



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 2006

Highlights of the results of the Company for the third quarter ended 30 September 2006

During the third quarter of 2006, 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 RMB273,231 million and RMB13,135 million respectively. Turnover & other operating revenues and profit attributable to equity holders of the parent under International Financial Reporting Standards ("IFRS") amounted to RMB 280,782 million and RMB 13,011 million respectively.

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 fifth meeting of the third session of the Board of Directors of Sinopec Corp.
1.3 The financial statements contained in this announcement are not audited.
1.4 Mr. Chen Tonghai, Chairman of the Board of Sinopec Corp., Mr. Wang Tianpu, President of Sinopec Corp., Mr. Dai Houliang, Director, Senior Vice President and Chief Financial Officer of Sinopec Corp., and Mr. Liu Yun, Deputy Chief Financial Officer of Sinopec Corp. and 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.
Stock code 386
Place of listing Hong Kong Stock Exchange
Authorized Representatives Mr. Wang Tianpu, Mr. Chen Ge

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

Table with columns: At 30 September 2006, At 31 December 2005, Changes compared with the preceding year-end (%). Rows include Total assets, Shareholders' funds, Net assets per share, etc.

Table with columns: At 30 September 2006, At 31 December 2005, Changes compared with the preceding year-end (%). Rows include Net cash flow from operating activities, Earnings per share, Return on net assets, etc.

Table with columns: At 30 September 2006, At 31 December 2005, Changes compared with the preceding year-end (%). Rows include Total assets, Total equity attributable to equity shareholders, etc.

Table with columns: At 30 September 2006, At 31 December 2005, Changes compared with the preceding year-end (%). Rows include Net cash flow from operating activities, Earnings per share, Return on net assets, etc.

2.2.2 Income statements
This section includes the income statements for the third quarter ended 30 September 2006 prepared in accordance with both the PRC Accounting Rules and Regulations and IFRS with comparative figures for the corresponding period in 2005.

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

Table with columns: Three-month period ended 30 September 2006, Three-month period ended 30 September 2005, Changes compared with the same period of the preceding year (%). Rows include Income from principal operations, Profit before taxation, etc.

Note: 1. The "Company" means China Petroleum & Chemical Corporation.
2. This item represents the written back of unrecognised investment losses exceeding the investment costs of long-term investments.

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

Table with columns: Nine-month period ended 30 September 2006, Nine-month period ended 30 September 2005, Changes compared with the same period of the preceding year (%). Rows include Income from principal operations, Profit before taxation, etc.

Note: 1. The "Company" means China Petroleum & Chemical Corporation.
2. This item represents the written back of unrecognised investment losses exceeding the investment costs of long-term investments.

2.2.2.2 Consolidated income statements prepared in accordance with IFRS

Table with columns: Three-month period ended 30 September 2006, Three-month period ended 30 September 2005, Nine-month period ended 30 September 2006, Nine-month period ended 30 September 2005. Rows include Turnover and other operating revenues, Operating expenses, etc.

2.2.3 Differences between the net profit for the first three quarters of 2006 and shareholders' funds under the PRC Accounting Rules and Regulations and IFRS

2.2.3.1 Effects of major differences between the net profit under the PRC Accounting Rules and Regulations and the profit for the period under IFRS are analysed as follows:

Table with columns: Nine-month period ended 30 September 2006, Nine-month period ended 30 September 2005. Rows include Net profit under the PRC Accounting Rules and Regulations, Adjustments, etc.

2.2.3.2 Effects of major differences between the shareholders' funds under the PRC Accounting Rules and Regulations and the total equity under IFRS are analysed as follows:

Table with columns: At 30 September 2006, At 31 December 2005. Rows include Shareholders' funds under the PRC Accounting Rules and Regulations, Adjustments, etc.

2.3 List of the top 10 shareholders of tradable shares as at the end of this reporting period:

As at the end of this reporting period, the total number of shareholders is 187,837, inclusive of 17,450 holders of domestic A-shares, and 8,387 holders of H-share listed overseas.

Shareholding position of the top 10 shareholders with no restriction on selling the shares held

Table with columns: Shareholder's name (full name), Quantity of tradable shares in possession (10,000 shares), Nature of Shares. Rows include HKSCC (Nominees) Limited, China Life Corp., etc.

