

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

	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	

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

	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)	-	

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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)	(1,
6. Share of profits less losses from associates	(1,
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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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.
--------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

- 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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

Feitian Petrochemical Company Limited (Beijing Feitian), a wholly-owned subsidiary of Sinopec Corp., established for the purpose of such merger. Pursuant to the agreement entered into between Beijing Feitian and Beijing Yanhua on 29 December 2004, Beijing Feitian will purchase the listed shares of Beijing Yanhua from its shareholders at a unit price of HKD 3.80 per share in cash, the total consideration involved amounts to approximately HKD 3.846 billion. The proposed merger has been approved by relevant shareholders and independent shareholders at the general meeting of independent shareholders of Beijing Yanhua, the general meeting of shareholders of Beijing Feitian, and by domestic and overseas regulators. Beijing Yanhua is applying for the de-listing from the overseas stock exchanges. 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 30 December 2004 and 7 March 2005 for details.

3.2.5 Changes in senior management

At the sixteenth meeting of the Second Session of the Board of Directors of Sinopec Corp., the Board approved the resignation applications of Mr. Wang Jiming from the President position and Mr. Mou Shuling from the Senior Vice President position. The Board of Directors also approved the appointment of Mr. Wang Tianpu as President, and Mr. Zhang Jianhua and Mr. Wang Zhigang as Senior Vice President of Sinopec Corp.

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

applicable not applicable

3.3.1 Financial statements for the first quarter ended 31 March 2005 prepared under the PRC Accounting Rules and Regulations

There is no significant change in the accounting policies, accounting estimates and scope of consolidation adopted in preparing the financial statements for the first quarter of 2005 by the Company as compared to those adopted in preparing the financial statements for the year of 2004. There has been no retrospective adjustment resulting from fundamental accounting errors reflected in the financial statements for the first quarter of 2005.

3.3.2 Financial statements for the first quarter ended 31 March 2005 prepared under IFRS

3.3.2.1 Basis of presentation

Pursuant to the resolutions passed at the Extraordinary General Meeting held on 21 December 2004, the Company acquired the equity interests of Sinopec Group Tianjin Petrochemical Company ("Tianjin Petrochemical"), Sinopec Group Luoyang Petrochemical General Plant ("Luoyang Petrochemical"), Zhongyuan Petrochemical Company Limited ("Zhongyuan Petrochemical"), Sinopec Group Guangzhou Petrochemical General Plant ("Guangzhou Petrochemical") and certain catalyst plants ("Catalyst Plants") from Sinopec Group Company (hereinafter referred to as the "Acquisition of Petrochemical and Catalyst Assets").

As the Company, Tianjin Petrochemical, Luoyang Petrochemical, Zhongyuan Petrochemical, Guangzhou Petrochemical and Catalyst Plants are under the common control of Sinopec Group Company, the Acquisition of Petrochemical and Catalyst Assets are considered as "combination of entities under common control" which are accounted in a manner similar to a pooling-of-interests ("as-if pooling-of-interests accounting").

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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

Edgar Filing: CHINA PETROLEUM & CHEMICAL CORP - Form 6-K

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.