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Title: Secretary to the Board of Directors

Date: April 29, 2004

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(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 0386)

First Quarterly Report for 2004

Highlights of the results of the Company for the first quarter ended 31 March 2004

During this reporting period, income from principal operations and net profit of China Petroleum & Chemical Corporation and its subsidiaries ("the Company") under the PRC Accounting Rules and Regulations amounted to RMB 123,490 million and RMB 7,430 million respectively. Turnover and other operating revenues, and profit attributable to shareholders of the Company under International Financial Reporting Standards ("IFRS") amounted to RMB 128,363 million and RMB 8,008 million respectively.

This quarterly report announcement is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies issued by the China Securities Regulatory Commission ("CSRC"). This announcement is published simultaneously in Shanghai and Hong Kong and the contents of the announcements published in Shanghai and Hong Kong are the same. Financial information set out in this quarterly report announcement has been prepared in accordance with the PRC Accounting Rules and Regulations. Although it is not required by CSRC, Sinopec Corp. has also included in this announcement the relevant financial information prepared in accordance with IFRS.

This announcement is made pursuant to the disclosure requirement under Rule 13.09 of the Listing Rules for its publication in Hong Kong.

ss1 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 quarterly report, and severally and jointly accept full responsibility for the authenticity, accuracy and completeness of the information contained in this quarterly report.
- 1.2 This quarterly report has been reviewed and unanimously approved at the eighth meeting of the second session of the Board of Directors of Sinopec Corp.

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- 1.3 This quarterly financial report has not been 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 Division of Sinopec Corp., hereby declare that the authenticity and completeness of the financial statements contained in this quarterly report are warranted.

ss2 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 |

Secretary to the
Board of Directors

| | | | |
|----------|---|----------------|----------------|
| | Authorised Representatives | | |
| Name | Mr Wang Jiming | Mr Chen Ge | Mr Chen Ge |
| Address | 6A Huixindong Street, Chaoyang District, Beijing, China | | |
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| Tel | 86-10-64990060 | 86-10-64990060 | 86-10-64990060 |
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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 31 March 2004 | At 31 December 2003 | comp |
|--|------------------------|---------------------------|------|
| Total assets (RMB millions) | 406,900 | 390,213 | |
| Shareholders' funds (excluding minority interests) (RMB millions) | 170,309 | 162,946 | |
| Net assets per share (RMB) | 1.964 | 1.879 | |
| Adjusted net assets per share (RMB) | 1.942 | 1.850 | |

Three-month Three-month

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| | period ended 31 March 2004 | period ended 31 March 2003 | |
|--|-------------------------------|-------------------------------|---|
| Net cash flows from operating activities (RMB millions) | 11,208 | 13,605 | |
| Earnings per share (RMB) | 0.086 | 0.067 | |
| Return on net assets (%) | 4.363 | 3.816 | 0 |
| Return on net assets before non-operating profits/losses (%) | | | |
| (Fully diluted) | 4.852 | 3.926 | 0 |
| (Weighted average) | 4.958 | 4.002 | 0 |

Non operating profits/losses

Losses on disposal of long-term equity investments
 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
 Income tax effect
 Total

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

| | At 31 March 2004 | At 31 December 2003 | comp |
|---|--|--|-----------|
| Total assets (RMB millions) | 418,308 | 400,818 | |
| Shareholders' funds (excluding minority interests) (RMB millions) | 175,907 | 167,899 | |
| Net assets per share (RMB) | 2.029 | 1.937 | |
| Adjusted net assets per share (RMB) | 2.008 | 1.908 | |
| | Three-month period ended 31 March 2004 | Three-month period ended 31 March 2003 | Chan p |
| Net cash flows from operating activities (RMB millions) | 10,073 | 12,851 | |
| Earnings per share (RMB) | 0.092 | 0.074 | |
| Return on net assets (%) | 4.552 | 3.771 | 0 |

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2.2.2 Income statements

This section includes the income statements for the first quarter ended 31 March 2004 prepared in accordance with both the PRC Accounting Rules and Regulations and IFRS with comparative figures for the corresponding period in 2003.

