China Petroleum & Chemical Corporation
2001 Results Announcement

April 2002

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2001 Highlights

2001 - Market Environment Overview

- Decline in international crude oil prices exceed market expectations
  - Average Brent crude prices declined 12.8% compared with 2000
- Inverted price for RON 90 gasoline to crude in Singapore market June through August
  - Compressed refining margins globally in 2H 2001
- Intense competition in the domestic refined oil products market
- Petrochemical market at cyclical low

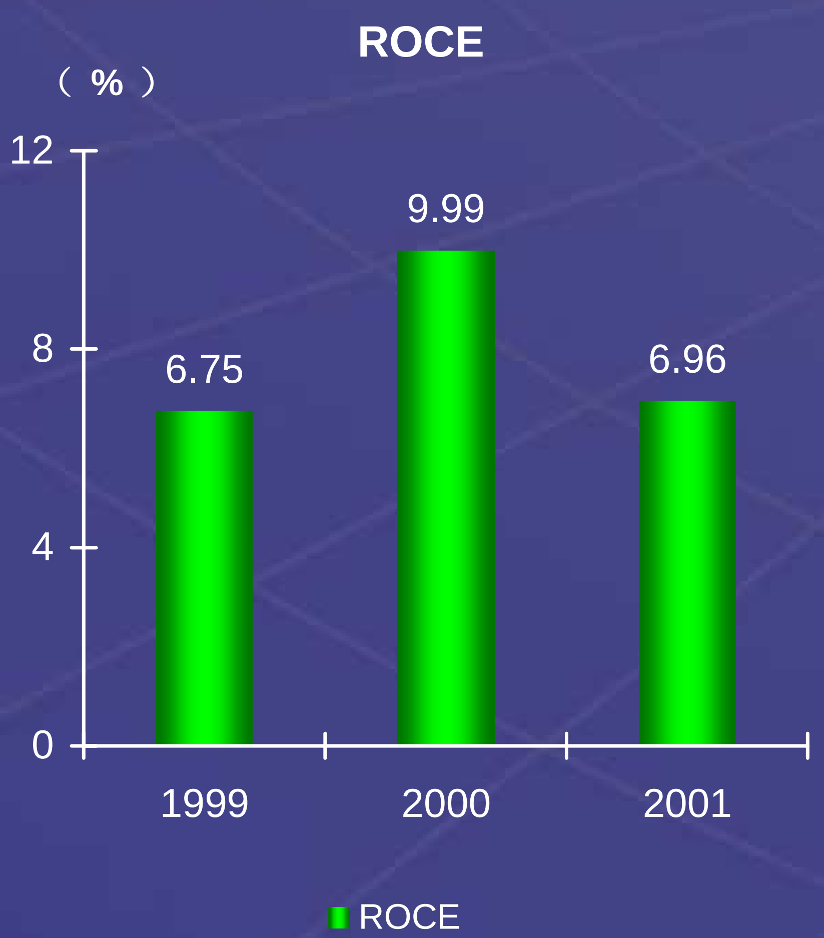
Operating Performance - Maintain Strong Profitability Amid Adverse Market Environment

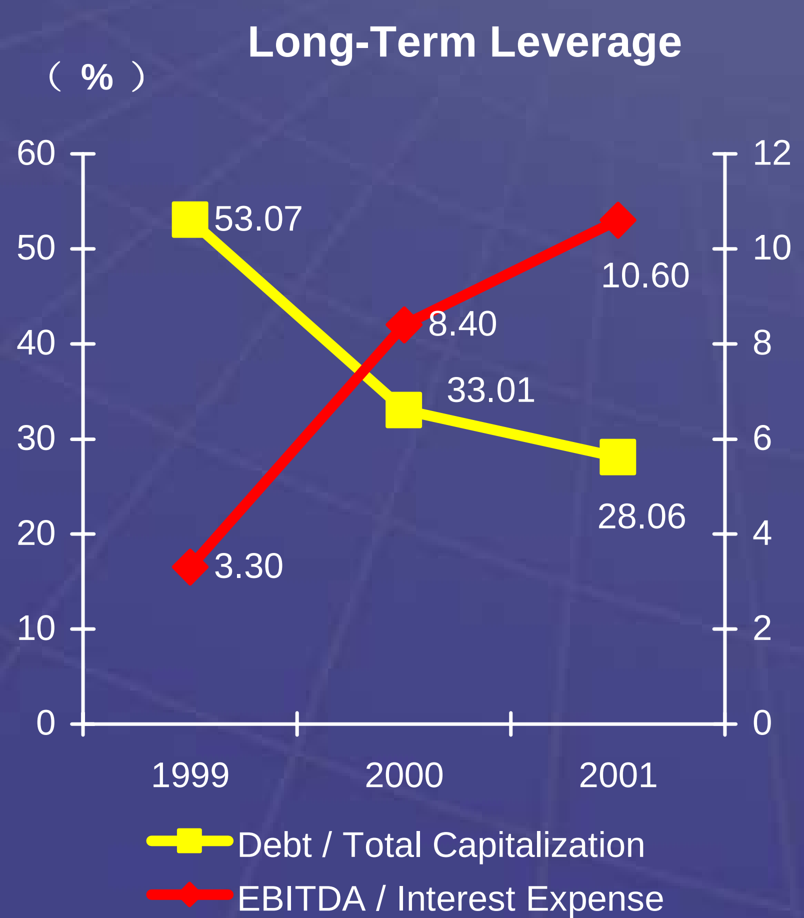
EBIT Analysis (RMB Bn)

Operating Performance – Financial Highlights

(RMB billion)	1999	2000	2001
Revenue	241.7	331.6	318.5
EBITDA	33.5	56.3	49.7
EBIT	15.1	35.5	27.3
Net Profits	4.9	19.6	16.0
EPS (RMB)	0.07	0.27	0.19
DPS (RMB)	NA	0.08	0.08
Cashflow from Operating Activities	25.9	29.2	55.3
Cash & Cash Equivalents - Ending Balance	21.8	19.6	21.0
Short-term Debt	83.7	59.1	49.2
Long-term Debt	42.8	71.0	67.0
Shareholders' Equity	89.9	133.2	147.7

