



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: 386)

Third Quarterly Results for 2004

Highlights of the results of the Company for the third quarter ended 30 September 2004

During the third quarter of 2004, 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 151,986 million and RMB 9,003 million respectively, increased by 43.63% and 78.67%, over those during the third quarter of 2003 respectively. Turnover & other operating revenues and profit attributable to shareholders of the Company under International Financial Reporting Standards ("IFRS") amounted to RMB 158,204 million and RMB 10,502 million respectively, increased by 39.63% and 62.02% over those during the third quarter of 2003 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 results 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(2) of the Listing Rules for its publication in Hong Kong.

1. Important Notice

- 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 announcement, and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this report.
- 1.2 This quarterly results announcement has been reviewed and approved at the eleventh meeting of the second session of the Board of Directors of Sinopec Corp.
- 1.3 The quarterly financial statements contained in this report are not audited.
- 1.4 Mr. Chen Tonghai, Chairman of the Board of Sinopec Corp., Mr. Wang Jiming, Vice Chairman and President of Sinopec Corp., Mr. Zhang Jiaren, Director, Senior Vice President and Chief Financial Officer of Sinopec Corp., and Mr. Liu Yun, Head of the Accounting Department of Sinopec Corp., hereby warrant the authenticity and completeness of the financial statements contained in this quarterly results announcement.

2. Basic Information

2.1 Basic information of Sinopec Corp.

Stock name	SINOPEC CORP.	SINOPEC CORP.	SINOPEC CORP.	SINOPEC CORP.
Stock code	386	SNP	SNP	600028
Place of listing	Hong Kong Stock Exchange	New York Stock Exchange	London Stock Exchange	Shanghai Stock Exchange
Authorized Representatives	Mr. Wang Jiming		Mr. Chen Ge	Mr. Chen Ge
Secretary to the Board of Directors	Mr. Wang Jiming		Mr. Chen Ge	Mr. Chen Ge
Representative on Securities Matters	Mr. Wang Jiming		Mr. Chen Ge	Mr. Huang Wensheng
Name	Mr. Wang Jiming	Mr. Chen Ge	Mr. Chen Ge	Mr. Huang Wensheng
Address	6A Huixindong Street, Chaoyang District, Beijing, PRC			
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2.2 Financial Information

2.2.1 Principal accounting data and financial indicators

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

	At 30 September 2004	At 31 December 2003	Changes compared with the preceding year-end (%)
Total assets (RMB millions)	430,304	390,213	10.27
Shareholders' funds (excluding minority interests) (RMB millions)	177,835	162,946	9.14
Net assets per share (RMB)	2.051	1.879	9.14
Adjusted net assets per share (RMB)	2.020	1.850	9.19

2.2.2.1 Income statements prepared in accordance with the PRC Accounting Rules and Regulations

(1) Income statements for the three-month period ended 30 September (July to September)

Item	Three-month period ended 30 September 2004 (July to September)		Three-month period ended 30 September 2003 (July to September)	
	The Group (Note) RMB millions	The Company (Note) RMB millions	The Group (Note) RMB millions	The Company (Note) RMB millions
1. Income from principal operations	151,986	102,886	105,820	66,781
Less: Cost of sales	116,956	86,593	81,906	53,945
Sales taxes and surcharges	4,222	2,540	3,411	2,190
2. Profit from principal operations	30,808	13,753	20,503	10,646
Add: Profit/(loss) from other operations	134	(157)	238	39
Less: Selling expenses	4,992	3,697	3,800	2,784
Administrative expenses	5,141	2,943	4,158	2,496
Financial expenses	1,067	665	1,151	685
Exploration expenses, including dry holes	1,629	1,291	1,213	867
3. Operating profit	18,113	5,000	10,419	3,853
Add: Investment income	272	10,869	56	4,707
Non-operating income	88	63	77	9
Less: Non-operating expenses	3,885	3,143	2,641	1,457
4. Profit before taxation	14,588	12,789	7,911	7,112
Less: Taxation	4,162	3,786	2,233	2,073
Minority interests	1,399	—	639	—
Add: Unrecognized losses of investment	(24)	—	—	—
5. Net profit	9,003	9,003	5,039	5,039

Note: The "Company" means China Petroleum & Chemical Corporation.

