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CHINA PETROLEUM & CHEMICAL CORP
Form 6-K
April 29, 2005

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the month of April, 2005

China Petroleum & Chemical Corporation
A6, Huixindong Street,
Chaoyang District Beijing, 100029
People's Republic of China
Tel: (8610) 6499-0060

(Indicate by check mark whether the registrant files or will file
annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F _____

(Indicate by check mark whether the registrant by furnishing the
information contained in this form is also thereby furnishing the information
to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act
of 1934.)

Yes _____ No _____

(If "Yes" is marked, indicate below the file number assigned to
registrant in connection with Rule 12g3-2(b):
82-_____.)

N/A

This Form 6-K consists of:

The announcement of the results of China Petroleum & Chemical Corporation (the
"Registrant") for the first quarter ended 31 March 2005, made by the
Registrant in English on April 28, 2005.

SIGNATURE

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Petroleum & Chemical Corporation

By: /s/ Chen Ge

Name: Chen Ge

Title: Secretary to the Board of Directors

Date: April 28, 2005

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

[GRAPHIC OMITTED]

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 0386)

First Quarter Results Announcement for 2005

Highlights of the results of the Company for the first quarter ended 31 March 2005

During this reporting period, income from principal operations and net profit of China Petroleum & Chemical Corporation ("Sinopec Corp.") and its subsidiaries (the "Company") under the PRC Accounting Rules and Regulations amounted to RMB 169,040 million and RMB 9,004 million respectively. Turnover and other operating revenues and profit attributable to shareholders of Sinopec Corp. under International Financial Reporting Standards ("IFRS") amounted to RMB 174,127 million and RMB 9,637 million respectively.

This quarterly results 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

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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 & 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 announcement.
- 1.2 This quarterly results announcement has been reviewed and approved at the seventeenth meeting of the Second Session of the Board of Directors of Sinopec Corp.
- 1.3 The financial statements contained in this announcement have not been audited.
- 1.4 Mr. Chen Tonghai, Chairman of the Board of Sinopec Corp., Mr. Wang Tianpu, 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 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 Summary of the information of Sinopec Corp.

| | | | |
|------------------|---|-------------------------|-------------------------------------|
| Stock name | SINOPEC CORP | SINOPEC CORP | SINOPEC CORP |
| Stock code | 0386 | SNP | SNP |
| Place of listing | Hong Kong Stock Exchange | New York Stock Exchange | London Stock Exchange |
| | Authorised Representatives | | Secretary to the Board of Directors |
| Name | Mr. Wang Jiming | Mr. Chen Ge | Mr. Chen Ge |
| Address | 6A Huixindong Street, Chaoyang District, Beijing, China | | |
| Postcode | 100029 | | |
| Tel | 86-10-64990060 | 86-10-64990060 | 86-10-64990060 |
| Fax | 86-10-64990022 | 86-10-64990022 | 86-10-64990022 |
| E-mail | ir@sinopec.com.cn / media@sinopec.com.cn | | |

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

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| | At 31 March 2005 | At 31 December 2004 | |
|--|---|---|-----|
| Total assets (RMB millions) | 481,785 | 460,081 | the |
| Shareholders' funds (excluding minority interests) (RMB millions) | 195,417 | 186,350 | |
| Net assets per share (RMB) | 2.254 | 2.149 | |
| Adjusted net assets per share (RMB) | 2.206 | 2.102 | |
| | Three-month period ended 31 March 2005 | Three-month period ended 31 March 2004 | pe |
| Net cash flow from operating activities (RMB millions) | 14,854 | 11,208 | |
| Earnings per share (RMB) | 0.104 | 0.086 | |
| Return on net assets (%) | 4.608 | 4.363 | |
| Return (adjusted for non-operating profits/losses) on net assets (%) | 4.681 | 4.852 | (0 |

Non-operating profits/losses

Written back of provisions on assets provided in previous years
 Non-operating expenses (excluding normal provisions on assets provided in accordance with the Accounting Regulation for Business Enterprises)
 Of which: Losses on disposal of fixed assets
 Donations
 Non-operating income
 Tax effect of the above
 Total

