

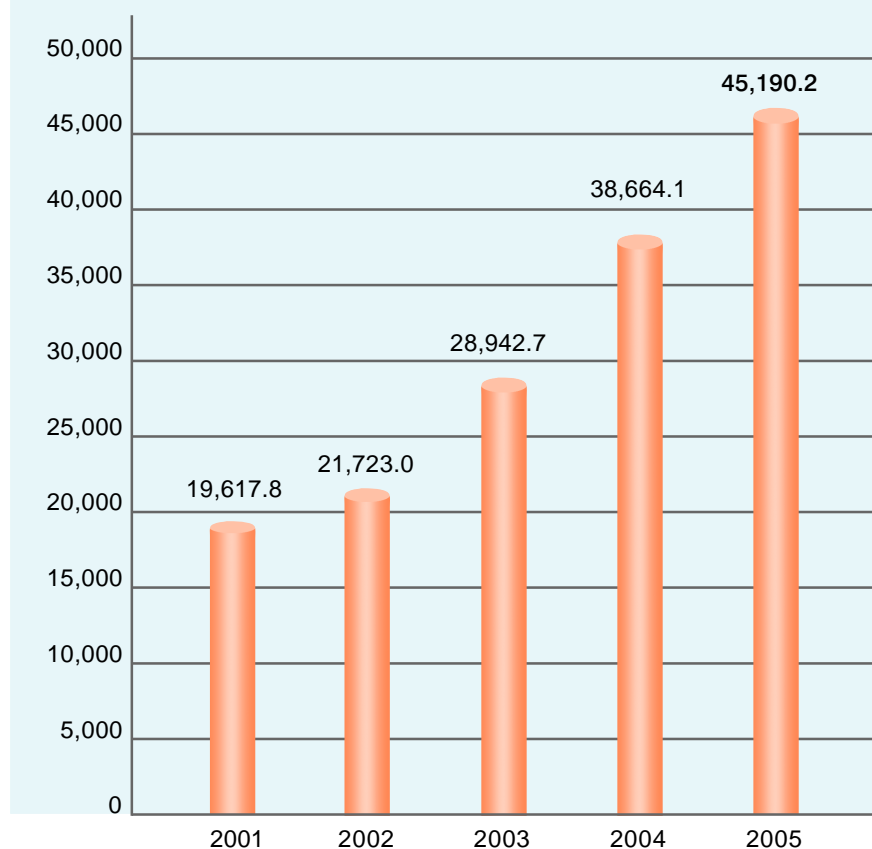
Financial Highlights

(Prepared under International Financial Reporting Standards)

Expressed in RMB millions	2005	2004	2003	2002	2001
Year ended 31 December:					
Net sales	45,190.2	38,664.1	28,942.7	21,723.0	19,617.8
Profit before taxation	2,287.6	4,696.2	1,590.4	1,045.0	145.8
Profit after taxation	1,921.3	4,059.2	1,445.3	960.5	144.6
Profit attributable to equity shareholders of the Company	1,850.4	3,971.1	1,401.7	916.4	116.0
Earnings per share	RMB0.26	RMB0.55	RMB0.20	RMB0.13	RMB0.02
At 31 December:					
Total equity attributable to equity shareholders of the Company	18,830.0	18,417.0	15,021.9	13,980.2	13,063.8
Total assets	26,810.4	28,276.6	27,101.5	26,085.9	24,325.6
Total liabilities	7,632.9	9,486.5	11,738.4	11,739.0	10,904.0

Net sales

(RMB millions)



1. Major business data

RMB'000

Item	For the years ended 31 December			
	2005	2004	Increase/decrease compared to the previous year(%)	2003
Income from principal operations	45,897,807	39,402,533	16.48	29,567,140
Total profit	2,137,208	4,693,059	-54.46	1,576,602
Net profit	1,704,627	3,971,265	-57.08	1,385,556
Net profit excluding non-recurring items	1,298,766	4,078,483	-68.16	1,485,198
Net cash flow from operating activities	4,245,115	4,908,020	-13.51	2,692,641