The "Group" means China Petroleum & Chemical Corporation and its subsidiaries on a consolidated basis.

(2) Income statements for the nine-month period ended 30 September (January to September)

Item	Nine-month period ended 30 September 2004 (January to September)		Nine-month period ended 30 September 2003 (January to September)	
	The Group (Note) RMB millions	The Company (Note) RMB millions	The Group (Note) RMB millions	The Company (Note) RMB millions
1. Income from principal operations	417,695	286,722	300,662	199,048
Less: Cost of sales	323,054	241,271	234,209	165,733
Sales taxes and surcharges	11,998	7,201	9,552	6,045
2. Profit from principal operations	82,643	38,250	56,901	27,270
Add: Profit/(loss) from other operations	750	(128)	821	116
Less: Selling expenses	13,656	9,287	10,492	7,232
Administrative expenses	16,006	10,147	13,804	8,669
Financial expenses	3,161	1,952	3,385	1,885
Exploration expenses, including dry holes	4,104	3,122	3,997	2,833
3. Operating profit/(loss)	46,466	13,614	26,044	6,767
Add: Investment income	788	27,509	397	16,656
Non-operating income	269	175	165	38
Less: Non-operating expenses	8,837	6,695	3,409	2,025
4. Profit before taxation	38,686	34,603	23,197	21,436
Less: Taxation	11,316	10,318	6,995	6,632
Minority interests	3,811	—	1,398	—
Add: Unrecognized losses of investment	483	—	—	—
5. Net profit	24,042	24,285	14,804	14,804

Note: The "Company" means China Petroleum & Chemical Corporation.

The "Group" means China Petroleum & Chemical Corporation and its subsidiaries on a consolidated basis.

2.2.2.2 Effects of major differences between the PRC Accounting Rules and Regulations and IFRS on the shareholders' funds are analysed as follows:

	At 30 September 2004 RMB millions	At 31 December 2003 RMB millions
Shareholders' funds under the PRC Accounting Rules and Regulations	177,835	162,946
Adjustments:		
Disposal of oil and gas properties, net of depreciation effect	3,494	1,260
Depreciation of oil and gas properties	11,426	10,885
Capitalization of general borrowing costs	1,530	1,125
Acquisition of Sinopec National Star	(2,725)	(2,812)
Revaluation of land use rights	(856)	(870)
Effect of minority interests on unrecognized losses of subsidiaries	324	61
Pre-operating expenditures	(316)	(169)
Impairment losses on long-lived assets	(113)	(113)
Government grants	(326)	(326)
Effects of the above adjustments on taxation	(5,151)	(4,088)
Shareholders' funds under IFRS	185,122	167,899

2.3 Total number of shareholders at the end of this reporting period is 286,030, among which 275,018 shareholders are domestic holders of A shares, and 11,012 shareholders are overseas shareholders.

Total number of shareholders at the end of this reporting period 286,030

Top ten shareholders with tradable shares

Full name	Number of shares held (thousand share)	Type (A, H Share or others)
HKSCC(Nominees)Limited	16,676,156	H
Xinghe Security Investment Fund	64,387	A
Qingdao Port Authority	60,000	A
EFUND 50 Security Investment Fund	55,906	A
Xinghua Security Investment Fund	50,610	A
CITIC Classical Securities Investment Fund	49,888	A
CITIC Securities CO., Ltd.	46,574	A
Harvest Service Sector Fund	45,707	A
China Southern Sustaining Growth Fund	44,000	A
Hai Futong Income Securities Investment Fund	41,807	A

2.4 Business Review and and Business prospects

2.4.1 Business Review

In the first three quarters of year 2004, the Chinese economy continued to grow steadily with a GDP growth rate of 9.5%. As a result, demands for petroleum and petrochemical products have increased accordingly.

Looking back into the first three quarters of this year, price of international crude oil fluctuated at a high level and the chemical industries were in the upturn cycle. The Company closely monitored the changes in domestic and overseas market of crude oil and petrochemical products, and actively explored the market, optimized resources, rationalised structures, and increased operation volume. As a result, the oil and gas production increased steadily, refinery and petrochemical facilities operated at a high utilisation rate, the sales of refined oil products increased significantly and marketing structures were further optimized. At the same time, the Company further enhanced the internal reform, optimized the assets portfolio and reinforced internal management, thus the Company achieved remarkable operating results.