2.4 Business Review

2.4.1 Production and Operations

In the first three quarters of 2006, China's economy continued to grow at a relatively rapid pace, with a GDP growth rate of 10.7%, whilst the domestic demands for petroleum and petrochemical products both maintained rational growth rates.

2.4.2 Exploration & Production

The Company has carefully implemented its resources strategy, with a combined focus on both crude oil and natural gas, accelerated efforts in building up production capacities, and realized stable oil and natural gas production with various growth rates.

2.4.3 Marketing and Distribution

The Company has actively deployed resources, managed to increase the sales volume of oil products steadily, and further improved its marketing structure.

2.4.4 Chemicals

The Company has continuously enabled chemical facilities to conduct production work on a safe, stable and full-load basis, increased the outputs of major products, optimized product mix, and proceeded steadily on concentrated sales of products.

2.4.5 Refining

The Company has closely tracked the international crude oil market, in adherence to its multi-sourcing tactics for crude oil resources, and brought down costs in crude oil purchasing, besides, the Company adjusted the product mix, striving to meet market demand.

2.4.6 Investment

The Company has progressively proceeded with the development activities in Puguang Gas Field, Refining: The Company has closely tracked the international crude oil market, in adherence to its multi-sourcing tactics for crude oil resources, and brought down costs in crude oil purchasing, besides, the Company adjusted the product mix, striving to meet market demand.

2.4.7 Research and Development

The Company has actively deployed resources, managed to increase the sales volume of oil products steadily, and further improved its marketing structure.

2.4.8 Environmental Protection

The Company has continuously enabled chemical facilities to conduct production work on a safe, stable and full-load basis, increased the outputs of major products, optimized product mix, and proceeded steadily on concentrated sales of products.

2.4.9 Human Resources

The Company has continuously enabled chemical facilities to conduct production work on a safe, stable and full-load basis, increased the outputs of major products, optimized product mix, and proceeded steadily on concentrated sales of products.

2.4.10 Capital Expenditure

In the first three quarters of 2006, the Company's capital expenditure totaled RMB 44,639 billion, of which RMB 18,081 billion was spent in the Exploration & Development Segment, which has achieved

an array of significant positive results in terms of oil and natural gas exploration, by means of intensive and carpet-to-carpet prospecting and targeting at key areas in newly found reserve zones; and increased crude oil production capacity by 4.13 million tons per year, as well as increased natural gas production capacity by 1.287 billion cubic meters per year.

3 Management's Discussion and Analysis
3.1 Brief analysis of the Company's general operating activities during this reporting period
In the third quarter of 2006, according to the PRC Accounting Rules and Regulations, the Company's income from principal operations was RMB 273.2 billion, representing an increase of 25.48% over the same period of the preceding year.

3.1.1 The principal segments or products contributing over 10% to the Company's income or profit from its principal operations
The following table sets out the segment-based information compiled in accordance with the PRC Accounting Rules and Regulations:

Table with columns: Segment, Income from principal operations (RMB millions), Cost of principal operations (RMB millions), Profit from principal operations (RMB millions), Gross profit margin (Note) (%). Rows include Exploration and production, Refining, Marketing and distribution, etc.

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

The following table sets out the segment-based information compiled in accordance with the IFRS:

Table with columns: Segment, Operating revenues (RMB millions), Operating expenses (RMB millions), Operating profit/(loss) (RMB millions), Percentage of operating profit/(loss) over operating revenues (%). Rows include Exploration and production, Refining, Marketing and distribution, etc.

3.1.2 Seasonal or periodic characteristics of the Company's operations

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)

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

3.2.1 Connected transactions

In the first three quarters ended at 30 September 2006, the connected transactions actually conducted by the Company amounted to RMB 148,629 billion, of which RMB 70,911 billion related to purchases, whilst RMB 77,718 billion related to sales (including the sales of products and services that amounted to RMB 77,644 billion, income from interests that amounted to RMB 34 million, and income from agency fees that amounted to RMB 40 million).

3.2.2 China Orient Asset Management Corporation, China Cinda Asset Management Corporation and China Development Bank signed agreements upon transfer of State-owned shares to China Petrochemical Corp.

