SINOPEC ZHENHAI REFINING & CHEMICAL COMPANY LIMITED

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2003

SUMMARY

- Profit attributable to shareholders surged by 11.79% year on year, reaching a record high
- Throughput reached 13,631,000 tonnes, ranking the highest among domestic refineries
- Commenced the operation of four newly completed facilities including PX and PP units, moving a step in the development of downstream chemical products

Sinopec Zhenhai Refining & Chemical Company Limited ("the Company") is pleased to announce the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2003.

The following financial information has been extracted from the Group's audited consolidated financial statements, prepared in accordance with International Financial Reporting Standards, for the year ended 31 December 2003:

Consolidated Income Statement

for the year ended 31 December 2003

(Amounts expressed in thousands, except per share data)

	Note	**2003** **RMB**	2002 *RMB*
Turnover	*1*	**29,070,343**	22,484,667
Less: Business taxes and surcharges		**(1,161,365)**	(990,170)
Net sales		**27,908,978**	21,494,497
Cost of sales		**(25,628,659)**	(19,484,384)
Gross profit		**2,280,319**	2,010,113
Other operating income		**59,593**	54,520
Selling and administrative expenses		**(511,645)**	(498,348)
Other operating expenses		**(40,220)**	(54,123)
Net loss on disposal of property, plant and equipment		**(22,506)**	(54,278)
Employee reduction expenses	*2*	**(69,184)**	—
Profit from operations		**1,696,357**	1,457,884
Net financing costs	*3(a)*	**(81,907)**	(74,650)
Share of profits less (losses) from associates and jointly controlled entity		**(4,898)**	9,832
Profit from ordinary activities before taxation	*3*	**1,609,552**	1,393,066
Income tax expense	*4*	**(521,565)**	(419,809)
Profit attributable to shareholders		**1,087,987**	973,257
Dividends attributable to the year:	*5(a)*		
Interim dividend declared during the year		**126,188**	100,950
Final dividend proposed after the balance sheet date		**227,138**	201,900
		353,326	302,850
Earnings per share			
— Basic	*6(a)*	RMB**0.43**	RMB0.39
— Diluted	*6(b)*	RMB**0.43**	RMB0.39

Notes

1. Turnover

Turnover represents the sales value of goods sold to customers, net of value-added tax and is after deduction of any sales discounts and returns.

The Group is principally engaged in the production and sale of petroleum products (including gasoline, diesel, kerosene, naphtha, liquefied petroleum gas, solvent oil and fuel oil), intermediate petrochemical products, asphalt, urea and petrochemical products (including paraxylene and polypropylene). Gasoline, diesel and kerosene are three major products of the Group.

2. Employee reduction expenses

In accordance with the Group's voluntary employee reduction plan, the Group recorded employee reduction expenses of RMB69,184,000 (2002: Nil) during the year ended 31 December 2003 in respect of the voluntary resignation of approximately 870 employees (2002: Nil).

3. Profit from ordinary activities before taxation

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

(a) Net financing costs	**2003** ***RMB'000***	2002 *RMB'000*
Interest expense on		
— Bank borrowings wholly repayable within five years	**97,151**	85,056
— Convertible bonds	**140**	144
Less: Amount capitalised as projects in progress	**(24,189)**	(15,915)
Interest expense, net	**73,102**	69,285
Interest income	**(8,122)**	(5,574)
Net foreign exchange loss	**16,475**	10,035
Bank charges	**452**	904
Total	**81,907**	74,650

(b) Other items	**2003** ***RMB'000***	2002 *RMB'000*
Cost of inventories	**25,092,790**	18,809,021
Depreciation of property, plant and equipment	**844,305**	748,560
Amortisation of lease prepayments	**1,143**	893
Net loss on disposal of associates and other investments	**—**	2,459
Dividend income from other investments	**(6,079)**	(5,983)

4. Income tax expense

Individual companies within the Group are subject to Enterprise Income Tax ("EIT") at 33% on taxable income determined according to the PRC tax laws.