In the first three quarters of 2004, the Company's income from principal operations and net profit, according to the PRC Accounting Rules and Regulations, were RMB 417.695 billion and RMB 24.042 billion respectively (among others, those recorded in the third quarter were RMB 151.986 billion and RMB 9.003 billion respectively).

In the first three quarters of 2004, according to the IFRS, turnover and other operating revenues amounted to RMB 433.646 billion and profit attributable to shareholders was RMB 26.653 billion (among others, those recorded in the third quarter were RMB 158.204 billion and RMB 10.502 billion respectively).

Exploration and Production Segment:

In the third quarter, the Company seized the opportunity of high crude oil prices and carefully arranged oil and gas production with a focus focused on increasing the recovery rate and development level of existing oil fields, expediting the production capacity build-up in Tahe Oil Field, new blocks in the western area, and maintained the production of oil and gas at a good

Shareholders' funds (excluding minority interests) (RMB millions)	177,835	162,946	9.14
Net assets per share (RMB)	2.051	1.879	9.14
Adjusted net assets per share (RMB)	2.020	1.850	9.19

Note: The "Company" means China Petroleum & Chemical Corporation.
The "Group" means China Petroleum & Chemical Corporation and its subsidiaries on a consolidated basis.

2.2.2.2 Consolidated income statements prepared in accordance with IFRS

	Three-month period ended 30 September (July to September)			Nine-month period ended 30 September (January to September)			Changes compared with the same period of the preceding year (%)
	2004	2003	2004	2003	2004	2003	
Net cash flow from operating activities (RMB millions)	23,543	15,987	47.26	45,237	45,969	(1.59)	
Earnings per share (RMB)	0.104	0.058	79.31	0.277	0.171	61.99	
Return on net assets (%)	5.06	3.17	2.04 percentage points	13.52	9.33	4.19 percentage points	
Return on net assets before non-operating profits/losses (Fully diluted) (%)	5.88	4.26	1.62 percentage points	15.06	10.70	4.36 percentage points	
(Weighted average) (%)	6.04	4.28	1.76 percentage points	15.49	10.81	4.68 percentage points	
Non operating profits/losses					Nine-month period ended 30 September 2004		
					(RMB millions)		
Profits on disposal of long-term equity investment					(12)		
Written back of provisions on assets provided in previous years					(80)		
Non-operating expenses (excluding normal provisions on assets provided in accordance with the Accounting Regulation for Business Enterprises)					4,440		
Of which: loss on disposal of fixed assets					3,118		
donations					92		
employee reduction expenses					412		
Non-operating income					(269)		
Tax effect					(1,346)		
Total					2,733		

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

	At 30 September 2004		At 31 December 2003		Changes compared with the preceding year-end (%)
	2004	2003	2004	2003	
Total assets (RMB millions)	443,923	400,818	10.75		
Shareholders' funds (excluding minority interests) (RMB millions)	185,122	167,899	10.26		
Net assets per share (RMB)	2.135	1.937	10.26		
Adjusted net assets per share (RMB)	2.107	1.908	10.43		

	Three-month period ended 30 September (July to September)			Nine-month period ended 30 September (January to September)			Changes compared with the same period of the preceding year (%)
	2004	2003	2004	2003	2004	2003	
Net cash flow from operating activities (RMB millions)	21,726	15,080	44.07	41,017	42,935	(4.47)	
Earnings per share (RMB)	0.121	0.073	65.75	0.307	0.197	55.84	
Return on net assets (%)	5.67	3.87	1.80 percentage points	14.40	10.41	3.99 percentage points	

2.2.2 Income statements This section includes the income statements for the third quarter ended 30 September 2004 prepared in accordance with both the PRC Accounting Rules and Regulations and IFRS with comparative figures for the corresponding period in 2003.