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

| Item | Three-month periods ended 31 March 2004 | | Three-month periods ended 31 March 2003 |
|--|---|--------------------------|---|
| | The Group | The Company | |
| | (Note 1) RMB millions | (Note 1) RMB millions | |
| 1. Income from principal operations | 123,490 | 86,063 | 123,366 |
| Less: Cost of sales | 94,583 | 71,740 | 94,583 |
| Sales taxes and surcharges | 3,835 | 2,290 | 3,835 |
| 2. Profit from principal operations | 25,072 | 12,033 | 25,072 |
| Add: Profit/(loss) from other operations | 149 | (138) | 149 |
| Less: Selling expenses | 4,203 | 2,732 | 4,203 |
| Administrative expenses | 5,065 | 3,358 | 5,065 |
| Financial expenses | 1,162 | 926 | 1,162 |
| Exploration expenses, including dry holes | 1,454 | 911 | 1,454 |
| 3. Operating profit/(loss) | 13,337 | 3,968 | 13,337 |
| Add: Investment income | 141 | 8,088 | 141 |
| Non-operating income | 72 | 52 | 72 |
| Less: Non-operating expenses | 1,590 | 1,446 | 1,590 |
| 4. Profit before taxation | 11,960 | 10,662 | 11,960 |
| Less: Taxation | 3,456 | 3,299 | 3,456 |
| Minority interests | 1,141 | - | 1,141 |
| Add: unrecognized investment losses (Note 2) | 67 | - | 67 |
| 5. Net profit | 7,430 | 7,363 | 7,430 |

Notes:

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

2.2.2.2 Consolidated income statement prepared in accordance with IFRS

| Item | Three-month periods ended 31 March 2004 | Three-month periods ended 31 March 2003 |
|--|---|---|
| | RMB million | |
| 1. Turnover and other operating revenues | 128,366 | 128,366 |
| Including: Turnover | 123,490 | 123,490 |
| Other operating revenues | 4,876 | 4,876 |

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| | | |
|--|--|-----------|
| 2. Operating expenses | | (114,585) |
| Including: Purchased crude oil, products and operating supplies and expenses | | (90,804) |
| Selling, general and administrative expenses | | (6,875) |
| Depreciation, depletion and amortisation | | (6,814) |
| Exploration expenses, including dry holes | | (1,454) |
| Personnel expenses | | (3,857) |
| Taxes other than income tax | | (3,835) |
| Other operating expenses, net | | (946) |
| 3. Operating profit | | 13,777 |
| 4. Finance costs | | (1,047) |
| Including: Interest expense | | (1,101) |
| Interest income | | 7 |
| Foreign exchange losses | | (24) |
| Foreign exchange gains | | |
| 5. Investment income | | |
| 6. Share of profits less losses from associates | | 12 |
| 7. Profit from ordinary activities before taxation | | 12,857 |
| 8. Taxation | | (3,716) |
| 9. Profit from ordinary activities after taxation | | 9,141 |
| 10. Minority interests | | (1,132) |
| 11. Profit attributable to shareholders | | 8,009 |

2.2.3 Difference between the net profit for the first quarter of 2004 and the shareholders' funds at the end of the reporting period 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-month period ended 31 March 2004 RMB million |
|---|---|
| Net profit under the PRC Accounting Rules and Regulations | 7,437 |
| Adjustments: | |
| Disposal of oil and gas properties | 57 |
| Depreciation of oil and gas properties | 23 |
| Capitalisation of general borrowing costs | 9 |
| Acquisition of Sinopec National Star, Sinopec Maoming, Tahe Petrochemical and Xi'an Petrochemical | 2 |
| Revaluation of land use rights | |
| Unrecognized losses of subsidiaries | (50) |
| Pre-operating expenditures | (44) |
| Effects of the above adjustments on taxation | (260) |
| Net profit under IFRS | 8,009 |