Operating Performance – Key Financial Statistics





Financial Strength Demonstrated by the Recent S&P Upgrade from BBB- to BBB

Restructuring Results – Successful A Shares Issuance

- On August 8, 2001, Shanghai Stock Exchange
  - Size: 2.8 billion shares
  - Price: RMB 4.22 per share

Fund raised: RMB 11.8 Bn

- Use of proceeds for strategic investment：
  - Acquire Sinopec National Star to strengthen E&P business
  - Invest in Ningbo-Shanghai-Nanjing crude oil pipeline and Southwest refined oil products pipeline to reduce logistics costs and expand market share

Restructuring Results – Reform in Refined Oil Products Pricing Mechanism

New refined product pricing mechanism effective on October 17th, 2001

- Gasoline and diesel prices are now linked to Singapore, Rotterdam and New York instead of solely Singapore
- Gasoline and diesel price is subject to adjustment only when the fluctuation in the gas and diesel benchmark price in three quoted market exceeds a certain extent
- To meet the domestic demand structure of refined oil products, gasoline and diesel prices may be adjusted accordingly in a certain range
- Actual pump price can fluctuate within a +/- 8% range instead of +/- 5% range based on the retail guidance price published by SDPC

Restructuring Results - Headcount Reduction

- The company has reduced headcount by 68,000 in 2001, 2.5 times of the original plan of 27,000
- Completed 68% of the 5 year headcount reduction plan of 100,000
- Headcount reduction program one-time costs of RMB 2.55 billion
- Estimated annual labor cost saving of RMB 1.57 billion
- Promote reform in effective human resources allocation and compensation system

2001 Review of Operations

E & P – Continued Growth of Oil & Gas Production

	1999	2000	2001	00 - 01 Δ (%)
Crude Oil Production (mm bbl)	241.4	247.4	269.2	8.8
Natural Gas Production (bcf)	78.0	80.3	162.8	103.0
New Proven Crude Oil Reserves (mm bbl)	443	318	316	- 0.6
New Proven Natural Gas Reserves (bcf)	284	297	309	4.0
Year-end Proven Oil Reserves (mm bbl)	2,881	2,952	3,215	8.9
Year-end Proven Gas Reserves (bcf)	782	999	3,488	249.2
Cash Operating Costs (US$ / bbl)	6.65	6.63	6.15	- 7.2

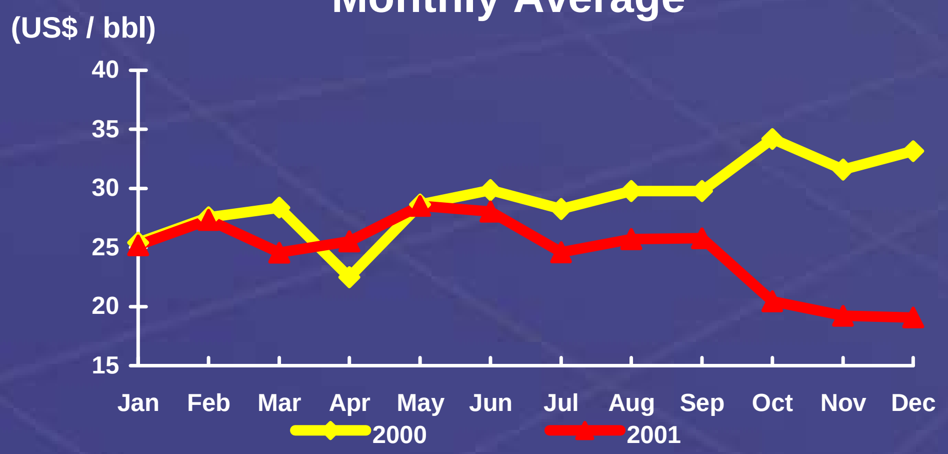
Note: 2001 data includes Sinopec National Star

E & P - Performance of Sinopec National Star

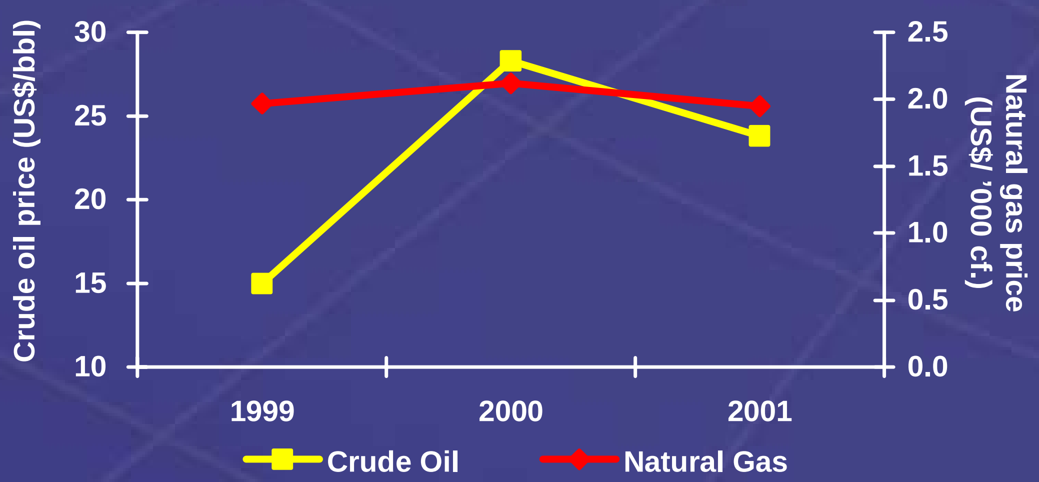
	1999	2000	2001	00 - 01 Δ (%)
Crude Oil Production (mm bbl)	10.98	15.76	21.37	35.6
Natural Gas Production (bcf)	50.0	54.4	70.4	29.4
New Proven Crude Oil Reserves (mm bbl)	50	85	44	- 48.3
New Proven Natural Gas Reserves (bcf)	382	1,148	215	- 81.2
Proven Oil Reserves - Year End (mm bbl)	147	216	239	10.6
Proven Gas Reserves - Year End (bcf)	1,249	2,343	2,488	6.2
Cash Operating Costs (US$ / bbl)	2.04	1.77	2.04	15.3
Net Profits (RMB MM)	251	580	408	- 29.6