2.2.1.2 Principal accounting data and financial indicators prepared in accordance with

| | At 31 March 2005 | At 31 December 2004 | |
|--|------------------------|---------------------------|-----|
| Total assets (RMB millions) | 497,046 | 474,594 | the |
| Shareholders' funds attributable to shareholders of the parent (excluding minority interests) (RMB millions) | 202,677 | 193,040 | |
| Net assets per share (RMB) | 2.338 | 2.226 | |
| Adjusted net assets per share (RMB) | 2.294 | 2.187 | |

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| | Three-month period ended 31 March 2005 | Three-month period ended 31 March 2004 |
|---|--|--|
| Net cash flow from operating activities (RMB millions) | 12,793 | 9,874 |
| Earnings per share (RMB) | 0.111 | 0.096 |
| Return on net assets (%) | 4.755 | 4.612 |

Note: The data for the first quarter ended 31 March 2004 was restated, please refer to Section 3.3.2 to this quarterly results announcement for more details.

2.2.2 Income statements

This section includes the income statements for the first quarter ended 31 March 2005 prepared in accordance with both the PRC Accounting Rules and Regulations and IFRS with comparative figures for the same period of 2004.

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

| Item | Three-month period ended 31 March 2005 | | Three- 3 The G (Not RMB mill |
|--|---|---|--|
| | The Group (Note 1) RMB millions | The Company (Note 1) RMB millions | |
| | 1. Income from principal operations | 169,040 | |
| Less: Cost of sales | 136,187 | 98,798 | 94 |
| Sales taxes and surcharges | 4,207 | 2,766 | 3 |
| 2. Profit from principal operations | 28,646 | 12,767 | 25 |
| Add: Profit/(loss) from other operations | 320 | 15 | |
| Less: Selling expenses | 4,880 | 3,140 | 4 |
| Administrative expenses | 6,056 | 3,555 | 5 |
| Financial expenses | 1,372 | 954 | 1 |
| Exploration expenses, including dry-holes | 1,370 | 1,070 | 1 |
| 3. Operating profit | 15,288 | 4,063 | 13 |
| Add: Investment income | 143 | 9,513 | |
| Non-operating income | 90 | 31 | |
| Less: Non-operating expenses | 427 | 258 | 1 |
| 4. Profit before taxation | 15,094 | 13,349 | 11 |
| Less: Taxation | 4,629 | 4,345 | 3 |
| Minority interests | 1,398 | - | 1 |
| Add: Unrecognised investment losses (Note 2) | (63) | - | |

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5. Net profit 9,004 9,004 7

- Notes: (1) The "Company" means China Petroleum & Chemical Corporation; The "Group" means China Petroleum & Chemical Corporation and its subsidiaries;
- (2) This item represents the (written back) unrecognised investment losses exceeding the carrying value of long-term equity investments.

2.2.2.2 Consolidated income statements prepared in accordance with IFRS

| Item | Thre e RMB mill |
|--|-----------------------|
| 1. Turnover and other operating revenues | 174 |
| Including: Turnover | 169 |
| Other operating revenues | 5 |
| 2. Operating expenses | (157, |
| Including: Purchased crude oil, products and operating supplies and expenses | (131, |
| Selling, general and administrative expenses | (7, |
| Depreciation, depletion and amortisation | (8, |
| Exploration expenses, including dry-holes | (1, |
| Personnel expenses | (4, |
| Taxes other than income tax | (4, |
| Other operating expenses (net) | (|
| 3. Operating profit | 16 |
| 4. Finance costs | (1, |
| Including: Interest expense | (1, |
| Interest income | (1, |
| Foreign exchange losses | (1, |
| Foreign exchange gains | (1, |
| 5. Investment income/(loss) | 15 |
| 6. Share of profits less losses from associates | 15 |
| 7. Profit from ordinary activities before taxation | 15 |
| 8. Taxation | (4, |
| 9. Profit from ordinary activities after taxation | 11 |
| Attributable to: | |
| 10. Shareholders of the parent | 9 |
| 11. Minority interests | 1 |
| 12. Profit from ordinary activities after taxation | 11 |

2.2.3 Difference between the net profit for the first quarter of 2005 and shareholders' funds as at 31 March 2005 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:

Three-mont
31

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20
RMB millio

| | |
|---|------|
| Net profit under the PRC Accounting Rules and Regulations | 9,0 |
| Adjustments: | |
| Pre-operating expenditures | 4 |
| Depreciation of oil and gas properties | 1 |
| Capitalisation of general borrowing costs, net of depreciation effect | 1 |
| Unrecognised investment losses | |
| Acquisition of Sinopec National Star | |
| Acquisitions of Tianjin Petrochemical, Luoyang Petrochemical, Zhongyuan Petrochemical and Catalyst Plants | |
| Revaluation of land use rights | |
| Amortisation of Goodwill | |
| Government grants | |
| Disposal of oil and gas properties net of depreciation effect | (10) |
| Effects of the above adjustments on taxation | (12) |
| Effects of the above adjustments on minority interests | (|
| Profit attributable to shareholders of the parent under IFRS | 9,6 |

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

At 31 March 2005

RMB millions

| | |
|---|---------|
| Shareholders' funds under the PRC Accounting Rules and Regulations | 195,417 |
| Adjustments: | |
| Pre-operating expenditures | - |
| Depreciation of oil and gas properties | 11,884 |
| Capitalisation of general borrowing costs | 1,778 |
| Acquisition of Sinopec National Star | (2,666) |
| Revaluation of land use rights | (1,303) |
| Goodwill | 7 |
| Government grants | (604) |
| Disposal of oil and gas properties | 3,280 |
| Impairment losses on long-lived assets | (113) |
| Effects of the above adjustments on taxation | (5,166) |
| Effects of the above adjustments on minority interests | 163 |
| Shareholders' funds attributable to shareholders of the parent under IFRS | 202,677 |

2.3 Top ten shareholders with tradable shares

| | |
|--|---|
| Number of shareholders as at 31 March 2005 | Number of shareholders of Sinopec Corp. as at 31 March 2005: 266,547, including 256,195 holders of A shares and 10,352 holders of H Shares. |
|--|---|

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Top ten shareholders with tradable shares

| Name of shareholders | Number of shares held at the end of the reporting period (10,000 shares) |
|---------------------------------------|--|
| HKSCC (Nominees) Limited | 1,667,892.8 |
| EFUND 50 Securities Investment Fund | 7,226.1 |
| Xinghe Securities Investment Fund | 6,521.9 |
| Harvest Service Sector Fund | 6,148.8 |
| Qingdao Port Authority | 6,000.0 |
| CITIC Classic Securities Co., Ltd. | 5,870.5 |
| China Fund SSE 50ETF Investment Fund | 5,706.7 |
| Haifutong Profits Securities | 4,703.9 |
| Xinghua Securities Investment Fund | 3,950.0 |
| China Southern Sustaining Growth Fund | 3,620.0 |

2.4. Business review

In the first quarter of 2005, the Chinese economy continued to maintain growth and domestic demand for refined oil products and petrochemical products remained strong. International prices of crude oil had fluctuated at a fairly high level. By adopting various measures to increase production volume and optimise operations in respond to the changing market, the Company obtained reasonably good operating results in various areas, including oil and gas production, processing volume of crude oil, sales volume of refined oil products and ethylene production.

Exploration and Production Segment: the Company has made further efforts in exploration and development. Significant achievements have been made in exploration of concealed oil and gas reserves in the mature oil fields in eastern China. The exploration in the Tahe oilfield in western China has shown good discoveries. During the period, the Company accelerated the pace of construction for the increase of production capacity in major areas. Oil production was stable and gas production increased over the same period last year.

Refining Segment: under the backdrop of pricing control over oil products in domestic market, the Company optimised refining process and resources allocation, adjusted product mix and increased the production of high value-added products. In addition, resources allocation and transportation were optimized and the price difference between sour and sweet crude oil was taken advantage of, processing volume of sour crude oil was increased and stable operation of the refining facilities which had been operated at a high utilization rate was maintained.

Marketing and Distribution Segment: the Company coordinated production and sales closely in an effort to meet the strong demand for oil products in domestic market, which resulted in a increase in its domestic sales volume of refined oil products. At the same time, the Company took measures to raise its retail and distribution volume, which resulted in the steady increase in the proportion of retail and distribution sales as a percentage of

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total domestic sales.

Chemicals Segment: the Company adhered to the marketing strategy of "focusing on market, full-load production and low inventories". It also strives to adjust its product mix and optimise its marketing structure. During the period, the production of major chemical products such as synthetic resin, synthetic rubber, monomer and polymers for synthetic fibers has increased significantly. The production volume of high value-added products such as performance compound resins and differential fibers also experienced further increase. In the first quarter of 2005, production has been commissioned for the Secco ethylene project.