Item	As at 31 December			
	2005	2004	Increase/ decrease compared to last year (%)	2003
Current assets	7,462,181	8,613,655	-13.37	7,993,651
Current liabilities	6,087,263	7,432,559	-18.10	8,479,655
Total assets	27,101,918	28,757,089	-5.76	27,580,828
Shareholders' equity (excluding minority interest)	19,166,908	18,902,281	1.40	15,507,016

Non-recurring Items		2005
		RMB'000
Non-operating expenses (excluding provision for impairment losses on fixed assets)		(240,558)
Gain on disposal of long-term equity investments		24,063
Non-operating income		61,159
Written back of provision for long-term equity investments		-
Subsidy income		632,820
Less: tax effect for the above items		(71,623)
Total		405,861



Financial Highlights (continued)

(Prepared under PRC Accounting Rules and Regulations)

2. Financial indicators

Item	<u>For the years ended 31 December</u>			
	2005	2004	Increase/decrease compared to last year (%)	2003
Earnings per share - diluted (RMB)	0.237	0.552	-57.07	0.192
			Decrease	
Return on net assets - diluted(%)	8.89	21.01	12.12 percentage points	8.94
Return on net assets based on net profit excluding non-recurring items - diluted(%)	6.78	21.58	14.80 percentage points	9.58
Net cash flow per share from operating activities (RMB)	0.590	0.682	-13.49	0.374
Earnings per share - weighted average (RMB)	0.237	0.552	-57.07	0.192
Earnings per share based on net profit excluding non-recurring items - diluted (RMB)	0.180	0.566	-68.20	0.206
Earnings per share based on net profit excluding non-recurring items - weighted average (RMB)	0.180	0.566	-68.20	0.206
			Decrease	
Return on net assets - weighted average (%)	8.96	23.08	14.12 percentage points	9.24
Return on net assets based on net profit excluding non-recurring items - weighted average(%)	6.82	23.71	16.89 percentage points	9.91

Item	<u>As at 31 December</u>			
	2005	2004	Increase/ decrease compared to last year (%)	2003
Net asset value per share (RMB)	2.662	2.625	1.41	2,154
Adjusted net asset value per share (RMB)	2.660	2.623	1.41	2,149

Notes:

The above indicators were derived from the data included in the audited financial statements for 2003, 2004 and 2005. The total number of shares in issue as at 31 December 2003, 2004 and 2005 was 7,200,000,000.



3. Changes in Shareholders' Equity

Description	(Of which:						Total RMB'000
	Share Capital	Capital Reserve	Surplus Reserve	Statutory Public Welfare Fund)	Retained Earnings		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Beginning of the year	7,200,000	2,856,278	4,196,096	1,375,702	4,649,907	18,902,281	
Increase during the year	-	-	340,926	170,463	1,363,701	1,704,627	
Decrease during the year	-	-	-	-	1,440,000	1,440,000	
End of the year	7,200,000	2,856,278	4,537,022	1,546,165	4,573,608	19,166,908	

Note:

- Reason for the change in surplus reserve: profit appropriation
- Reason for the change in statutory public welfare fund: profit appropriation
- Reason for the change in retained earnings: dividend distribution in 2004 and profit appropriation

Pursuant to the resolution passed by the Board in 2005, the Company made the following surplus reserve transfers:

- transfer to statutory surplus reserve 10%
- transfer to statutory public welfare fund 10%

4. Return on net assets and earnings per share prepared in compliance with the "Regulation on the preparation of information disclosures by companies publicly issuing securities, No. 9" issued by the China Securities Regulatory Commission:

Profit for the reporting period	Return on net assets		Earnings per share	
	Fully diluted	Weighted average	Fully diluted	Weighted average
	(%)	(%)	RMB	RMB
Profit from principal operations	18.40	18.53	0.490	0.490
Operating profit	8.99	9.05	0.239	0.239
Net profit	8.89	8.96	0.237	0.237
Net profit excluding non-recurring items	6.78	6.82	0.180	0.180

Fully diluted return on net assets = profit for the reporting period / net assets at the end of the period × 100%

Weighted average return on net assets = profit for the reporting period / ((net assets at the beginning of the period + net assets at the end of the period) / 2) × 100%

Fully diluted earnings per share = profit for the reporting period / number of shares issued at the end of period

Weighted average earnings per share = profit for the reporting period / ((number of shares issued at the beginning of period + number of shares issued at the end of period) / 2)