E & P — Segment Performance

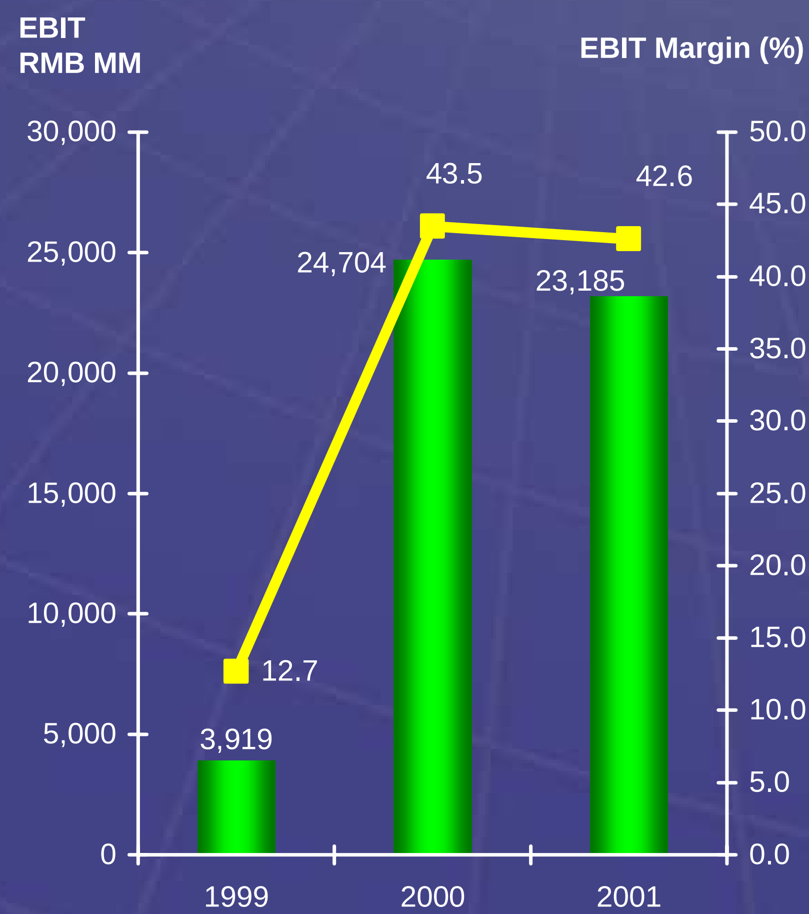
Brent Crude Oil Price - Monthly Average



Crude Oil and Natural Gas Realized Price



E & P Segment EBIT Analysis

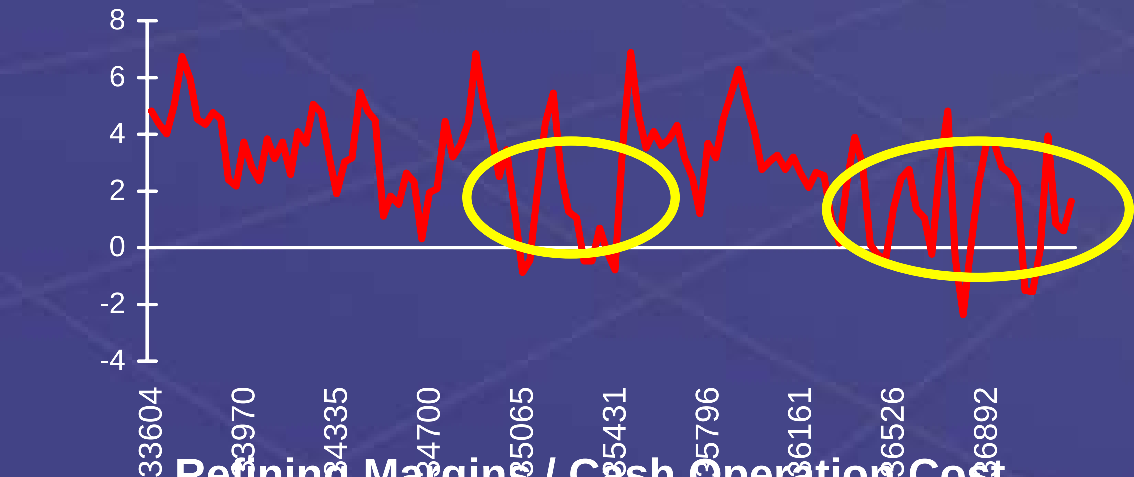


Refining – Continued Operating Improvement

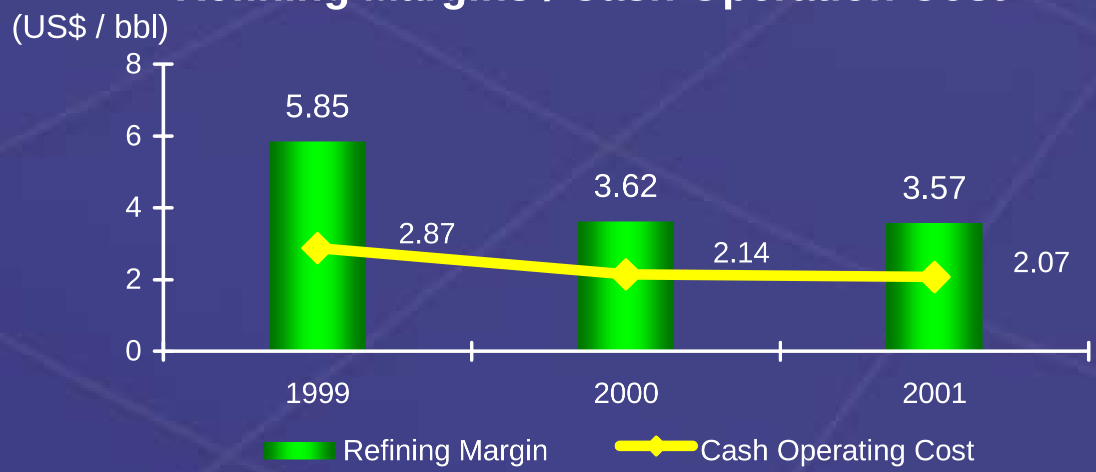
	1999	2000	2001	00 - 01 Δ (%)
Crude Oil Processed (1,000 bbl / day)	1,764	2,110	2,042	- 3.2
- incl.: Sour Crude (1,000 bbl / day)	121	276	388	40.6
Capacity Utilization (%)	67.7	81.0	77.9	- 310bps
Diesel to Gasoline Ratio (x)	1.81	1.86	2.02	0.16x
Yield for Light Stream (%)	70.7	71.6	72.3	70bps
Refining Yield (%)	91.2	92.2	92.2	0.0
Cash Operating Cost (US$ / bbl)	2.87	2.14	2.07	- US$0.07