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:

| | |
|--|-----|
| Shareholders' funds under the PRC Accounting Rules and Regulations | 17 |
| Adjustments: | |
| Disposal of oil and gas properties | |
| Depreciation of oil and gas properties | 1 |
| Capitalisation of general borrowing costs | |
| Acquisition of Sinopec National Star | (2) |
| Revaluation of land use rights | |
| Minority interests on unrecognized losses of subsidiaries | |
| Pre-operating expenditures | |
| Impairment losses on long-lived assets | |
| Government grants | |
| Effects of the above adjustments on taxation | (4) |
| Shareholders' funds under IFRS | 17 |

2.3 Total number of shareholders is 300,087 at the end of this reporting period, among which 288,658 shareholders are domestic shareholders, and 11,429 shareholders are overseas shareholders.

ss3 Management's Discussion and Analysis

3.1 Business review

In the first quarter of 2004, the Chinese economy continued to maintain a rapid growth momentum and domestic demand for refined oil and petrochemical products remained strong. Influenced by international market, the prices of crude oil and refined oil products had fluctuated at a fairly high level, and as the chemical business was going up the cycle, the prices of chemical products had increased to a certain extent over the same period last year. By seizing the market opportunities, devoting to increase production volume and optimizing production operation, the Company has obtained fairly good results in oil and gas production, the processing volume of crude oil, the sales of refined oil products and ethylene production etc.

Exploration and Production Segment: In the first quarter of this year, the Company has achieved good results in terms of exploration, development and oil and gas production. In respect of exploration, the Company has made significant achievements in the exploration of concealed oil and gas reserves in the mature oil fields in eastern China. The exploration in Tahe oilfield and the surrounding areas in western China has shown good discoveries. In respect of production, the Company seized the valuable opportunities of higher crude oil price, adhered to the four unity of "balanced reserves, production, investment and efficiency", and improved the recovery rate. Oil and gas production has increased over the same period last year in a stable manner.

Refining Segment: In the first quarter of 2004, the demand for domestic refined oil products was strong. The Company seized the market opportunities, optimized resources allocation, adjusted product mix, devoted to increase the processing volume of crude oil, made full use of the price difference between sour and sweet crude oil, increased the processing volume of sour crude oil, and kept the refining facilities in stable operation with high utilization

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rate. Meanwhile, the Company was flexible to adapt to market changes and devoted to expand the sales of oil products other than refined oil products.

Marketing and Distribution Segment: In the first quarter of 2004, the Company seized the market opportunities of a sustained brisk demand for refined oil products, coordinated production and sales closely, and arranged resources production and domestic marketing volume in a reasonable manner. This resulted in a substantial increase in the sales volume of domestic refined oil products. At the same time, the Company took measures to raise its retail and direct distribution volume, which further optimized its sales portfolio.

Chemicals Segment: In the first quarter of 2004, influenced by international market, the price of both major chemical products and gross margin had increased to a fairly significant extent. The Company adhered to the marketing strategy of "focusing on the market, full-load production and low inventories", adjusted product mix and optimized marketing structure, and kept major chemical plants in full-load production. The production volume of major chemical products such as synthetic resin, synthetic rubber, monomer and polymers for synthetic fibers has increased significantly. The production volume of high added value products like performance compound resins and differential fibers has further increased.

