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## IMPORTANT DOCUMENT

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Sinopec Zhenhai Refining & Chemical Company Limited, you should at once hand this circular to the purchaser or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for delivery to the purchaser.

**The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.**

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**中國石化鎮海煉油化工股份有限公司**  
**SINOPEC ZHENHAI REFINING & CHEMICAL COMPANY LIMITED**

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

(Stock Code: 1128)

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING**

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The Annual General Meeting (“AGM”) of Sinopec Zhenhai Refining & Chemical Company Limited (the “Company”) 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. Notice of the AGM was published in newspapers on 19 April 2004 and is reproduced on pages 8 to 10 of this circular.

30 April 2004

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## LETTER FROM THE BOARD

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# 中國石化鎮海煉油化工有限公司 SINOPEC ZHENHAI REFINING & CHEMICAL COMPANY LIMITED

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

*Executive Directors:*

Sun Weijun  
Zhan Juping  
Xu Liqiao  
Sun Jianli  
Zhao Jinxuan  
Yu Renming

*Registered Office:*

Zhenhai District  
Ningbo Municipality  
Zhejiang Province  
The People's Republic of China  
Postcode: 315207

*Non-executive Directors:*

Wang Lisheng  
Hu Weiqing

*Independent Non-executive Directors:*

Sun Yongsen  
Cen Kefa  
Li Linghong  
Qiu Yun

30 April 2004

*To the Shareholders*

Dear Sir or Madam,

### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND NOTICE OF THE ANNUAL GENERAL MEETING**

#### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The Stock Exchange of Hong Kong Limited (“Stock Exchange”) has revised the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Listing Rules”) based on the Consultation Conclusions on Proposed Amendments to the Listing Rules Relating to Corporate Governance Issues. Among the new requirements, listed companies are required to amend their Articles of Association. The revised Listing Rules took effect on 31

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March 2004. Meanwhile, in compliance with other requirements of the regulatory authorities within and outside China and taking into account the actual situation of the Company, the Board of Directors of the Company proposed to amend the Articles of Association.

The amendments are as follows:

- to add or revise provisions in relation to shareholders' general meetings in the Articles of Association in accordance with Appendix 3 and other provisions of the Listing Rules;
- to update the provisions concerning core business development and scope of business of the Company;
- to amend the name of the administrative region where the Company resides and the Company's phone number as a result of an increase in the number of digit in local numbers;
- to amend the relevant provisions in response to the revocation of the structure and certain functions of the Securities Commission of the State Council; and
- to make amendments in accordance with the requirements of the regulatory authorities within and outside China in relation to the formation of the Board of Directors and Supervisory Committee and in relation to financial statements taking into account the actual situation of the Company.

Details of the proposed amendments to the Articles of Association are as follows:

1. Existing Article 3: "The Company's address: Yufan, Chengguan Town, Zhenhai District, Ningbo Municipality, Zhejiang Province, the PRC", "Telephone: (0574) 7311308 Fax: (0574) 6456155, 6270077"

Amend as follows: "The Company's address: Zhenhai District, Ningbo Municipality, Zhejiang Province, the PRC", "Telephone: (0574) 86440114 Fax: (0574) 86456155, 86270077"

2. Existing Article 6: "In accordance with the Company Law of the People's Republic of China (the "Company Law"), the Special Provisions of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Provisions"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions") and relevant requirements of other State

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laws and administrative rules and regulations, the Company, at the shareholders' general meeting held on 15 June 1995, amended the Articles of Association (the "original Articles of Association") approved at the shareholders' general meeting held on 16 August 1994."

Amend as follows: "In order to protect the legitimate interests of the Company and its shareholders, these Articles of Association have been formulated in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Special Provisions of the State Council on Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the "Special Provisions"), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the "Mandatory Provisions") and relevant requirements of other State laws and administrative rules and regulations."

- Existing Article 12: "The Company's business objectives: to establish and operate as a diversified and international industrial company with oil refining and chemical fertiliser production as its core businesses, and to become one of the People's Republic of China and world's leading petrochemical enterprises; to apply advanced technology to produce a broad range of high quality petrochemical products, to be dedicated to the development and promotion of the petrochemical industry of the People's Republic of China, in particular the refining industry; to implement advanced scientific management and to adopt a flexible operation system, in order to ensure the creation of satisfactory returns to shareholders."

Amend as follows: "The Company's business objectives: to be abided by the operational principles of being regulated, stringent and maintaining its integrity, to establish and operate as a "world-class, hi-tech, integrated" refining and chemical enterprise with international competitiveness, to be committed to achieving the maximum degree of efficiency and sustainable development."

- Existing paragraph 2 of Article 13: "The Company's core business activities include: petroleum and petroleum products; chemical products; export of self-produced products and relevant technology; sales of raw and supplementary materials, and machinery and equipment; export of the Company's petroleum products processed from imported crude oil; development and processing of refined chemical products."

Existing paragraph 3 of Article 13: "Other business activities of the Company: transshipment and storage of petroleum and petroleum products; manufacture and processing of machinery and equipment; passenger and cargo transportation by automobiles; project and civil building design and construction; real estate development; contract labour services; technology development; technology consultancy."