Pursuant to the document "Cai Shui Zi [1994] No.1" issued by the Ministry of Finance ("MOF") and State Administration of Taxation of China ("SAT") on 29 March 1994, the Group is eligible for certain EIT preferential treatments because of its recycling of certain waste materials. The amount of EIT refund was RMB9,833,000 (2002: RMB43,077,000).

Pursuant to the document "Cai Shui Zi [1999] No.290" issued by the MOF and SAT on 8 December 1999, the Group is eligible for certain EIT preferential treatments because of its purchase of certain domestic equipment for technical improvements. The amount of EIT refund was RMB29,441,000 (2002: Nil).

The Group did not carry on business overseas and in Hong Kong and therefore does not incur overseas and Hong Kong Profits Tax.

Income tax expense in the consolidated income statement represents:

	2003	2002
	RMB'000	*RMB'000*
Current tax expense		
— Current year	**509,421**	426,838
— Under provision in respect of prior years	**5,120**	1,220
	514,541	428,058
Deferred taxation	**(165)**	(15,707)
Share of associates' and jointly controlled entity's income tax	**7,189**	7,458
Total income tax expense in consolidated income statement	**521,565**	419,809

5. Dividends

(a) Dividends attributable to the year

	2003	2002
	RMB'000	*RMB'000*
Interim dividend declared and paid of RMB0.05 per share (2002: RMB0.04 per share)	**126,188**	100,950
Final dividend proposed after the balance sheet date of RMB0.09 per share (2002: RMB0.08 per share)	**227,138**	201,900
	353,326	302,850

Pursuant to a resolution passed at the Board of Directors' meeting on 16 April 2004, a final dividend totalling RMB227,137,902 (2002: RMB201,900,357) was proposed for shareholders' approval at the Annual General Meeting.

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2003	2002
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.08 per share (2002: RMB0.035 per share)	**201,900**	88,332

6. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders of RMB1,087,987,000 (2002: RMB973,257,000) and the weighted average number of ordinary shares of 2,523,754,468 (2002: 2,523,754,468) in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the adjusted profit attributable to ordinary shareholders of RMB1,088,081,000 (2002: RMB973,353,000) and the weighted average number of ordinary shares of 2,525,304,000 (2002: 2,525,357,000) after adjusting for the effects of all dilutive potential ordinary shares.

(i) Reconciliation of profit attributable to ordinary shareholders

	2003	2002
	RMB'000	*RMB'000*
Profit attributable to ordinary shareholders	**1,087,987**	973,257
After-tax effect of interest on convertible bonds	**94**	96
Adjusted profit attributable to ordinary shareholders (diluted)	**1,088,081**	973,353

(ii) Reconciliation of weighted average number of ordinary shares
(In thousands of shares)

	2003	2002
Weighted average number of ordinary shares used in calculating basic earnings per share	**2,523,755**	2,523,755
Effect of conversion of convertible bonds	**1,549**	1,602
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,525,304**	2,525,357

7. Segment reporting

Segment information is presented in respect of the Group's business and geographic segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segments

The Group conducts the majority of its business activities in two areas, refining and chemicals. An analysis of business segment is as follows:

	2003			
	Refining *RMB'000*	**Chemicals** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
Net sales	**27,716,100**	**648,643**	**(455,765)**	**27,908,978**
Cost of sales	**(25,569,853)**	**(514,571)**	**455,765**	**(25,628,659)**
Gross profit	**2,146,247**	**134,072**	**—**	**2,280,319**
Other operating income				**59,593**
Selling and administrative expenses				**(511,645)**
Other operating expenses				**(40,220)**
Net loss on disposal of property, plant and equipment				**(22,506)**
Employee reduction expenses				**(69,184)**
Profit from operations				**1,696,357**
Net financing costs				**(81,907)**
Share of profits less (losses) from associates and jointly controlled entity				**(4,898)**
Profit from ordinary activities before taxation				**1,609,552**
Income tax expense				**(521,565)**
Profit attributable to shareholders				**1,087,987**

	2002			
	Refining	Chemicals	Elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net sales	21,211,851	617,574	(334,928)	21,494,497
Cost of sales	(19,339,905)	(479,407)	334,928	(19,484,384)
Gross profit	1,871,946	138,167	—	2,010,113
Other operating income				54,520
Selling and administrative expenses				(498,348)
Other operating expenses				(54,123)
Net loss on disposal of property, plant and equipment				(54,278)
Profit from operations				1,457,884
Net financing costs				(74,650)
Share of profits less (losses) from associates and jointly controlled entity				9,832
Profit from ordinary activities before taxation				1,393,066
Income tax expense				(419,809)
Profit attributable to shareholders				973,257

The above segment information is presented in respect of the Group's business segments. The format of which is based on the Group's management and internal reporting structure.