Summary of Principal Operating Results for the first quarter

| Operating Data | Unit | Three-month period ended 31st March | |
|---|------------------------------|--|----------|
| | | 2005 | 2004 |
| Exploration and Production | | | |
| Crude oil production | thousand tonnes | 9,530.5 | 9,538.3 |
| Natural gas production | million cubic meters | 1,469 | 1,395 |
| Realised crude oil price | RMB/tonne | 2,127.29 | 1,678.63 |
| Realised natural gas price | RMB/thousand cubic meters | 655.36 | 606.47 |
| Refining | | | |
| Crude processing volume | thousand tonnes | 34,334.7 | 32,368.6 |
| Gasoline, diesel and kerosene production | thousand tonnes | 20,607.2 | 19,250.9 |
| Of which: Gasoline | thousand tonnes | 5,816.2 | 5,730.6 |
| Diesel | thousand tonnes | 13,112.3 | 12,043.1 |
| Kerosene incl. jetfuel | thousand tonnes | 1,678.7 | 1,477.2 |
| Light chemical feedstock | thousand tonnes | 4,992.2 | 4,534.0 |
| Light yield | % | 73.48 | 73.85 |
| Refining yield | % | 92.63 | 92.82 |
| Marketing and Distribution | | | |
| Total domestic sales of refined oil products | thousand tonnes | 24,130.5 | 21,704.5 |
| Of which: Retail | thousand tonnes | 13,460.0 | 11,977.2 |
| Distribution | thousand tonnes | 5,350.6 | 4,401.4 |
| Wholesale | thousand tonnes | 5,319.9 | 5,325.9 |
| Total number of petrol stations | Stations | 30,164 | 30,416 |
| Of which: Owned and self-operated | Stations | 26,682 | 24,680 |
| Franchised | Stations | 3,482 | 5,736 |
| Throughput per petrol station (Note 1) | Tonne/station | 2,018 | 1,757 |
| Chemicals (Note 2) | | | |
| Ethylene | thousand tonnes | 1,121.8 | 1,041.5 |
| Synthetic resins | thousand tonnes | 1,683.1 | 1,544.9 |
| Of which: performance compound resins | thousand tonnes | 845.6 | 725.8 |
| Synthetic rubbers | thousand tonnes | 158.1 | 152.1 |
| Monomers and polymers for synthetic fibers | thousand tonnes | 1,595.6 | 1,515.2 |
| Synthetic fibers | thousand tonnes | 400.0 | 407.1 |
| Of which: differential fibers | thousand tonnes | 195.1 | 133.7 |
| Urea | thousand tonnes | 388.3 | 541.5 |

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- Notes 1: Throughput per petrol station is that of annual average;
2: The operating results for the three-month period ended 31 March 2004 are pro-forma data which includes the data of Chemical Assets acquired from China Petrochemical Corporation and its subsidiaries (excluding the Company,) ("Sinopec Group").

Capital expenditure:

The capital expenditure of the Company in the first quarter of 2005 was RMB 11.359 billion. The expenditure for Exploration and Production segment was RMB 4.451 billion. The newly added production capacity of crude oil and natural gas amounted to 0.60 million tonnes/year and 90 million cubic meters/year respectively. The expenditure for Refining segment was RMB 1.256 billion. The second phase of the Ningbo-Shanghai-Nanjing crude oil pipeline will be put into operation in the near future. The revamped refining facilities in Yangzi Petrochemical and Jinling Petrochemical have come on stream. The revamping of refining facilities in Yanshan and Guangzhou and construction of the crude oil pipeline along the Yangzi river are on schedule. The expenditure for Chemical segment was RMB 0.804 billion. The expansion of ethylene facilities in Sinopec Maoming Chemical and ethylene glycol innovation project in Shanghai Petrochemical, the Yangtze Petrochemical's PTA revamping project, Gaoqiao Petrochemical's ABS facilities and other key technical innovation projects such as chemical fertilizer coal-gasification projects progressed smoothly. The expenditure for Marketing and Distribution segment was RMB 4.719 billion. The construction of southwest oil products pipeline, revamping and acquisition of petrol stations are on schedule. The expenditure for the Company's headquarters and others was RMB 0.129 billion. Information projects such as ERP also made smooth progress.