Item	Three-month period ended 30 September (July to September)		Nine-month period ended 30 September (January to September)	
	RMB millions	RMB millions	RMB millions	RMB millions
	2004	2003	2004	2003
1. Turnover and other operating revenues	158,204	113,301	433,646	318,636
Including: Turnover	151,986	108,327	417,695	305,941
Other operating revenues	6,218	4,974	15,951	12,695
2. Operating expenses	(140,980)	(102,197)	(389,083)	(288,963)
Including: Expenses on purchase of crude oil, products and operating supplies	(113,316)	(80,162)	(310,439)	(224,527)
Selling, general and administrative expenses	(7,810)	(6,317)	(22,022)	(17,745)
Depreciation, depletion and amortisation	(7,642)	(6,191)	(22,415)	(19,138)
Exploration expenses, including dry holes	(1,629)	(1,213)	(4,104)	(3,997)
Personnel expenses	(4,282)	(3,473)	(12,628)	(11,811)
Employee reduction expenses	—	—	(412)	—
Taxes other than income tax	(4,222)	(3,449)	(11,998)	(9,639)
Other operating expenses, net	(2,079)	(1,392)	(5,065)	(2,106)
3. Operating profit	17,224	11,104	44,563	29,673
4. Finance costs	(888)	(1,153)	(2,691)	(3,227)
Including: Interest expense	(976)	(1,044)	(2,962)	(3,238)
Interest income	80	68	249	213
Foreign exchange losses	(35)	(196)	(64)	(235)
Foreign exchange gains	43	19	86	33
5. Investment income	27	21	57	19
6. Share of profits less losses from associates	223	41	674	313
7. Profit from ordinary activities before taxation	16,586	10,013	42,603	26,778
8. Taxation	(4,666)	(2,878)	(12,379)	(8,142)
9. Profit from ordinary activities after taxation	11,920	7,135	30,224	18,636
10. Minority interests	(1,418)	(653)	(3,571)	(1,427)
11. Profit attributable to shareholders	10,502	6,482	26,653	17,209
2.2.3 Differences between the net profit for the first three quarters of 2004 and shareholders' funds under the PRC Accounting Rules and Regulations and IFRS				
2.2.3.1 Effects of major differences between the PRC Accounting Rules and Regulations and IFRS on the net profit are analysed as follows:				
			Nine-month period ended 30 September 2004	2003
			RMB millions	RMB millions
Net profit under the PRC Accounting Rules and Regulations			24,042	14,804
Adjustments:				
Disposal of oil and gas properties, net of depreciation effect			2,234	1,199
Impairment losses on revaluated assets			760	—
Depreciation of oil and gas properties			541	1,914
Capitalization of general borrowing costs			405	295
Acquisition of Sinopec National Star			87	87
Acquisition of Sinopec Maoming, Xi'an Petrochemical and Tahe Petrochemical			—	172
Revaluation of land use rights			14	13
Unrecognized losses of subsidiaries			(220)	—
Pre-operating expenditures			(147)	(127)
Impairment losses on long-lived assets			—	(5)
Effects of the above adjustments on taxation			(1,063)	(1,143)
Net profit under IFRS			26,653	17,209

Exploration and Production Segment:

In the third quarter, the Company seized the opportunity of high crude oil prices and carefully arranged oil and gas production with a focus focused on increasing the recovery rate and development level of existing oil fields, expediting the production capacity build-up in Tahe Oil Field, new blocks in the western area, and maintained the production of oil and gas at a good level.

Refining Segment:

In the third quarter, the Company kept its facilities running at safe, stable, sustained, optimal and full load operation, thus increased the processing volume of crude oil. The Company optimised the allocation of crude oil resources, further increased the processing volume of sour crude, also optimised product mix, increased production of high value-added products. Furthermore, the Company enhanced its management over the operation of production facilities, and further improved major economic and technical indicators for oil refining, such as light product yield and refining yield. The pace of expansion in some plants also accelerated.

Marketing and Distribution Segment:

In the third quarter, the Company seized the market opportunities of strong demands for refined oil products in the domestic market. The Company actively explored the market, expanded and optimized the marketing network of refined oil products. As a result, the Company's domestic sales, especially the retail volume and direct sales volume were increased significantly. And the marketing network of refined oil products and products flow was more rational. The Company reduced the export volume of its refined oil products to meet the domestic demand.