Inter-segment transfer pricing is based on cost plus an appropriate margin, as specified by China Petroleum & Chemical Corporation's policy.

The Group conducts the majority of its business activities in two areas, refining and chemicals. The specific products of each segment are as follows:

(i) The refining segment is principally engaged in the production and sale of petroleum, intermediate petrochemical and other petrochemical products. Gasoline, diesel and kerosene are three major products of the segment.

(ii) The chemical segment is principally engaged in the production and sale of urea.

(b) Geographical segments

In presenting information on the basis of geographical segments, segment net sales is based on the geographical location of customers.

	2003	2002
	RMB'000	*RMB'000*
Net sales:		
— Domestic sales in Mainland China	**25,197,291**	19,202,076
— Export sales to other countries or regions	**2,711,687**	2,292,421
	27,908,978	21,494,497

DIVIDEND

The Board of Directors recommended a final dividend of RMB0.09 per share for the year ended 31 December 2003. Together with the paid interim dividend of RMB0.05 per share, the total dividends will be RMB0.14 per share or a total dividend distribution of RMB353.33 million for the year ended 31 December 2003. The calculation of the final dividend for the year ended 31 December 2003 was based on the number of shares in issue according to the register of shareholders as of 31 December 2003. However, actual dividend payment will be based on the total number of registered shares in the Company as of 25 May 2004. Subject to shareholders' approval at the annual general meeting of the Company to be held on 18 June 2004, the final dividend will be paid on 28 June 2004 to shareholders whose names appear on the register of shareholders of the Company on 25 May 2004.

The dividend payable to China Petroleum & Chemical Corporation, the Company's controlling shareholder, will be paid in Renminbi, while the dividend payable to holders of H shares will be paid in Hong Kong dollars converted at the average of the basic exchange rate published by the People's Bank of China in the calendar week immediately before the declaration date of the dividends.

REGISTRATION 0F SHARE TRANSFERS

Holders of the Company's H shares should note that the register of shareholders of the Company will be closed from 20 May 2004 to 18 June 2004 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the final dividend for the year of 2003, holders of H shares shall lodge the transfers together with the relevant share certificates to the Company's H share registrar, Hong Kong Registrars Limited, at 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. 19 May 2004.

REVIEW OF 2003

The Company enjoyed a harvest year in 2003, after experiencing drastic market changes and overcoming unexpected challenges. It was also a year in which the Company experienced a substantial increase in its market capitalisation. The Company was named as one of the most competitive H-share companies by a domestic authoritative organisation. Net sales for the whole year amounted to RMB27,909 million, representing a 29.84% increase from that of the same period last year. Profit attributable to shareholders increased by 11.79% from that of the same period last year to a record high of RMB1,088 million. At the same time, the Company has timely constructed and put in four new facilities, which increased the Group's comprehensive processing capacity to 16 million tpa and provided a solid foundation for the Group to further diversify into downstream refining and chemical industry.

In 2003, we strove to enhance the total throughput of feedstock by seizing on market opportunities and organising production in a flexible manner. The throughput of feedstock for the full year reached 13,631,000 tonnes (including third-party processing business), which represented an increase of 14.10% when compared with that of the previous year and continued to be the highest in the domestic industry. In light of the adverse impact of the US-Iraqi war and the outbreak of Severe Acute Respiratory Syndrome ("SARS") in the first half of 2003, the Company had actively adjusted its production plan and product mix to maintain reasonable production and sales volume. The Company had also increased the export volume of certain products, thus maintaining a relatively high utilisation rate of its refining facilities despite overhauls of the facilities in three lots. In the second half of the year, in the face of the unexpected strong demand in the domestic petroleum product market, the Company took full advantage of its enhanced processing capacity and constantly increased its throughput on a monthly basis. The total throughput of feedstock in the second half of the year amounted to 7,397,800 tonnes, representing an increase of 1,164,600 tonnes when compared with that of the first half of the year. The Company's highest monthly utilisation rate was 95%. Meanwhile, the Company continued to develop its third-party processing business. For the year 2003, third-party crude oil processing volume increased by 122.26% from the previous year to 854,600 tonnes, which helped to lower unit cost and enhance operation efficiency.