In addition, the capital expenditure for joint ventures such as Shanghai Secco ethylene project, Yueyang Sinopec-Shell coal gasification project and BASF-YPC was approximately RMB 1.292 billion.

3 Management's Discussion and Analysis

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

Based on the PRC Accounting Rules and Regulations, income from principal operations of the Company for the first quarter of 2005 amounted to RMB 169.040 billion, representing an increase of 36.89% over the same period of last year, and the net profit amounted to RMB 9.004 billion, representing an increase of 21.18% over the same period of last year.

Based on IFRS, the turnover and other operating revenues of the Company for the first quarter of 2005 amounted to RMB 174.127 billion, representing an increase of 34.35% over the same period of last year. Profit attributable to shareholders of the parent amounted to RMB 9.637 billion, representing an increase of 16.02% over the same period of last year.

3.1.1 Principal segments or products accounting for over 10% of income or profit from principal operations

applicable

not applicable

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The table below shows segmental information prepared in accordance with the PRC Accounting Rules and Regulations:

| By segments or by products | Income from principal operations (RMB millions) | Costs of sales (RMB millions) | Profit f princi operati (RMB millio |
|-------------------------------------|--|----------------------------------|--|
| Exploration and production | 20,169 | 8,343 | 9, |
| Refining | 100,035 | 93,497 | 2, |
| Marketing and distribution | 94,813 | 86,005 | 8, |
| Chemicals | 41,081 | 33,115 | 7, |
| Corporate and others | 23,425 | 23,310 | |
| Elimination of inter-segment sales | (110,483) | (108,083) | |
| Total | 169,040 | 136,187 | 28, |
| Of which:related party transactions | 14,533 | 13,056 | 1, |

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

The table below shows segmental information prepared in accordance with IFRS:

| By segments or by products | Operating revenues (RMB millions) | Operating expenses (RMB millions) | Operat profit/(lo (RMB millio |
|------------------------------------|---|---|-------------------------------------|
| Exploration and production | 21,278 | 12,508 | 6, |
| Refining | 101,826 | 100,131 | 1, |
| Marketing and distribution | 95,061 | 91,519 | 3, |
| Chemicals | 42,620 | 36,709 | 5, |
| Corporate and others | 23,825 | 24,463 | (6 |
| Elimination of inter-segment sales | (110,483) | (108,083) | |
| Total | 174,127 | 157,247 | 16, |

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 (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

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| Item | Three-month period ended 31 March 2005 | | Year ended | 31 D |
|-----------------------------------|---|--|-----------------------------|----------------|
| | Amount (RMB millions) | Percentage of profit before taxation (%) | Amount (RMB millions) | Per of t |
| Profit from principal operations | 28,646 | 189.78 | 115,222 | |
| Profit from other operations | 320 | 2.12 | 1,102 | |
| Period expenses | 13,678 | 90.62 | 53,371 | |
| Investment income | 143 | 0.95 | 1,088 | |
| Net non-operating income/expenses | 337 | 2.23 | 10,506 | |
| Profit before taxation | 15,094 | 100.00 | 53,535 | |

Significant changes and explanations:

o Profit from principal operations

The percentage of profit from principal operations to the profit before taxation was 189.78%, representing a decrease of 25.45 percentage points from 215.23% of the same period of the previous year. This was mainly due to the fact that the prices of crude oil, refined oil products and chemical products were still at high level in the first quarter of 2005. The Company also seized the market opportunities of strong demand for refined oil products and chemical products and was devoted to expand the market and increase its sales volume. Despite the significant increase in income from principal operations, the percentage increase in income from sales of goods was less than the percentage increase in the cost of raw materials and, as a result, profit from principal operations experienced a slight decrease of 0.56% over the quarterly average value of RMB 28.806 billion of the previous year; and profit before taxation had an increase of 12.78% over the quarterly average of the previous year. Therefore, the profit from principal operations accounted for a smaller percentage of the total profit before taxation than last year.

o Net non-operating income/expenses

The Company experienced losses on disposal of fixed assets and impairment losses on long-lived assets amounted to RMB 8.932 billion for the year ended 31 December 2004. However, the loss on disposal of fixed assets was relatively small in the first quarter of 2005.