Summary of Principal Operating Results for the first quarter

| Operating Results | Unit | Three-month periods ended | |
|--|----------------------------------|---------------------------|------------|
| | | 2004 | 2003 |
| | | 31st March | 31st March |
| Exploration and Production | | | |
| Crude oil production | Ten thousand tonnes | 953.83 | 928.7 |
| Natural gas production | One hundred million cubic meters | 13.95 | 12.6 |
| Realized crude oil price | RMB yuan/tonne | 1,678.63 | 1,762.0 |
| Realized natural gas price | RMB yuan/thousand cubic meters | 606.47 | 619.0 |
| Refining (Note 1) | | | |
| Crude processing volume | Ten thousand tonnes | 3,236.86 | 2,763.1 |
| Gasoline, diesel and kerosene production | Ten thousand tonnes | 1,925.09 | 1,645.2 |
| Of which: Gasoline | Ten thousand tonnes | 573.06 | 512.8 |
| Diesel | Ten thousand tonnes | 1,204.31 | 991.5 |
| Kerosene | Ten thousand tonnes | 147.72 | 140.8 |
| Chemical feedstock | Ten thousand tonnes | 453.40 | 421.1 |
| Light yield | % | 73.85 | 74.3 |
| Refining yield | % | 92.82 | 92.6 |
| Marketing and Distribution | | | |
| Total domestic sales of refined oil products | Ten thousand tonnes | 2,170.45 | 1,781.4 |
| Of which: Retail sales volume | Ten thousand tonnes | 1,197.72 | 895.2 |
| Direct distribution volume | Ten thousand tonnes | 440.14 | 328.2 |
| Wholesale volume | Ten thousand tonnes | 532.59 | 557.9 |
| Total number of petrol stations | Station | 30,416 | 28,89 |
| Of which: Owned and self-operated stations | Station | 24,680 | 24,06 |
| Franchised petrol stations | Station | 5,736 | 4,82 |
| Throughput per petrol station (Note 2) | Tonne/station | 1,757 | 1,68 |

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Chemicals (Note 3)

| | | | |
|--|---------------------|--------|-------|
| Ethylene | ten thousand tonnes | 93.13 | 85.9 |
| Synthetic resins | ten thousand tonnes | 139.34 | 126.1 |
| Of which: performance compound resins | ten thousand tonnes | 72.58 | 57.4 |
| Synthetic rubbers | ten thousand tonnes | 15.21 | 12.8 |
| Monomers and polymers for synthetic fibers | ten thousand tonnes | 122.04 | 103.0 |
| Synthetic fibers | ten thousand tonnes | 31.32 | 29.9 |
| Of which: differential fibers | ten thousand tonnes | 13.37 | 11.5 |
| Urea | ten thousand tonnes | 54.15 | 39.0 |

Notes:

1. The operating results for the first quarter of 2003 are proforma data including the reference data of acquiring Xi'an Petrochemical and Tahe Petrochemical;
2. Throughput per petrol station of 2004 was projected annual average; throughput per petrol station of 2003 was actual annual average;
3. The operating results for the first quarter of 2003 are proforma data including the reference data of acquiring Sinopec Maoming.

Capital expenditure

The capital expenditure of the Company in the first quarter of 2004 was RMB 11.157 billion. The capital expenditure for exploration and production segment was RMB 4.856 billion, whereby breakthroughs in the exploration of concealed oil and gas reserves were achieved in the mature oil fields in eastern China with many exploratory wells generating industrial oil stream; some exploratory wells in western China have generated high-yield industrial gas stream or indication. The newly added production capacity of crude oil and natural gas amounted to 0.82 million tonnes/year and 45 million cubic meters/year respectively. The capital expenditure for refining segment was RMB 1.452 billion. The Ningbo-Shanghai-Nanjing imported crude oil pipeline will be put into operation soon. Some refining facilities expansion and technical revamping are on schedule. The capital expenditure for chemicals segment was RMB 0.995 billion, whereby the revamping projects of ethylene facilities in Sinopec Qilu and other chemical facilities are progressing smoothly. The capital expenditure for marketing and distribution segment was RMB 3.447 billion, whereby the construction of southwest oil products pipeline, construction and revamping projects for the petrol stations are implementing on schedule. The capital expenditure for corporate and others was RMB 0.407 billion. Information projects like ERP etc. are progressing smoothly.

In addition, in the first quarter of 2004, the capital expenditure for joint ventures such as the Shanghai Secco ethylene project and the Yueyang Sinopec-Shell coal gasification project was approximately RMB 1.549 billion.

- 3.2 The brief analysis of the Company's general operating activities during the reporting period

Based on the PRC Accounting Rules and Regulations, the income from principal operations of the Company for the first quarter of 2004 amounted to RMB 123.490 billion, representing an increase of 25.30% over the same period last year, and the net profits amounted to RMB 7.43 billion, representing an increase of 27.8% over the same period last year.