The Group closely followed the market development in 2003, and swiftly responded with a product mix that better satisfied market demand. Total output of the Company's products for the year amounted to 12,761,700 tonnes, representing an increase of 12.69% year on year. Output of gasoline and diesel each ranked the highest, while the output of kerosene ranked third in China. Meanwhile, products were constantly upgraded. Output of high-standard clean gasoline (93# or up) amounted to 1,335,800 tonnes, which was 25.65% higher than that of the previous year. Output of high value-added products, including liquefied petroleum gas ("LPG"), BTX (benzene, toluene and xylene), propylene, solvent oil, etc. increased by 17.05% to 1,310,400 tonnes when compared with that of the previous year. During the year under review, the Company produced 542,600 tonnes of high quality paving asphalt, which represented an increase of 1.54 times from that of the previous year. The Company won the bid, among tenders from a group of world-renown brandnames, to be the sole supplier of asphalt for the construction of Shanghai Formula One (F1) racing circuit. The Company's winning of the contract indicated that the quality of its asphalt has reached international first-class standards.

Capital expenditure of the Company for the year 2003 reached a historical high of RMB2,569 million. The Company had basically ensured its processing capacity and throughput were in line with market demand, which resulted in a positive investment-output cycle. In mid 2003, the Company achieved a 16 million tpa comprehensive processing capacity, creating room for feedstock throughput expansion at a time when China experienced an overdemand of petroleum products. The newly-completed circulating fluidized-bed ("CFB") boiler began to operate when China underwent a tight supply of electricity, thus not only providing sufficient electricity supply for internal use, but also to external customers. The commission of the CFB boiler therefore creates strong economic benefits and social benefits for the Company. With the petrochemical industry entering an upward cycle, the paraxylene ("PX") and polypropylene ("PP") units came into operation, which provided a solid foundation for the Company to enhance its overall profitability and competitiveness.

In 2003, the Company not only expanded the scale of its core refining operation, but also strove to augment the quality of its operation management. After its formal launch, the Enterprise Resource Planning system had been operating steadily and independently, and in July had been tested and approved by specialists. The Health, Safety and Environment ("HSE") management system was formally promulgated, and was integrated into the quality management system. At the same time, the internal work allocation system reform had been making progress as a result of the Company's active implementation. The Company was among the first to be accredited as "Best 100 environmental-friendly projects of China", "Green Enterprise of Zhejiang Province", "Model Factory of Environmental Protection in Ningbo Municipality" for its commitment in protecting the environment during production.

The Company further improved its corporate governance in 2003. The Fourth Board of Directors and Supervisory Committee of the Company elected at the general meeting revised and fine-tuned documents regarding corporate governance including the "rules for the convention of Board meetings". The role of independent directors has also become more important. Moreover, the internal control system had been further revised and streamlined, which was aimed at achieving a more standardized internal management.

In 2003, the Company achieved record results amidst a volatile market environment. These achievements evidence the ability of the Company's management in crisis management, their flexibility in seizing opportunities and their ability to make correct decisions; the staff's perseverance, self-confidence, determination to rise to the challenge and will to go all out for advancing themselves; and the Company's relatively strong capability to resist risk and its overall competitiveness.

Prospects for the year of 2004

In 2004, it is expected that the world economy will gradually recover, and China's economic growth will maintain a relatively fast pace. The improvement in the domestic consumption structure, tight energy supply and rapid development of the automobile industry will add fuel to the continued growth in demand for petroleum products. With the global petrochemical industry entering an upward cycle, the Company's refining margin is expected to maintain at relatively high levels and the newly added chemical business of the Company is expected to generate higher operational efficiency. Despite uncertainties in the international and domestic markets, the outlook for the macro environment on the whole is promising. As such, the Company will be able to better capitalise on its overall competitiveness. We will make every effort to have the following tasks well performed, to ensure the Company's overall development will reach a new level in 2004.