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

applicable not applicable

3.1.5 Significant changes in, and explanations of, the profitability (gross profit ratio) of principal operations as compared with those during the

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previous reporting period prepared in accordance with the PRC Accounting Rules and Regulations

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 Connected transactions

The aggregate amount of connected transactions actually occurred in relation to the Company during the reporting period was RMB 32.529 billion, of which, incoming trade amounted to RMB 15.710 billion, and outgoing trade amounted to RMB 16.819 billion (including, RMB 16.798 billion of sales of products and services, RMB 9 million of interest earned, RMB 12 million of income from agency fee). 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 14.261 billion, representing 9.1% 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 433 million, representing 0.3% of operating expenses of the reporting period; the product sales from the Company to Sinopec Group and other connected parties amounted to RMB 16.798 billion, representing 9.6% of the Company's operating revenue, all of which were within expectation. During the reporting period, profit from principal operations resulted from connected transactions amounted to RMB 1.431 billion, representing 5.0% of the Company's profit from principal operations. The natures and pricing policies of connected transactions did not have any significant change compared with 2004.

3.2.2 Interest of corporate bonds

On 8 March 2004, Sinopec Corp. successfully issued domestic 10-year term corporate bonds which amounted to RMB 3.5 billion with a fixed coupon rate of 4.61%. On 28 September 2004, the corporate bonds were listed on the Shanghai Stock Exchange. On 24 February 2005, Sinopec Corp. repaid coupon interests for the first year in full. For further 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 24 February 2004, 28 September 2004 and 18 February 2005.

3.2.3 Acquisition of 40.5% shares held by Hong Kong Huarun in Qingdao Qirun

Sinopec Corp. and Hong Kong Huarun Petrochemical (Group) Company Limited ("Hong Kong Huarun") entered into a share transfer agreement on 17 November 2004, pursuant to which Sinopec Corp. acquired 30% interest in Qingdao Qirun Petroleum and Chemical Company Limited ("Qingdao Qirun") from Hong Kong Huarun. On 21 January 2005, the parties entered into another share transfer agreement, pursuant to which Sinopec Corp. acquired the remaining 10.5% interest held by Hong Kong Huarun in Qingdao Qirun. The shares transfer represented an aggregate of 40.5% interest in Qingdao Qirun and the total consideration for the transfer amounted to RMB 480 million.

3.2.4 Merger by absorption of Beijing Yanhua

Sinopec Corp. proposed to privatise Beijing Yanhua Petrochemical Company Limited (Beijing Yanhua) by way of merger by absorption through Beijing

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Accordingly, the assets and liabilities acquired from Tianjin Petrochemical, Luoyang Petrochemical, Zhongyuan Petrochemical, Guangzhou Petrochemical and Catalyst Plants have been accounted for at historical cost and the financial statements of the Company for periods prior to the combination have been restated to include the results of operations of Tianjin Petrochemical, Luoyang Petrochemical, Zhongyuan Petrochemical, Guangzhou Petrochemical and Catalyst Plants on a combined basis. In connection with these acquisitions, certain assets, primarily property, plant and equipment and construction in progress, were retained by Sinopec Group Company. The assets retained by Sinopec Group Company were reflected as a distribution in the shareholders' funds. The considerations for these acquisitions were treated as equity transactions.

The summarised results of operations previously reported by the Company for the first quarter ended 31 March 2004 have been restated to include the results of operations of Tianjin Petrochemical, Luoyang Petrochemical, Zhongyuan Petrochemical, Guangzhou Petrochemical and Catalyst Plants (collectively the "Acquired Group") as set out below:

| | The Company without the Acquired Group RMB millions | The Acquired RMB mil |
|--|---|-------------------------|
| Results of operations: | | |
| Operating revenues | 128,363 | |
| Profit attributable to shareholders of the parent | 8,008 | |

For the period presented, all significant balances and transactions between the Company and the Acquired Group have been eliminated.

3.3.2.2 Accounting policies

The International Accounting Standards Board has issued a number of new and revised IFRS and International Accounting Standards (collectively the "new IFRS") effective from 1 January 2005. The Company has amended the Company's accounting policies according to the new IFRS in preparation of the financial statements for the first quarter ended 31 March 2005. According to the newly effective IFRS No. 3 "Business Combinations", goodwill is no longer amortised and instead reviewed for impairment during reporting period. Except for the accounting policy for goodwill as stated above, the new IFRS has no significant impact on the results of operations and financial condition of the Company for the reporting period.

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 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

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

applicable

not applicable

3.7 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, 28 April 2005

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