Chemicals Segment:

In the third quarter, the chemical industries were still in the upturn cycle. The Company seized the favorable opportunities of strong domestic demand and higher prices and maintained operation of its chemical facilities at full load. As a result, production of major chemical products was increased. The chemical product mix has been further improved and the portion of high value-added products such as performance compound of synthetic resin and differential fiber was further increased.

Summary of Principal Operating Results for the first three quarters

Operating Results	Unit	Nine-months period ended September 30		Changes compared with the same period of the preceding year (%)
		2004	2003	
Exploration and Production				
Crude oil production	'000 tonne	28,802.2	28,548.8	0.89
Natural gas production	billion cubic meter	4.310	3.918	10.01
Crude oil realized price	RMB/tonne	1,838.21	1,635.75	12.38
Natural gas realized price	RMB/'000 cubic meter	604.48	598.11	1.07
Refining⁽¹⁾				
Refining throughput	'000 tonne	98,678.2	84,905.7	16.22
Production of gasoline, diesel and kerosene	'000 tonne	59,887.0	50,228.6	19.23
Of which: Gasoline	'000 tonne	17,480.9	15,811.5	10.56
Diesel	'000 tonne	37,762.8	30,574.8	23.51
Kerosene	'000 tonne	4,643.2	3,842.2	20.85
Chemical feedstock	'000 tonne	13,021.7	12,323.2	5.67
Light yield	%	73.94%	73.50%	0.44 percentage points
Refining yield	%	92.93%	92.71%	0.22 percentage points
Marketing and Distribution				
Total domestic sales of refined oil products	'000 tonne	70,187.5	55,171.4	27.22
Of which: Retail volume	'000 tonne	38,571.3	27,992.2	37.79
Direct sales volume	'000 tonne	15,025.0	11,315.5	32.78
Wholesale volume	'000 tonne	16,591.2	15,863.7	4.59
Total number of petrol stations	station	31,030	29,612	4.79
Of which: Owned and self-operated	station	25,654	24,286	5.63
Franchised	station	5,376	5,326	0.94
Throughput per petrol station ⁽²⁾	tonne/station	2,005	1,652	21.37
Chemicals⁽¹⁾				
Ethylene	'000 tonne	2,670.1	2,613.8	2.15
Synthetic resin	'000 tonne	4,061.9	3,828.8	6.09
Of which: Performance compound resins	'000 tonne	2,104.8	1,771.3	18.83
Synthetic rubber	'000 tonne	414.6	392.5	5.63
Synthetic monomer and polymers	'000 tonne	3,620.1	3,302.6	9.61
Synthetic fibers	'000 tonne	971.5	935.3	3.87
Of which: Differential fiber	'000 tonne	430.1	379.8	13.24
Urea	'000 tonne	2,151.6	1,617.1	33.05

(1) Operational data of 2003 and 2004 include that of Maoming Ethylene, Tahe Petrochemical and Xi'an Petrochemical.

(2) Throughput per petrol station data was annualized average.

Capital Expenditure:

In the first three quarters of year 2004, the Company's total capital expenditure was RMB 42.33 billion. Out of such expenditure, RMB 14.254 billion were spent on the Exploration and Production Segment, as a result, the newly built production capacity of crude oil and the newly added production capacity of natural gas reached 3.33 million tonnes/year and 158 million cubic meters/year, respectively. RMB7.33 billion were spent on the Refining Segment to accelerate the construction of the new facilities which are expected to have a comprehensive processing capacity of 9.5 million tonnes per year, part of which have been put into operation during the first-three quarter period. RMB 5.71 billion were spent on the Chemicals Segment - Qilu's second round 720 thousand tpa ethylene expansion project was successfully put into production. RMB 14.37 billion were spent on the Marketing and Distribution Segment and additional of 1,148 gas stations were acquired by the Company. RMB 0.67 billion were spent on the Corporate and others.

In addition, the joint venture projects, such as Shanghai Secco, proceeded smoothly and the total capital expenditure incurred was RMB 5.0 billion.