Refining - Segment Performance

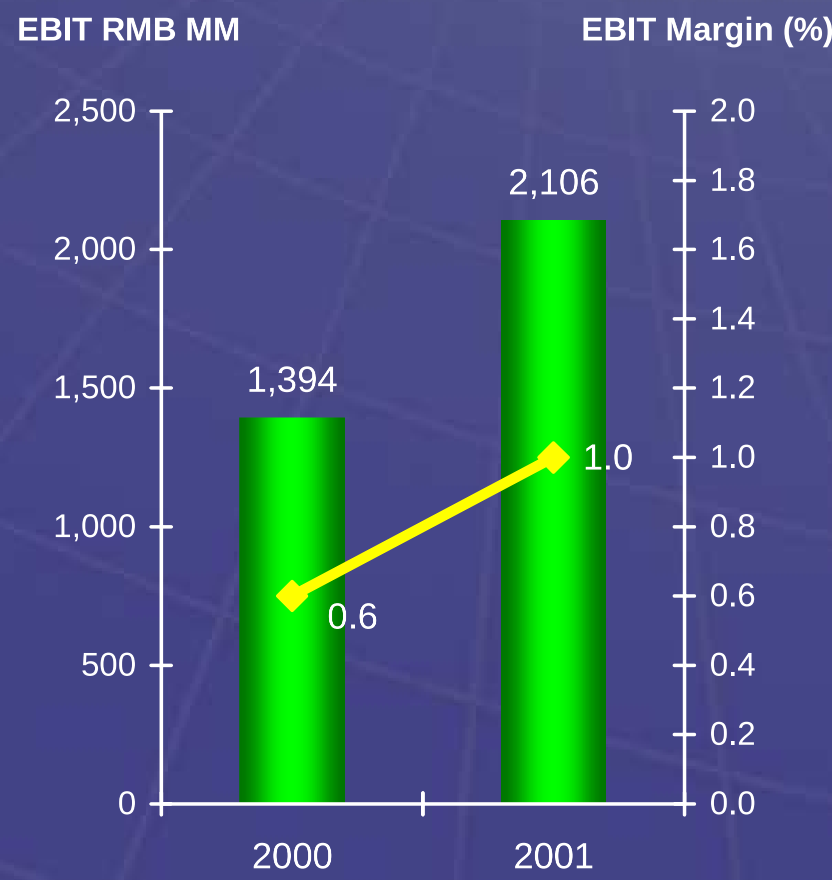
Price Spread between Singapore RON 90 gasoline price and Minas Crude



Refining Margins / Cash Operation Cost



Refining EBIT Analysis

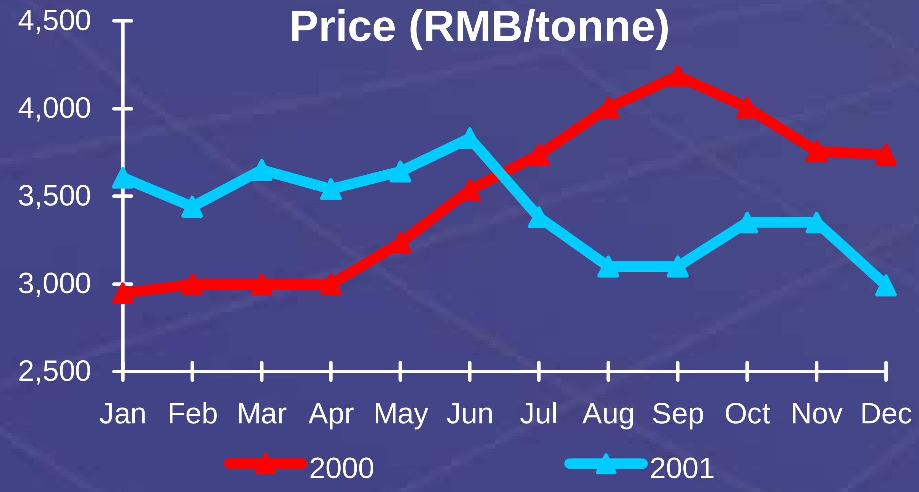


Marketing - Expanded Marketing Network and Increased Retail Sales

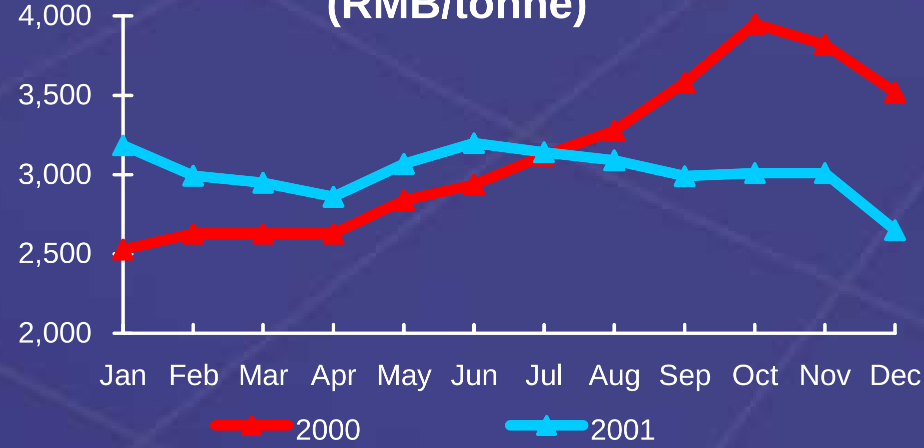
	1999	2000	2001	00 - 01 Δ (%)
Domestic Sales of Refined Oil Products (gasoline, diesel, kerosene) (10,000 tonne)	6,450	6,769	6,774	0.07
Retail (10,000 tonne)	1,234	2,394	3,043	27.1
Distribution (10,000 tonne)	NA	NA	1,164	NA
Sinopec's Share in Domestic Sales (%)	NA	61	65	400bps
Total Number of Gas Stations	11,374	25,493	28,246	10.8
Gas Stations Owned, Operated	11,374	20,259	24,062	18.8
Franchised Gas Stations	NA	5,234	4,184	- 20.1
Throughput Per Station (tonne / station)	1,084	1,402	1,473	5.1
Capacity of Oil Storage (1000 m^3)	13,680	14,640	15,134	3.4