First, to seize on opportunities to achieve a larger processing volume. The Company will continue to optimise its feedstock composition and operational structure. It will strive to raise the facility utilisation rate and to gradually increase its throughput on a monthly basis, and to realise its annual target throughput through achieving its quarterly and monthly targets, thereby fully utilising its 16 million tpa comprehensive processing capacity. In response to the change in China's export tax rebate policy being promulgated in 2004, the Company will duly increase its third-party processing business, in order to further increase the total throughput for third-party processing business. The Company targets to achieve a feedstock throughout (including third-party processing business) of over 15 million tonnes for the full year. The Company will, through stringent calculation and forecast, control its inventory level, capture opportunities, carry out flexible operations and strive to control the cost of crude oil.

Second, strive to realise maximum benefits through market-oriented operation and economies of scale. The Company will closely monitor and analyse the demand in the international and domestic markets. It will strive to increase the production of diesel and high quality gasoline; to further improve product mix, by increasing the total amount of high value-added products, such as PX, PP, aromatics and LPG, etc.; and to improve self-distributed products' cost-effectiveness to the Company. The Company will capitalise on the brand recognition from its supplying of asphalt for the construction of Shanghai F1 racing circuit to expand into the high-end asphalt product market to take over the market share of imported products. The Company will strive to increase the production of urea in accordance with market demand and favourable tax policy.

Third, to consolidate existing operations through continued improvement of the new production process formed after the commissioning of the new facilities and through further enhancement of the management quality. The Company will leverage the HSE system to ensure stable operation of its facilities. The Company will further optimize the process of the "integration of the refining and chemical businesses" to realize optimal resources allocation; improve technological and economic performance through advance in technology; continue to tighten its control over costs and expenses, in order to substantially lower unit complete cost, and to enable it to remain at the forefront of the domestic industry; further fine-tune internal control system to enhance the quality of corporate governance. Above all, the Company will continue to push forward with the reforms and staff diversion, in order to further enhance efficiency and profitability of the core business.

Fourth, to commence a 20 million tpa refining capacity expansion project, with an objective to further integrate refining and chemical businesses. In 2004, the Company's capital expenditure is expected to reach RMB1.3 billion. It will mainly be applied to the capacity expansion of a 3 million tpa atmospheric and vacuum distillation unit and the construction of a 1 million tpa delayed coking unit. The Company will proceed with the technical upgrading of the residue fluid catalytic cracking ("RFCC"), in order to enhance the yield of propylene. The Company plans to finish the construction of the aromatics disproportionation sector for the production of PX by the end of 2004, thereby increasing its PX production capacity from 450,000 tpa to 650,000 tpa (550,000 tonnes of PX plus 100,000 tonnes of orthoxylene per year).

Since its listing 10 years ago, the Company has remained robust, fulfilled its commitment to shareholders and continued to break new records. From a new starting point, the Company looks ahead to a promising future, which is filled with both challenges and opportunities as well as both hopes and difficulties. The Company will ride on its upward trend, and continue to follow its practical and innovative spirits. It regards its establishment and operation as a "world-class, hi-tech, integrated" refining and chemical enterprise as its core development strategy. The Company aims to achieve rational and effective development, continue to establish new records in results and reach new highs.

NEW BOARD OF DIRECTORS AND SUPERVISORY COMMITTEE

The annual general meeting held on 20 June 2003 elected members of the Board of Directors and the Supervisory Committee for a new term of office of three years, details of which were published in Hong Kong newspapers, South China Morning Post and Wen Wei Po, on 23 June 2003.

EXTERNAL INVESTMENT

The Company together with BP Global Investment Ltd has established a joint-venture company ("JVC") for the sale of LPG. The total investment amount of the JVC is US$25 million, with a registered capital of US$10 million. The Company and BP Global Investment Ltd each hold 50 per cent interest of the JVC. The JVC has officially begun its operation since October 2003. The Company will sell all of the LPG produced by the Company to the JVC.