2.4.2 Business Prospects

Looking into the fourth quarter of 2004, domestic demands for refined oil products and chemicals are expected to continue their growth, Prices of international crude oil are expected to fluctuate at a high level and the chemical industries will remain in the upturn cycle. The Company will continue to closely monitor changes in the market and make rational arrangements in its production and operational. In particular:

Exploration and Production: seize the opportunity when oil prices remain at high level by increasing its production. The Company will continue to carry out further exploration and development activities, especially in the new blocks in western China with the view of balancing its production and newly added reserve for the year to lay down a sound foundation for sustainable development in the next year. The Company plans to produce 9.82 million tonnes of crude oil and 1.5 billion cubic meters of natural gas in the fourth quarter of this year.

Refining: keeping track of the changes in the international crude oil market to optimize the allocation of crude oil resources, adjust refined product mix according to market situation, strengthen production and operational management and ensure its facilities will be running in a safe, stable, sustained, optimal and full load manner. The Company is expected to process 34.24 million tonnes of crude oil in the fourth quarter.

Marketing and Distribution: the Company intends to enhance its refined oil products marketing network by accelerating the construction of its refined oil pipelines, optimising the layout of its refined oil products depots and expanding its refined oil products retail network. It also intends to further enhance its sales structure and expand its retail sales and direct sales volume. Following the principle of achieving regional and professional management and flattening of the management hierarchy, the Company intends to further implement reforms to its marketing system of refined oil products. The Company is expected to sell 24 million tonnes of refined oil products to the domestic market in the fourth quarter (among which, 12.6 million tonnes through retail sales, and 4.5 million tonnes through direct sales).

Chemicals: continue to keep chemical production facilities at full load. It will also optimize feedstock and resources allocation to achieve a reduction in the material and energy consumption and an increase of product yield. The Company also intends to continue to carry out reform of marketing system of chemical products. In the fourth quarter, the Company is expected to produce 972.4 thousand tonnes of ethylene.

By the making of the efforts mentioned above, the Company is expected to over fulfill the operation plans for the full year of 2004.

3 Management's Discussion and Analysis

3.1 Brief analysis of the Company's general operating activities during the reporting period

In the third quarter of 2004, according to the PRC Accounting Rules and Regulations, the Company's income from principal operations was RMB 151.986 billion, representing an increase of 43.63% over the same period of the preceding year. Its net profit was RMB 9.003 billion, representing an increase of 78.67% over the same period of the preceding year.

In the third quarter of 2004, according to the IFRS, turnover and other operating revenues of the Company were RMB 158.204 billion, representing an increase of 39.63% over the same period of the preceding year. The profit attributable to shareholders was RMB 10.502 billion, representing an increase of 62.02% over the same period of the preceding year.

3.1.1 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:

Segments	Income from principal operations (RMB millions)	Costs of sales, sales taxes and surcharges (RMB millions)	Profit from principal operations (RMB millions)	Gross profit margin (%) (Note)
Exploration and production	19,629	8,588	9,953	50.71
Refining	91,322	84,753	3,058	3.35
Marketing and distribution	90,249	79,099	10,690	11.85
Chemicals	29,647	22,486	6,961	23.48
Corporate and others	21,513	21,353	146	0.68
Elimination of inter-segment sales	(100,374)	(99,323)	—	—
Total	151,986	116,956	30,808	20.27
Of which: connected transactions	15,248	13,677	1,522	9.98

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

The table below shows segment information prepared in accordance with IFRS

Segments	Operating revenues (RMB millions)	Operating expenses (RMB millions)	Operating profit/(loss) (RMB millions)	Percentage of operating profit/(loss) over operating revenues (%)
Exploration and production	21,898	14,220	6,912	31.56
Refining	92,575	91,112	1,479	1.60
Marketing and distribution	90,431	85,885	4,246	4.70
Chemicals	31,807	26,710	5,096	16.02
Corporate and others	21,867	22,376	(509)	(2.33)
Elimination of inter-segment sales	(100,374)	(99,323)	—	—
Total	158,204	140,980	17,224	10.89