The three original shareholders of Sinopec Corp., China Orient Asset Management Corporation, China Cinda Asset Management Corporation and China Development Bank, signed Share Transfer Agreements with Sinopec Group Company on 29 April, 06 June and 17 August 2006 respectively, pursuant to which they transferred 1,296,410,000 State-owned shares (about 1.5% of the total shares of Sinopec Corp.), 2,848,386,224 State-owned shares (about 3.3% of the total shares of Sinopec Corp.) and 632,570,000 State-owned shares (about 0.7% of the total shares of Sinopec Corp.) held by them respectively to Sinopec Group Company; whilst Sinopec Group Company paid the prices to China Orient Asset Management Corporation, China Cinda Asset Management Corporation and China Development Bank in cash, respectively.

3.2.3 Injection of Capital in the Refining Project in Hainan

On 11 October 2006, Sinopec Corp. entered into a Joint Venture Contract with Century Bright International Investment Co., Ltd. ("CBI"), an overseas wholly-owned subsidiary under China Petrochemical Corp. Pursuant to this contract, Sinopec Corp. and CBI agreed to inject capital (RMB 2,989.5 billion by Sinopec Corp. and an equivalent of RMB 996.5 million in foreign currency by CBI) in Hainan Oil Refining & Chemicals Project, Ltd. to increase its registered capital. Following such investments, Sinopec Corp. and CBI held 75% and 25% in the share capital of Hainan Oil Refining & Chemical Co., Ltd., respectively.

3.2.4 Reform on non-tradable shares

Sinopec Corp.'s non-tradable share reform proposal has already been approved on the meeting of a Share market related shareholders, which was held on 25 September 2006. As per this proposal, holders of Sinopec Corp.'s tradable A shares will get 2.8 additional shares for every 10 shares they held in Sinopec Corp., paid by the holders of Sinopec Corp.'s originally non-tradable shares.

3.2.5 Distribution of interim dividends of 2006

Pursuant to the Articles of Association of the Company and with the approval from the third meeting of the Third Session of the Board of Directors of Sinopec Corp., the scheme for distribution of dividends for the first half of 2006 that ended 30 June 2006, was to distribute cash dividends of about RMB 3,468 billion in total, amounting to RMB 0.04 yuan (pre-tax) per share, which was calculated on the basis of the total number of 86,702,430,000 shares as at 30 June 2006. The dividends for the first half of 2006 have been distributed on 28 September 2006 to the members of the Company, whose names appear on the register of members of Sinopec Corp. on 13 September 2006.

3.2.6 Capital expenditure adjustments

The 5th meeting of the Third Session of the Board of Directors held on 27 October 2006 has approved the capital expenditure adjustments plan from RMB70 billion to RMB80.391 billion for the year 2006, the increase is RMB10.391 billion. The increase for Exploration and Production Segment is RMB1.59 billion, the increase for Refining Segment is RMB6.259 billion, the increase for Chemicals Segment is RMB3.013 billion, while the decrease for scientific research, information and others is RMB0.472 billion.

3.2.7 Appointment of senior management

Mr. Jiao Fangzheng was appointed the vice president at the 5th meeting of the Third Session of the Board of Directors held on 27 Oct. 2006.

3.2.8 Descriptions of, and explanations to, accounting policies, accounting estimations, consolidation scope and significant accounting errors

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

3.2.9 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

Adjustments from time to time to the annual business plan or budget which has been disclosed

3.2.10 Special commitments made by the original holders of non-tradable shares of the Company in the course of share merger reform, and their performance of such commitments

3.2.11 Annotations to the arrangements for working hours regarding the non-tradable share reform for those companies that have not initialized the reform procedure yet as at the date when the present Quarterly Report is made public

3.2.12 Relevant annotations to those companies that have not initialized the reform procedure yet as at the date when the present Quarterly Report is made public

3.2.13 This quarterly report is published in both English and Chinese languages. The Chinese version shall prevail, in case of any disparity in construing these two versions.

By Order of the Board

Chairman

27 October 2006

As at the date of this announcement, the executive directors of Sinopec Corp. are Messrs. Wang Tianpu, Zhang Jianping, Dai Houliang; the non-executive directors are Messrs. Chen Tonghai, Zhao Yun, Fan Yifan, Wang Zhongjun; the independent non-executive directors are Messrs. Shi Wopeng, Liu Zhongli and Li Dehui.