Marketing - Segment Performance

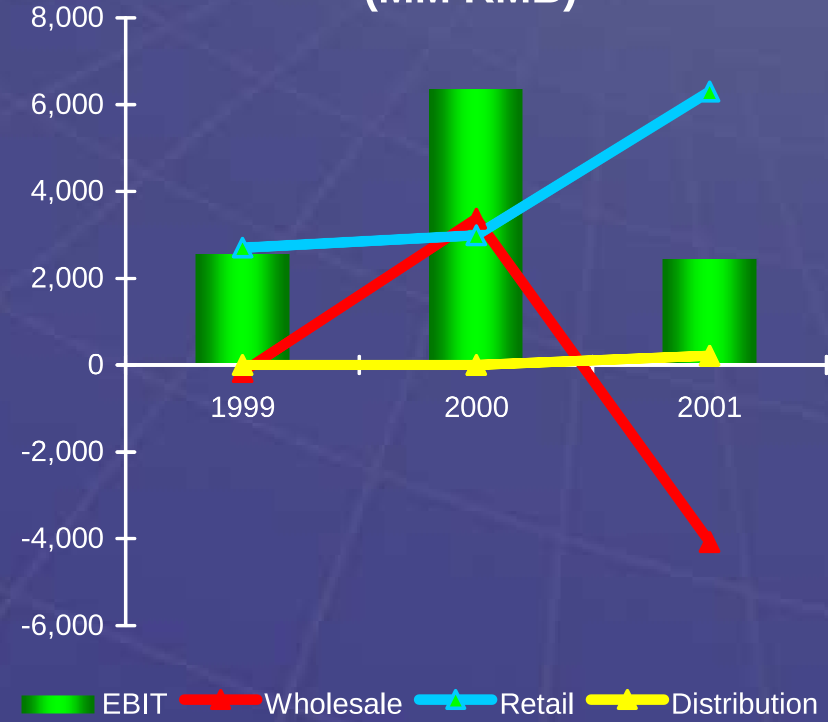
RON90 Gasoline Retail Guidance Price (RMB/tonne)



0# Diesel Retail Guidance Price (RMB/tonne)



Marketing Segment EBIT Analysis (MM RMB)