Based on IFRS, the turnover and other operating revenues of the Company for the first quarter of 2004 amounted to RMB 128.363 billion, representing an increase of 23.2% over the same period last year. Profit attributable to shareholders amounted to RMB 8.008 billion, representing an increase of 24.8%

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over the same period last year.

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

applicable not applicable

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

| Segments or products | Income from principal operations (RMB millions) | Costs of sales, sales taxes and surcharges (RMB millions) | Profit from principal operations (RMB million) |
|--------------------------------------|--|--|---|
| Exploration and production | 16,189 | 7,878 | |
| Refining | 76,579 | 72,841 | |
| Marketing and distribution | 73,217 | 64,348 | |
| Chemicals | 26,416 | 20,900 | |
| Corporate and others | 13,936 | 13,798 | |
| Elimination of inter-segment sales | (82,847) | (81,347) | |
| Total | 123,490 | 98,418 | 2 |
| Of which: related party transactions | 7,342 | 6,644 | |

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

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

| Segments or products | Operating revenues (RMB millions) | Operating expenses (RMB millions) | Operating profit/(loss) (RMB million) |
|------------------------------------|--------------------------------------|--------------------------------------|--|
| Exploration and production | 17,399 | 11,457 | |
| Refining | 77,880 | 75,608 | |
| Marketing and distribution | 73,389 | 69,271 | |
| Chemicals | 28,354 | 24,719 | |
| Corporate and others | 14,188 | 14,877 | |
| Elimination of inter-segment sales | (82,847) | (81,347) | |
| Total | 128,363 | 114,585 | 1 |

3.2.2 Seasonal or periodic nature of the Company's operations

applicable not applicable

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3.2.3 The composition of the profits during this reporting period (significant changes in the profit from principal operations, profit from other operations, period expenses, investment income, subsidy income and net non-operating income/expenses as a percentage of profit before taxation are listed and explained below in accordance with the PRC Accounting Rules and Regulations)

applicable not applicable

| Item | Three-month period ended 31 March 2004 | | Year ended 31 December 200 |
|-----------------------------------|---|--|-------------------------------|
| | Amount (RMB millions) | Percentage of profit before taxation (%) | Amount (RMB millions) |
| Profit from principal operations | 25,072 | 209.63 | 80,716 |
| Profit from other operations | 149 | 1.25 | 856 |
| Period expenses | 11,884 | 99.36 | 46,063 |
| Investment income | 141 | 1.18 | 548 |
| Net non-operating income/expenses | 1,518 | 12.69 | 6,042 |
| Profit before taxation | 11,960 | 100.00 | 30,015 |

Significant changes and explanations:

o Profit from principal operations

The percentage of profit from principal operations to the profit before taxation was 209.63%, representing a decrease of 59.29 percentage points over 268.92% of the previous year. This was largely due to the fact that although profit from principal operations has increased by 24.25% over the quarterly average value of RMB 20.179 billion of the previous year; expenses in the reporting period had a slight increase of 3.20% over the quarterly average value of the previous year; profit before taxation had an increase of 59.39% over the quarterly average of the previous year; and profit before taxation attained a higher growth than profit from principal operations.

The major reason for the increase in profit from principal operations and profit before taxation is that prices for crude oil, refined oil products and chemical products were still on a high level in the first quarter of 2004. The Company seized opportunities of the high demand for refined oil and chemical products, devoted to develop the market, and raised its sales volume. At the same time, profit from principal operations increased substantially, and the total margin ratio increased from 19.47% in the first quarter of 2003 to 20.30% in the first quarter of 2004, especially the chemicals margin ratio which rapidly increased from 10.46% in the first quarter of 2003 to 20.88% in the first quarter of 2004.

o Expenses in the reporting period

Expenses in the reporting period amounted to RMB 11.884 billion,

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accounting for 99.36% of the profit before taxation, and representing a decrease of 54.11 percentage points over 153.47% of the previous year. This is mainly due to the fact that expenses in the reporting period rose slightly by 3.2% as compared with the quarterly average value of the previous year. Affected by the higher refining and chemicals gross margin ratio, profit before taxation has increased by 59.39% as compared with the quarterly average value of the previous year.