MATERIAL CONTRACT

On 16 October 2003, the Company and Sinopec Yizheng Chemical Fibre Company Limited ("Yizheng Chemical") entered into an agreement for the sale of PX produced by the Company during the trial processing. The details were published in Hong Kong newspapers, South China Morning Post and Wen Wei Po, on 17 October 2003. For the year ended 31 December 2003, the Company sold 38,900 tonnes of PX to Yizheng Chemical for the sales amount of RMB192,617,100 in accordance with the abovementioned agreement. The sales amount was less than 3% of the Group's consolidated net tangible assets value as disclosed in the audited consolidated financial statements for the year ended 31 December 2002 or unaudited interim financial report for the six-month period ended 30 June 2003. As described below, Yizheng Chemical is a connected person of the Company under the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

On 10 November 2003, the Company and Yizheng Chemical entered into an agreement on the purchase and sales of PX (the "Agreement"). The Agreement is effective until 31 December 2005. The price of PX is determined in accordance with the pricing formula in the Agreement, which is based on the ICIS CFR N. E. Asia Spot Price and Contract Price. The details of the Agreement were published in Hong Kong newspapers, South China Morning Post and Wen Wei Po, on 12 November 2003.

Yizheng Chemical is 42% held by Sinopec Corp., which is also the holding company of the Company, and therefore Yizheng Chemical is a connected person of the Company under the Listing Rules. The sales under the Agreement therefore constitutes connected transactions and requires independent shareholders' approval. On 27 December 2003, the Company held an extraordinary general meeting, at which transactions contemplated under the Agreement were approved. Relevant details were published in Hong Kong newspapers, South China Morning Post and Wen Wei Po, on 29 December 2003.

On 9 January 2004, the Stock Exchange agreed, with conditions, to grant the Company a waiver from strict compliance with the disclosure in respect of ongoing connected transactions made under the Agreement for the three financial years ending 31 December 2005. During the aforesaid period, the Company need not comply with the Listing Rules' requirements in relation to the disclosure in respect of sales under the Agreement, but has to fulfil the requirements stipulated in the waiver. The details about the conditions for granting the waiver from strict compliance with the disclosure in respect of ongoing connected transactions were published in the circular sent to all shareholders on 2 December 2003.

For the year ended 31 December 2003, the Company in accordance with the Agreement, sold to Yizheng Chemical 20,200 tonnes of PX, with a sales value of RMB100,856,400.

TRUST DEPOSIT AND OVERDUE TIME DEPOSIT

The Company did not have any trust deposit or any overdue time deposit as at 31 December 2003.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SHARES

For the year ended 31 December 2003, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's shares.

AUDITORS

During the year under review, KPMG Certified Public Accountants ("KPMG") was appointed as the Company's auditors and had audited the Group's financial statements for the period under review. It is desired that KPMG will be reappointed as the Company' auditors as the term of KPMG's appointment is about to expire. A resolution regarding the reappointment of KPMG as the Company's auditors will be put forward at the upcoming annual general meeting.

OTHERS

There is no significant change between the information required to be disclosed in accordance with paragraph 32 of Appendix 16 of the Listing Rules and the information disclosed in the 2002 annual report of the Company. The Company will submit at an appropriate time the detailed annual results announcement (including all the information as stipulated by paragraphs 45(1) to 45(3) (the first and last paragraphs inclusive) of Appendix 16 of the Listing Rules) to the Stock Exchange for posting on the Stock Exchange's website.

By Order of the Board
Sun Weijun
Chairman

16 April 2004, Ningbo, the PRC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Sinopec Zhenhai Refining & Chemical Company Limited (the "Company") for 2003 will be held at the conference room on the 1st floor of Donghai Hotel at the Company's premises at Zhenhai District, Ningbo Municipality, Zhejiang Province, the People's Republic of China on Friday, 18 June 2004, at 10:30 a.m. to review and approve, if appropriate, the following proposals:

1. To consider and approve the audited financial report of the Company and the reports of the Board of Directors and auditors for the year ended 31 December 2003;

2. To consider and approve the report of the Supervisory Committee for 2003;

3. To consider and approve the profit appropriation proposal for the year ended 31 December 2003;

4. To determine the remuneration of the members of the Board of Directors and the Supervisors representing shareholders for the year of 2004;

5. To appoint KPMG Certified Public Accountants as the auditors of the Company for the year of 2004 and to authorize the Board of Directors to determine their remuneration.

