption tax and additional were increased.

Administrative expenses

Administrative expenses for the first quarter of 2007 was increased by 45.68% compared to the same period last year. This was mainly due to the fact that repair expense of the first quarter was accumulated in management expense as per new PRC Accounting Standards for Business Enterprises, and was increased by approximately RMB 2.3 billion compared to the same period last year.

Exploration expense

Exploration expense for the first quarter of 2007 was increased by 61.55% compared to the same period last year. This was mainly due to the fact that the Company has enhanced the exploration strength for south marine facies and new western area including Northeast Sichuan Province.

Investment income

Investment income for the first quarter of 2007 was increased by 108.7% compared to the same period last year. This was mainly due to the fact that results of jointly controlled entities BASF-YPIC and Secco of the Company achieved significant increase compared to the same period last year.

Profit before taxation

Profit before taxation for the first quarter of 2007 enjoyed a growth of 110.08% compared to the same period last year. This was mainly due to the fact that international crude oil price decreased in the first quarter, while domestic petrochemical products price still maintained at high level, therefore the refining business of the Company reversed losses and made profits. Meanwhile the Company continuously expanded sales of products, strengthened the Company's management, thereby realizing better operating results.

Net cash flow from operating activities

Net cash flow from operating activities for the first quarter of 2007 was increased by 944.58% compared to the same period last year. This was mainly due to the fact that net profit and depreciation of the Company were increased and inventory carrying charge was decreased in the first quarter compared to the same period last year.

- The progress of significant events and their impacts as well as the analysis and explanations for the solutions

✓ applicable □ not applicable

3.2 Connected transactions

The aggregate amount of connected transactions actually occurred in relation to the Company during the reporting period was RMB 52.9 billion, of which, RMB 24.757 billion was paid out by the Company, and RMB 28.143 billion (including RMB 28.114 billion of sales of products and services, RMB 8 million of interest income and RMB 21 million of income from agency fee) was received by the Company. During the reporting period, the products and services provided by Sinopec Group (purchase, storage and transportation, exploration and production services and production-related services) to the Company amounted to RMB 20.887 billion, representing 8.3% of the Company's operating expenses of the reporting period; the ancillary and social services provided by Sinopec Group to the Company amounted to RMB 400 million, representing 0.16% of operating expenses of the reporting period. During the reporting period, the product sales from the Company to Sinopec Group and other connected parties amounted to RMB 28.114 billion, representing 11.2% of the Company's operating revenue.

3.2.2 Issuance of domestic corporate bonds and overseas convertible corporate bonds overseas

In the First Extraordinary General Meeting of Shareholders of Sinopec Corp. for 2007, approval was given to the issuance of domestic corporate bonds of up to RMB 10 billion; issuance of overseas corporate bonds convertible to listed overseas shares of Sinopec Corp. of up to USD 1.5 billion (or approximately HKD 11.7 billion) and an unconditional general mandate was granted to the Board of Directors of Sinopec Corp. to allot, issue and handle new domestic shares listed in China and new overseas shares listed overseas (up to twenty percent of the issued domestic shares and the issued overseas shares of Sinopec Corp. respectively).

For further details, please refer to Sinopec Corp.'s announcement published in China Securities Journal, Shanghai Securities News and Securities Times in mainland China on December 7, 2006, and South China Morning Post and Hong Kong Economic Times in Hong Kong on January 23, 2007.

3.2.3 Major projects

(1) Sichuan-to-East China Gas Project

The project "Sichuan-to-East China Gas Project" was formally approved by the State Council on April 9, 2007, and was listed as major project during the "Eleventh Five-year Plan Period". The project "Sichuan-to-East China Gas Project" consists of two parts, namely, the exploration, development and gas processing project of Puguang Gas Field and the long-distance transportation pipeline project from Puguang Gas Field to Shanghai. The expected total investment for the Sichuan-to-East China Gas Project is RMB 63.2 billion, according to assumptions based on present price, the internal rate of return of the project will be above 14%. According to present exploration and development deployment, it is predicted that production capacity of 10 billion cubic meter of natural gas will be formed by the end of 2008, and supply of gas can be started by the end of 2008, production capacity of 15 billion cubic meter of natural gas will be formed by the end of 2009.

(2) Fujian refinery & ethylene project and refined oil products marketing project

On February 25, 2007, Sinopec Corp., Fujian Province, Exxon Mobil and Saudi Aramco entered into a joint venture contract for the Fujian refinery & ethylene project. At the same time, Sinopec Corp., Exxon Mobil and Saudi Aramco also entered into a joint venture contract for the Fujian refined oil products marketing project.

According to the Fujian refinery & ethylene joint venture plan, the capacity of the existing oil refinery in Quanzhou of Fujian will be expanded from 4 million tpa to 12 million tpa and in the meantime, new chemical installations will be constructed, including 800 thousand tpa ethylene cracking units, 800 thousand tpa polyethylene units, 400 thousand tpa polypropylene units and 700 thousand tpa PX and aromatics units. In addition, the project also includes the construction of crude oil wharves with handling capacity of 300 thousand tonnes and its auxiliary utilities. The project will be constructed with 50%, 25% and 25% of equity investments by Fujian Refinery & Chemicals Co., Ltd. (a company incorporated with 50% and 50% equity investments by Sinopec Corp. and Fujian Province), Exxon Mobil and Saudi Aramco respectively, and it is planned to be completed and put into production at the beginning of 2009. With 55%, 22.5% and 22.5% investments by Sinopec Corp., Exxon Mobil and Saudi Aramco, respectively, the Fujian refined oil product marketing joint venture is planned to manage and operate approximately 750 service stations and a number of oil depots. On 15 March and 19 March 2007, the Ministry of Commerce approved the above joint venture contracts, and approved the establishment of Fujian Refining and Petrochemical Company Ltd. and Sinopec SenMei (Fujian) Petroleum Company Ltd..

- Status of fulfillment of commitments undertaken by the Company, shareholder and actual controller.

□ applicable ✓ not applicable

- 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 of last year

✓ applicable □ not applicable

Through adjustment of structure and expansion of total business volume, Sinopec Corp. has achieved excellent business performance in this quarter. Based on present production and operation situation, provided that there is no significant changes to the market environment and in accordance with the PRC Enterprise Accounting Standards for Business Enterprises, the initial estimation of accumulated net profit of the first half of 2007 is conducted. It is estimated that combined net profit for the first half of 2007 will increase more than 50% over the same period last year. The above estimation is an initial estimation by Sinopec Corp., and the actual figures will be disclosed in the First Half Year Report of 2007 in details.

- Explanation of the reason for the difference between stockholder's equity at the beginning of 2007 in the balance sheet of this quarterly report and "Difference Adjustment Table for Stockholder's Equity Determined In Accordance With New/Old Accounting Rules"

□ applicable ✓ not applicable

- This quarterly results announcement is published in both Chinese and English languages. The Chinese version shall prevail.

By Order of the Board
Chen Tonghai
Chairman

Beijing, PRC, 15 April 2007

As at the date of this announcement, the directors of Sinopec Corp. are Chen Tonghai*, Zhou Yuan*, Wang Tianpu*, Zhang Jianhua*, Wang Zhigang*, Dai Houliang*, Fan Yifei*, Yao Zhongmin*, Shi Wenpeng*, Liu Zhongli* and Li Deshui*.

* Executive Directors

* Non-executive Directors

+ Independent Non-executive Directors