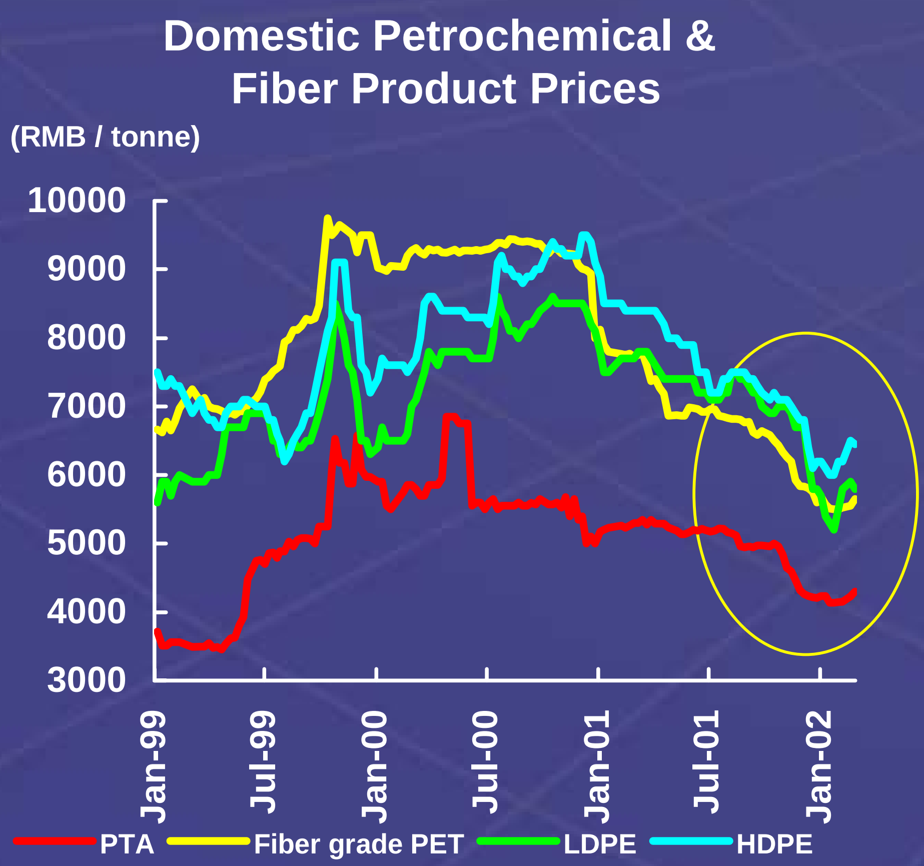


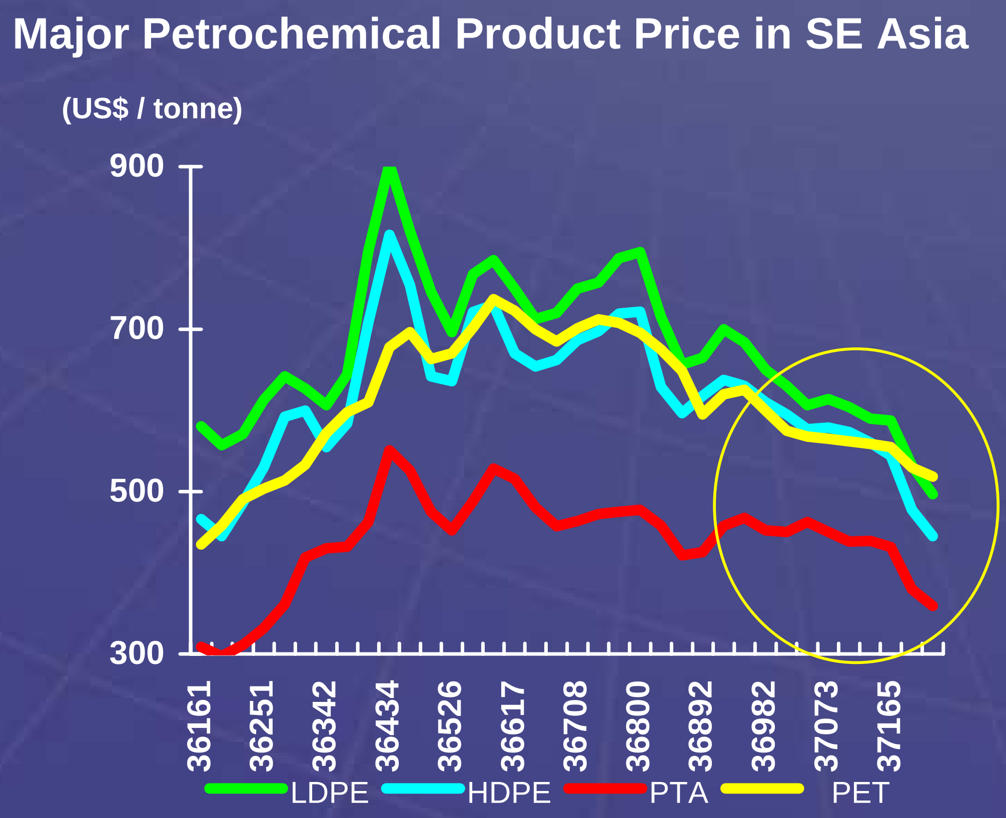
	2000	2001
Marketing Cash Operating Cost (RMB)	181	163

Chemicals - Production Adjustments in Line with Market

(10,000 tonne)	1999	2000	2001	00 - 01 Δ (%)
Ethylene	205.0	216.5	215.3	- 0.6
Synthetic Resin	284.7	318.3	320.4	0.66
Synthetic Rubber	31.6	31.7	39.8	25.6
Monomers & Polymers for Synthetic Fiber	344.0	379.5	359.8	- 5.2
Synthetic Fiber	97.0	106.8	102.8	- 3.7
% of Performance Compound in Synthetic Resin	30%	40%	48%	800 bps
% of Differential Fiber in Synthetic Fiber	20%	27%	32%	500 bps
Ethylene Cash Operating Cost (US$ / tonne)	183.5	183.2	160.1	- 12.6
B-2-B Transaction (RMB Bn)	NA	7.9	15.9	101.3