To consider and, if appropriate, approve the following by way of special resolution:

"The proposed resolution by the Board of Directors of the Company regarding the proposed amendments to the Articles of Association (the contents of which are set out in the circular to be despatched to holders of H shares in relation thereto) is hereby considered and approved, and the Board of Directors is hereby authorized to modify the wordings as appropriate and to do all such things as necessary in respect of the amendments to the Articles of Association pursuant to the requirements (if any) of the relevant PRC authorities and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited."

By Order of the Board
Su Dewen
Company Secretary

16 April 2004, Ningbo, the PRC

Notes:

1. Eligibility for attending the annual general meeting

Shareholders of the Company whose names appear on the register of members kept at Hong Kong Registrars Limited at the close of business on Tuesday, 25 May 2004 are eligible to attend and vote at the annual general meeting. Shareholder or his proxy is entitled to cast one vote for each share held.

In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Friday, 18 June 2004, all transfers together with the relevant share certificates must be delivered to the Company's H share registrar in Hong Kong - Hong Kong Registrars Limited, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on Wednesday, 19 May 2004.

2. Proxy

(1) A shareholder eligible to attend and vote at the annual general meeting is entitled to appoint one or more proxies in writing to attend and vote at the annual general meeting on his behalf. A proxy need not be a shareholder of the Company.

(2) A shareholder should appoint his proxy in writing. The proxy form must be signed by the shareholder or the proxy authorized in writing, or if the proxy form is signed by another person authorized by the shareholder, any authorization documents of such an appointment must be notarized.

(3) The proxy form of H share's shareholder together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be lodged at the Company's share registrar in Hong Kong not less than 24 hours before the time for holding the meeting to be valid.

(4) A proxy may exercise the right to vote by raising his hand or by poll. However, if more than one proxies are appointed by a shareholder, such proxies shall only exercise the right to vote by poll.

3. Registration procedures for attending the annual general meeting

(1) A shareholder or his proxy shall produce proof of identity when attending the meeting.

(2) Holders of H shares who intend to attend the meeting shall complete and lodge the reply slip and return the same to the Company or its Hong Kong share registrar on or before Friday, 28 May 2004.

(3) The reply slip may be delivered by hand, by post, or by fax.

4. Registration of share transfers

(1) The register of members of the Company will be closed from Thursday, 20 May 2004 to Friday, 18 June 2004 (both days inclusive).

5. Procedures for requesting to vote on resolutions by way of polling

Subject to the rules of the stock exchange on which the shares of the Company are listed, the following persons may, before or after a vote is carried out by a show of hands, demand the vote to be carried out by way of polling:

(1) the chairman of the meeting;

(2) at least two qualified shareholders or two proxies of qualified shareholders;

(3) one or more qualified shareholders (including proxies), individually or in aggregate, representing 10% or more of all the voting shares at the meeting.

Unless a poll is requested, a declaration shall be made by the chairman of the meeting that a resolution has been passed by a show of hands. The request for a poll may be withdrawn by the person who requests the same.

6. Other businesses

(1) It is expected that the annual general meeting will not last for more than one day. Shareholders who attend shall bear their own travelling and accommodation expenses.

(2) The record day for the final dividend of the Company for 2003 is Tuesday, 25 May 2004, and shareholders whose names appeared on the register of members on that date will be entitled to the final dividend. In order to qualify for the final dividend of the year 2003, holders of H shares shall lodge all the transfers together with the relevant share certificates with the Company's share registrar in Hong Kong not later than 4:00 p.m. on Wednesday, 19 May 2004.

(3) The fax number of the Company is (86-574) 86456155/86446211.

Please also refer to the published version of this announcement in the South China Morning Post.