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

applicable not applicable

3.2.5 Significant changes in, and explanations of, the profitability (gross profit margin) of principal operations as compared with those during the previous reporting period prepared in accordance with the PRC Accounting Rules and Regulations

applicable not applicable

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

applicable not applicable

3.3.1 Issuance of corporate bonds

At Sinopec Corp.'s Second Extraordinary General Meeting of Shareholders for year 2003 held on 15 October 2003, the Board considered and approved "The Proposal Concerning the Issuance of Domestic Corporate Bonds Amounting to RMB 3.5 billion". On 16 January 2004, Sinopec Corp. obtained the approval from the National Development and Reform Commission ("NDRC") to issue 10-year domestic corporate bonds 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 approved and confirmed the coupon rate of the corporate bonds to be 4.61%. As of the date of 8 March 2004, the corporate bonds of Sinopec Corp. have been issued successfully. For relevant details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities, and Securities Times in China, and South China Morning Post and Hong Kong Economic Times in Hong Kong, respectively on 15 October 2003, 30 January 2004, and 24 February 2004.

3.3.2 Acquisition of shares of Jinzhi Company

On 26 March 2004, upon the approval at the seventh meeting of the second session of the Board of Directors, Sinopec Corp. entered into an Acquisition Agreement with Jinzhi Company, a wholly owned subsidiary of Sinopec Group Beijing Yanhua Petrochemical Company Limited, of which Sinopec Group Company is the parent company. Pursuant to the Acquisition Agreement, Sinopec Corp. will use cash from its internal resources to acquire 100% of the issued shares of Jinzhi Company at a consideration of RMB 230 million. For relevant details, please refer to Sinopec Corp.'s announcement published in China Securities, Shanghai Securities, and Securities Times in China, and South China Morning Post and Hong Kong Economic Times in Hong Kong, on 29 March 2004.

3.4 Disclosure and explanations as to the changes in accounting policies,

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accounting estimates and scope of consolidation and fundamental errors

applicable not applicable

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

applicable not applicable

- 3.6 Business prospects

Looking into the second quarter of 2004, the demand for domestic refined oil and chemical products will maintain a rapid growth, creating a positive market for the Company to expand its production and operation. Based on the current market conditions, where the prices of crude oil and refined oil products has been at a fairly high level, and the chemical business is going up the cycle, the Company will closely track the market changes, optimize production and operation, adopt flexible operating policies and continue to implement its development strategies of "expanding resources, developing market, reducing costs and disciplining investments" as detailed below:

Exploration and Production Segment: The Company will continue to maintain stable and increased production of crude oil and natural gas, and strive for the replacement resources and expansion of production capacity. Production of crude oil and natural gas during the second quarter is expected to be 9.62 million tonnes and 1.44 billion cubic meters respectively.

Refining Segment: Based on the market conditions, the Company will continue to adjust the product mix and throughput, secure the stable operation of facilities, and increase the production of high added value products. The processing volume of crude oil during the second quarter is expected to be 33.00 million tonnes.

Marketing and Distribution Segment: The Company will further enhance the network construction of refined oil products and continue to increase retail volume and direct distribution volume. The total sales volume of domestic refined oil products during the second quarter is expected to reach 22.30 million tonnes, of which retail volume will be 12.50 million tonnes and direct distribution volume will be 4.40 million tonnes.

Chemicals Segment: The Company will maintain efficient and full-capacity operation of chemical facilities, promote the production of major chemicals and continue to increase the production of high value-added products. Production of ethylene during the second quarter is expected to reach 0.915 million tonnes.

- 3.7 Caution and explanation as to the anticipated loss of accumulated net profits from the beginning of the year to the end of the next reporting period or significant changes over the same period last year

applicable not applicable

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

applicable not applicable

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

By Order of the Board
Chen Tonghai

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Chairman

Beijing, PRC, 29 April 2004

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