Financial Highlights (continued)

(Prepared under PRC Accounting Rules and Regulations)

5. Statements of assets provisions

Year ended 31 December 2005

Description	Group			
	As at 1 January 2005 RMB'000	Increase for the year RMB'000	Write-off for the year RMB'000	As at 31 December 2005 RMB'000
Total provision for bad debts	54,974	14,049	35,053	33,970
Of which: Trade debtors	45,282	13,683	33,120	25,845
Other debtors	9,692	366	1,933	8,125
Total provision for diminution in short-term investment	-	-	-	-
Of which: Stock investment	-	-	-	-
Bond investment	-	-	-	-
Total provision for diminution in inventories	56,670	1,636	8,236	50,070
Of which: Finished goods	3,780	-	3,780	-
Raw materials	-	-	-	-
Spare parts and consumables	52,890	1,636	4,456	50,070
Total provision for impairment losses of long-term investments	61,750	-	5,522	56,228
Of which: Long-term equity investments	61,750	-	5,522	56,228
Long-term bond investments	-	-	-	-
Total provision for impairment losses of fixed assets	58,945	-	-	58,945
Of which: Property and buildings	-	-	-	-
Equipment	58,945	-	-	58,945
Total provision for impairment losses of intangible assets	-	-	-	-
Of which: Patent rights	-	-	-	-
Trade mark rights	-	-	-	-
Provision for impairment losses of construction in progress	-	-	-	-
Provision for diminution in designated loan	-	-	-	-
Total provisions	232,339	15,685	48,811	199,213

Description	Company			
	As at 1 January 2005 RMB'000	Increase for the year RMB'000	Write-off for the year RMB'000	As at 31 December 2005 RMB'000
Total provision for bad debts	23,965	13,683	14,535	23,113
Of which: Trade debtors	19,610	13,683	12,602	20,691
Other debtors	4,355	-	1,933	2,422
Total provision for diminution in short-term investment	-	-	-	-
Of which: Stock investment	-	-	-	-
Bond investment	-	-	-	-
Total provision for diminution in inventories	47,550	1,636	-	49,186
Of which: Finished goods	-	-	-	-
Raw materials	-	-	-	-
Spare parts and consumables	47,500	1,636	-	49,186
Total provision for impairment losses of long-term investments	-	-	-	-
Of which: Long-term equity investments	-	-	-	-
Long-term bond investments	-	-	-	-
Total provision for impairment losses of fixed assets	58,945	-	-	58,945
Of which: Property and buildings	-	-	-	-
Equipment	58,945	-	-	58,945
Total provision for impairment losses of intangible assets	-	-	-	-
Of which: Patent rights	-	-	-	-
Trade mark rights	-	-	-	-
Provision for impairment losses of construction in progress	-	-	-	-
Provision for diminution in designated loan	-	-	-	-
Total provisions	130,460	15,319	14,535	131,244

6. Changes in the financial statements and operating results of the Group

(Details of reporting items with annual changes of 30% or more, and occupying 5% or more of total assets for the reporting periods or 10% or more of net profits reported of the Group, together with reasons for the change)

Item	As at 31December 2005 RMB'000	As at 31December 2004 RMB'000	Change RMB'000	%	Reason for change
Short-term borrowings	2,553,537	3,742,727	-1,189,190	-31.77	Payment upon expiry

Item	Year ended 31December 2005 RMB'000	Year ended 31December 2004 RMB'000	Change RMB'000	%	Reason for change
Profit from principal operations	3,527,005	6,654,977	-3,127,972	-47.00	Crude oil costs increased substantially, sluggish prices of major product and gross profit margin of the oil refining business decreased substantially.
Profit from operations	1,723,162	4,808,178	-3,085,016	-64.16	
Net profit	1,704,627	3,971,265	-2,266,638	-57.08	
Subsidy income	632,820	-	632,820	-	The Company received a cash government grant of RMB632.8 million from the Ministry of Finance in December 2005.
Cost of sales	41,605,113	32,009,082	9,596,031	29.98	Crude oil costs increased substantially.

7. For differences between financial statements prepared under International Financial Reporting Standards (“IFRS”) and PRC Accounting Rules and Regulations, please refer to Section C of this annual report.