3.1.2 Seasonal or periodic nature of the Company's operations

applicable not applicable

3.1.3 The composition of the profits during this reporting period (under the PRC Accounting Rules and Regulations, 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 compared with the preceding reporting period (from January to June) are listed and explained below)

applicable not applicable

Item	Three-month period ended 30 September 2004 (July to September)		Six-month period ended 30 June 2004 (January to June)		Changes in percentage of profit before taxation (percentage point)
	Amount (RMB millions)	Percentage of profit before taxation (%)	Amount (RMB millions)	Percentage of profit before taxation (%)	
Profit from principal operations	30,808	211.19	51,835	215.10	(3.91)
Profit from other operations	124	0.02	616	2.56	(3.62)
Period expenses	124	0.02	616	2.56	(3.62)
Investment income	124	0.02	616	2.56	(3.62)
Subsidy income	124	0.02	616	2.56	(3.62)
Net non-operating income/expenses	124	0.02	616	2.56	(3.62)

	Amount	profit before taxation	Amount	profit before taxation	profit before taxation
	(RMB millions)	(%)	(RMB millions)	(%)	(percentage point)
Profit from principal operations	30,808	211.19	51,835	215.10	(3.91)
Profit from other operations	134	0.92	616	2.56	(1.64)
Period expenses	12,829	87.94	24,098	100.00	(12.06)
Investment income	272	1.86	516	2.14	(0.28)
Net non-operating income/expenses	3,797	26.03	4,771	19.80	6.23
Profit before taxation	14,588	100.00	24,098	100.00	0.00

3.1.4 Significant changes in, and explanations of, the principal operations and their structures as compared with those during the previous reporting period (January to June)

applicable not applicable

3.1.5 Significant changes in, and explanations of, the profitability (gross profit margin) of principal operations as compared with those during the previous reporting period (January to June)

applicable not applicable

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

applicable not applicable

3.2.1 Transfer State-owned Legal Person Shares China Phoenix Held by Sinopec Corp.

At the ninth meeting of the Second Session of the Board of Directors of Sinopec Corp. held on 6 July 2004, the Board reviewed and approved to transfer 211,423,651 state-owned legal person shares held by Sinopec Corp. in Sinopec Wuhan Phoenix Company Limited ("China Phoenix") (representing 40.72% of the total issued share capital of China Phoenix) to Hubei Qingjiang Water Power Investment Limited ("Qingjiang Investment") and China Guodian (Group) Corporation ("Guodian Group"). The total consideration payable was RMB 620,954,100. Meanwhile, the Board reviewed and approved the proposed acquisition by Sinopec Corp. from Qingjiang Investment and Guodian Group of petrochemical assets (including production facilities, inventories and corresponding accounts receivables) which they had obtained by way of assets swap from China Phoenix (the Petrochemical Assets). The total consideration payable in respect of the acquisition was RMB 548,040,500 in cash. The Board of Directors authorized the Chairman, Mr. Chen Tonghai, to sign the Asset Acquisition Agreement and related documents on behalf of Sinopec Corp. after SASAC approved the share transfer and CSRC approved the Petrochemical Assets swap. For relevant details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on 7 July 2004.

3.2.2 The Establishment of Sinopec-Shell (Jiang Su) Petroleum Sales Ltd.

On 13 July 2004, Ministry of Commerce approved the establishment of Sinopec-Shell (Jiangsu) Petroleum Sales Co. Ltd.(the Joint Venture) jointly invested by Sinopec Corp., Royal Dutch/Shell (China) Holding BV and Shell (China) Ltd. and approved the joint venture contract and the Articles of Association signed by each party on 11 May 2004. The total investment amounts to RMB 1,551.54 million and the registered capital amounts to RMB 0.83 billion. The investment proportion is 60%, 30% and 10% by Sinopec Corp., Royal Dutch/Shell (China) Holding BV and Shell (China) Ltd. respectively. The Joint Venture established on 28 August 2004.

3.2.3 Qingdao Refining Project

On 22 July 2004, the Report of Feasibility study on Qingdao Refining Project was approved by National Development and Reform Commission ("NDRC"). The capacity of the refinery is expected to be 10 million tonnes per year. Total investment of the project is estimated to be RMB 9.7 million. Construction of the project is expected to be completed in 2007.