Chemicals – Segment Performance



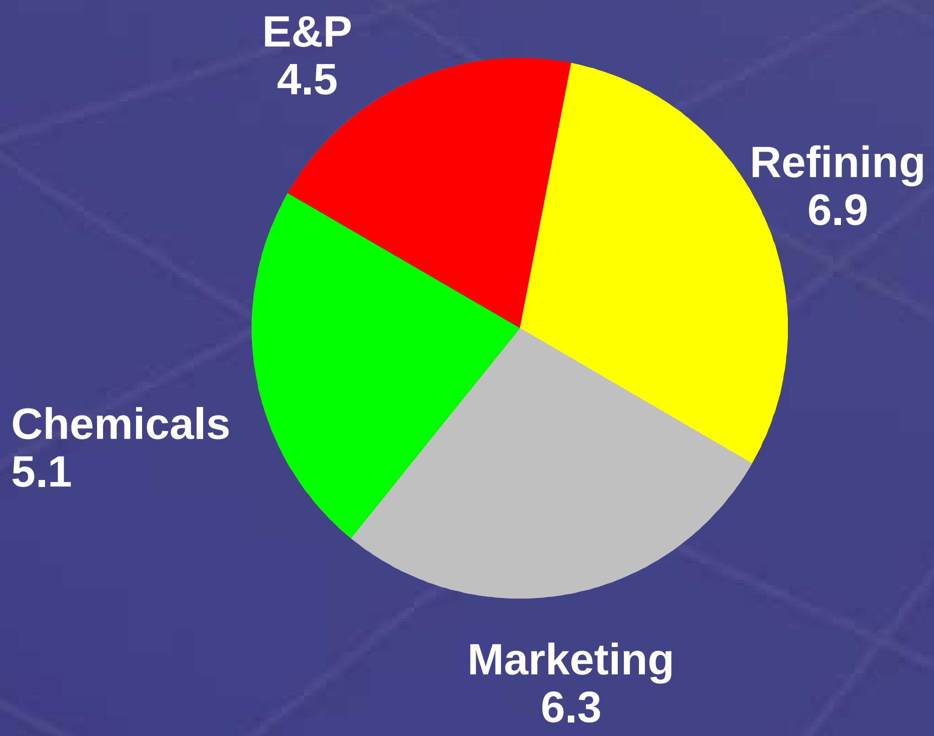


Chemicals Segment EBIT Analysis

	1999	2000	2001
EBIT (RMB MM)	3,677	2,437	-758
EBIT Margin (%)	5.9	4.1	-1.4

Cost Cutting

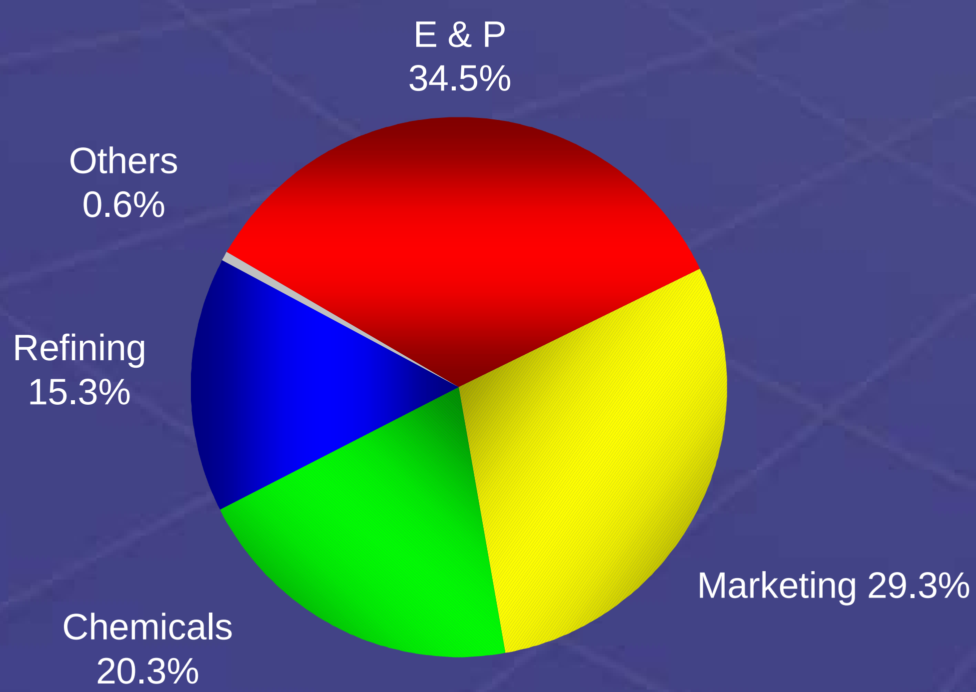
2001 Actual Cost Cutting 2.28 Bn (RMB 100 MM)



- **Cost cutting of raw material procurement such as crude oil**
- **Reduce energy and material consumption**
- **Reduce SG&A**
- **Reduce headcount and enhance efficiency**

2001 Capex

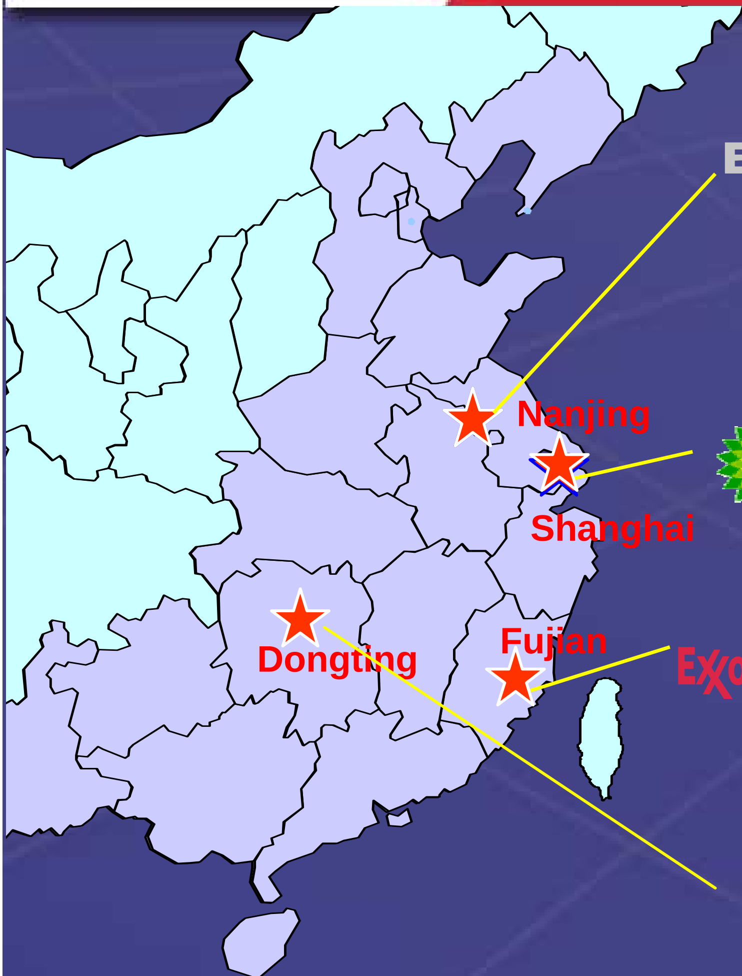
2001 Capex Allocation



RMB 58.83 billion

- E & P – RMB 20.28 billion, increase new reserves and production
- Refining – RMB 8.99 billion, addition to hydrogenation and sour crude processing capacity
- Marketing – RMB 17.26 billion, acquire, new-build and upgrade existing retail stations
- Chemicals – RMB 11.95 billion, additional production capacity, e.g. Ethylene
- Others - 358MM in ERP development to enhance operating efficiency

Smooth Progress on JV Projects



BASF
- 600 ktpa ethylene project JV established, commenced construction, expected completion in 2004

bp
- 900 ktpa ethylene project JV established, commenced construction, expected completion in 2005

ExxonMobil
- Feasibility study for Fujian integrated petrochemical project completed

- JV is established, coal gasification project commenced construction

Retail JVs on track

ExxonMobil

Sinopec Corp. has become the partner of choice for international oil companies

2002 Market Analysis and Business Strategies

2002 Market Outlook

- Global economy recovering, outlook remains uncertain:
  - Average crude oil price is estimated to be lower than that of 2001
  - Refining margins likely to stay uncertain due to overcapacity in the Asia Pacific region
  - Petrochemical industry has reached a cycle low and waiting for recovery
- China's GDP growth maintains to be around 7%. Domestic demand for refined oil products is expected to grow at around 4%, and petrochemical demand is expected to grow at around 10%
  - Maintain market order
  - Results from Sinopec's corporate restructuring and development continues to deliver positive performance
  - China's accession to WTO will create new challenges and opportunities

Impact of China's WTO Entry

Challenges

- Tariff
  - ➢Crude oil tariff decrease from 16 RMB/ton to zero
  - ➢Gasoline tariff decrease from 9% to 5%
  - ➢Major chemicals tariff decrease by 3-4 percentage on average
- Market Access
  - ➢22 MM tons import quota for refined products (including fuel oil), including 4.6 MM tons trade for non state-designated companies
  - ➢1.3 MM tons quota at 4% tariff for urea
  - ➢Open refined products retail market in 3 years
  - ➢Open refined products wholesale market in 5 years

Opportunities

- Accelerate reform, beneficial to maintain market order
- Promote foreign investment, and help to enter into international markets
- Increase demand:
  - ➢Auto tariff reduction
  - ➢Elimination of export quotas for clothes, textiles and light industry products