3.2.4 The Payment of Interest, Redemption and Delist of Mao Lian Convertible Bonds for 2004

Approved by CSRC (document Zheng Jian Fa [1999] No.90), Sinopec Mao Ming Refining and Chemical Company Limited ("Maoming Oil Refinery") issued convertible bonds ("Mao Lian Convertible Bonds") in the total sum of RMB 1.5 billion with a 5-year term through the Shenzhen Stock Exchange on 28 July 1999 and listed on Shenzhen Stock Exchange on 17 August 1999. In accordance with the Provisional Rules on the Management of Convertible Corporate Bonds and Convertible Corporate Bonds Prospectus prepared by Maoming Oil Refinery, the resolution of its Board of Directors on 7 July 2003 and the resolution of its General Meeting of Shareholders on 23 March 2004, trading of the Mao Lian Convertible Bonds had been terminated on 28 July 2004, and they were delisted on the same day. For those convertible bonds which were not yet repurchased by Maoming Oil Refinery by the expiration date, they were redeemed with the redemption price of RMB 118.5/piece (tax exempted).

3.2.5 Shell and Unocal Exit from East China Sea project

Sinopec, CNOOC, Shell and Unocal had reached an agreement to explore, develop and market natural gas, oil and condensate in the East China Sea on 19 August 2003. The agreement permits foreign partners' final investment decision to be made 12 month after signing the agreements. Shell and Unocal have declared not to continue their next phase participation in Xihu Trough project for business reasons on 29 September 2004.

3.2.6 Issuance and Listing of Corporate Bonds

At Sinopec Corp.'s second Extraordinary General Meeting of Shareholders for Year 2003 held on 15 October 2003, the shareholders 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 approval from the NDRC to issue 10-year term domestic corporate bonds in the total sum of RMB 3.5 billion. On 23 February 2004, the sixth meeting of Sinopec Corp.'s Second Session of the Board of Directors and the NDRC determined the coupon rate of the corporate bonds to be 4.61%. On 28 September 2004, corporate bonds of Sinopec Corp totaling RMB 579.5 million were listed on the Shanghai Stock Exchange. For relevant details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong, respectively on 25 August 2003, 16 October 2003, 30 January 2004, 9 February 2004, 24 February 2004 and 28 September 2004.

3.2.7 State-owned shares Transfer to Sinopec Group

Sinopec's shareholders namely the China Development Bank ("CDB") and China Cinda Asset Management Corporation ("Cinda") have each entered into a Share Transfer Agreement with China Petrochemical Corporation ("Sinopec Group Company") pursuant to which Cinda agreed to transfer 5,000,000,000 state-owned shares of Sinopec Corp. (representing 5.767% of the total number of shares of Sinopec Corp.) to Sinopec Group Company and CDB agreed to transfer 6,143,000,000 state-owned shares of Sinopec Corp. (representing 7.085% of the total issued share capital) to Sinopec Group Company. According to the agreements, the total consideration for the transfer of shares from Cinda is RMB9,000,000,000 and from CDB is RMB11,057,400,000 in cash, payable by Sinopec Group. Please refer to the announcement published in China Securities, Shanghai Securities, and Securities Times in Mainland China, and South China Morning Post and Hong Kong Economic Times in Hong Kong on 15 October 2004.

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

applicable not applicable

3.4 Relevant explanations made by the Board of Directors and the Supervisory Committee after the audit and presentation of "non standard opinion".

applicable not applicable

3.5 Caution and explanation as to an anticipated loss from the beginning of the year to the end of the next reporting period or significant changes in accumulated net profits for the period over the same period of the preceding year

applicable not applicable

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

applicable not applicable

3.7 The full version of the Company's balance sheet, income statement and cash-flow statement is published on the website of the Shanghai Stock Exchange at <http://www.sse.com.cn>.

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

By Order of the Board
Chen Tonghai
Chairman

Beijing, PRC, 28 October 2004

As at the date of this announcement, the directors of the Company are Messrs. Chen Tonghai, Wang Jiming, Mou Shuling, Zhang Jiaren, Cao Xianghong, Liu Genyuan, Gao Jian and Fan Yifei; the independent non-executive directors are Messrs. Chen Qingtai, Ho Tsu Kwok Charles, Shi Wanpeng and Zhang Youcai; and the employee representative director is Mr Cao Yaofeng.