2002 Strategies and Measures

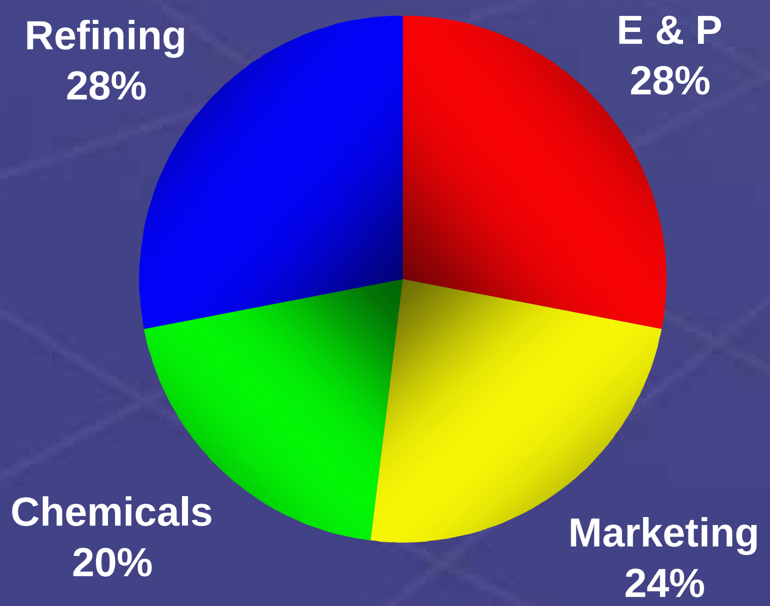
- Continue to implement the strategy of “expanding markets and resources, reducing costs and prudent investment”
- Improve external environment, promote healthy competition
- Formulate flexible operating strategy and expand market of refined oil product in principal and potential markets
- Strengthen internal management and restructuring
- Streamline assets, optimize resources allocation, rationalize available resources
- Promote technology innovation and product quality

2002 Production and Operation Targets

	2001	2002E	02E / 01 Δ (%)
Crude oil production (mm bbl)	269.1	269.8	0.24
Natural gas production (bcf)	162.8	176.6	8.5
Crude processed volume (1000 bbl / day)	2,042	2,094	2.56
Domestic sales volume for refined oil products:	6,774	7,030	3.78
Retail volume (10,000 tonne)	3,043	3,600	18.3
Distribution volume (10,000 tonne)	1,163	1,400	20.4
Wholesale volume (10,000 tonne)	2,568	2,030	- 20.9
Ethylene production (10,000 tonne)	215	258	20.0
Synthetic resin production (10,000 tonne)	320	385	20.2

2002 Cost Reduction Plan

Distribution of Segment Cost Reduction



RMB 2.5 Bn

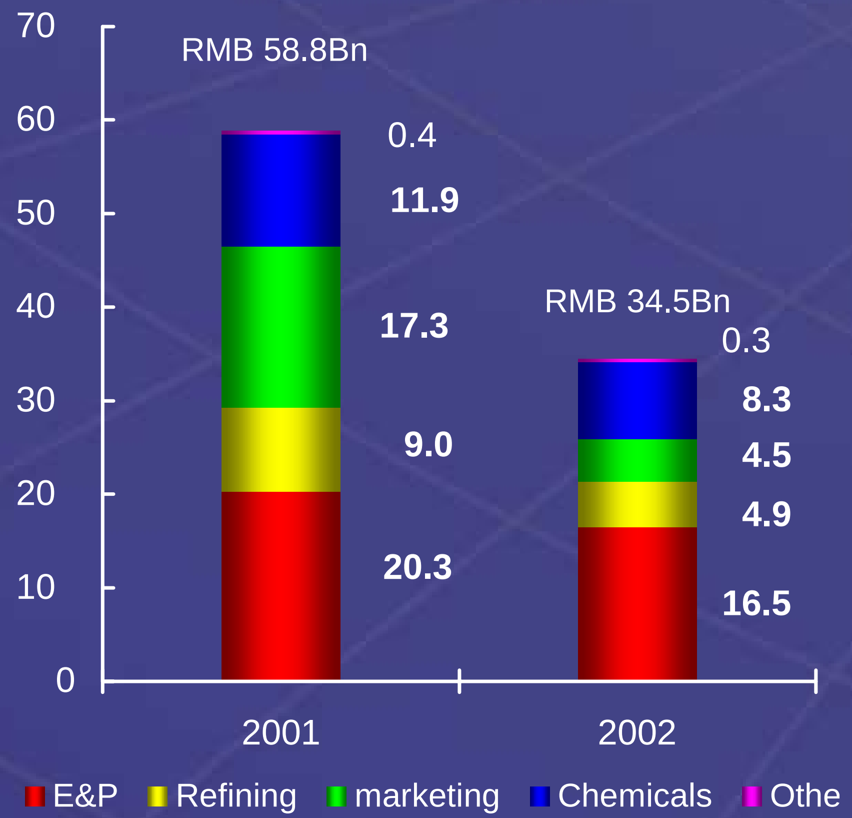
- Comprehensively improve technical indicators
- Reduce administrative expenses
- Leverage the company's integration to reduce financial cost
- Reduce procurement cost
- Reduce headcount to improve efficiency and plan to reduce 20,000 more headcount

Note：Excluding labor reduction saving of RMB 900MM

2002 Investment Plan

Distribution of Segment Capex

RMB 34.5 Bn



- E & P – RMB16.5Bn, maintain stable production from existing oil fields; pursue new replacement resources, particular in Western China, new areas of marine phase in South China and East China Sea natural gas
- Refining – RMB4.9Bn, enhance quality of refined oil products, increase the refining yield, reduce material consumption
- Marketing – RMB4.5Bn, streamline sales networks, upgrade gas stations
- Chemicals – RMB8.3Bn large-scale ethylene plant expansion, expand capacity, promote quality, and execute coal gasification projects

Conclusion

- Strategic leading market position in China - the region with world's fastest economic growth
- Integrated and high-efficient market network, prestigious brand name and good credit
- Integrated operations mute inherent cyclicality
- Strong financial performance with sovereign-capped credit rating
- Feasible and aggressive development plan, flexible and well-developed operating strategy
- Stable dividend policy

Deliver to investors a stable return with significant growth opportunities

For Further Information

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