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Combined amendments to paragraphs 2 and 3 of Article 13 as follows: “The Company’s business activities include: oil refining; the production, sales, transportation of petroleum products, chemical products and petrochemical by-products; sales of raw and supplementary raw materials, equipment and relevant components; production and sale of industrial gas, water, electricity and gasoline; production and installation of machinery and equipment; technology and information development, consultancy and services; import and export trading; export of technology and contract labour services.”

5. Existing paragraph 2 of Article 22: “In accordance with the plans to issue overseas listed foreign shares and domestic shares respectively as stipulated in the above paragraph, the Company can execute the plans within 15 months from the day of granting of approval to the Company by the Securities Commission of the State Council.”

Amend as follows: “In accordance with the plans to issue overseas listed foreign shares and domestic shares respectively as stipulated in the above paragraph, the Company can execute the plans within 15 months from the day of granting of approval to the Company by the securities regulatory body under the State Council.”

6. Existing Article 23: “The Company shall issue the total amount of overseas listed foreign shares and domestic shares as stipulated in the issue plans on a one-off basis. If, under extraordinary condition, the Company could not issue all the shares as stipulated in the issue plan on a one-off basis, the Company can carry out several issues after obtaining approval from the Securities Commission of the State Council.”

Amend as follows: “The Company shall issue the total amount of overseas listed foreign shares and domestic shares as stipulated in the issue plans on a one-off basis. If, under extraordinary condition, the Company could not issue all the shares as stipulated in the issue plan on a one-off basis, the Company can carry out several issues after obtaining approval from the securities regulatory body under the State Council.”

7. The following will be added to and become paragraph 2 of Article 78:

“Where any shareholder is, under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”

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8. Existing Article 100: “The Board of Directors comprises 17 directors. The Board shall have one chairman and one deputy chairman.”

Amend as follows: “The Board of Directors comprises 17 directors, of which more than half of the members of Board shall be external directors, and more than three of the external directors shall be independent directors. At least one independent director shall have appropriate professional qualifications or accounting or related financial management expertise.”

And “The Board shall have one chairman and one deputy chairman.” becomes paragraph 2 of this article.

9. Existing paragraph 2 of Article 101: “Notice of intention to nominate a person for election as a director and notice by such person of his willingness to be elected shall be in writing and lodged with the Company seven days before the relevant shareholders’ general meeting is convened.”

Amend as follows: “Notice of intention to nominate a person for election as a director and notice by such person of his willingness to be elected shall be in writing and lodged with the Company at least one day after the issue of the notice of the meeting for such election and not less than 7 days before the shareholders’ general meeting.”

10. Existing paragraph 1 of Article 120: “The Supervisory Committee comprises seven supervisors, each of whom to serve a term of 3 years and may be re-elected.”

Amend as follows: “The Supervisory Committee comprises seven supervisors. More than half of the members of Supervisory Committee shall be external supervisors, and more than two of the external supervisors shall be independent supervisors. A supervisor is to serve a term of three years and may be re-elected.”

11. The following will be added to and become sub-paragraph 6 of Article 133:

“(6) An “associate” as defined according to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.”

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12. The following will be added immediately after paragraph 1 of Article 136 as paragraph 2:

“A director shall not vote at a board meeting on any contract, transaction or arrangement in which he or his associate(s) has a material interest, nor shall he be counted in the quorum present at the meeting.”

13. Existing paragraph 2 of Article 147: “The financial report of the Company includes the following financial statements and associated breakdown:

- (i) balance sheet;
- (ii) profit and loss account;
- (iii) statement of changes in financial position;
- (iv) explanation for financial position;
- (v) profit appropriation statement”

Amend as follows: “The financial report of the Company includes the following financial statements and associated breakdown:

- (i) balance sheet;
- (ii) profit statement;
- (iii) profit appropriation statement;
- (iv) statement of changes in financial position (or cash flow statement);
- (v) notes to financial statements”

14. To remove sub-paragraph 4 of Article 191: “to seek approval from the companies examination and approval authority appointed by the State Council and from the Securities Commission of the State Council.”

15. Existing Article 192: “Amendments made to the Articles of Association concerning matters prescribed by the Mandatory Provisions shall take effect upon approval by the companies examination and approval authority appointed by the State Council and from the Securities Commission of the State Council. Any amendments regarding matters such as the change in the Company’s name, address, legal representative, registered capital, type of enterprise, scope of business, term of business, name of the sponsor shall be amended and registered according to law with the companies registration authority.”

Amend as follows: “Amendments made to the Articles of Association concerning matters prescribed by the Mandatory Provisions shall take effect upon approval by the companies examination and approval authority appointed by the State Council. Where the amendments relate to registered particulars of the Company, these particulars shall be amended and registered according to law with the companies registration authority.”

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## LETTER FROM THE BOARD

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### ANNUAL GENERAL MEETING

The Annual General Meeting (“AGM”) of the Company 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. Notice of the AGM was published in newspapers on 19 April 2004 and is reproduced on pages 8 to 10 of this circular.

By Order of the Board

**Sun Weijun**

*Chairman*



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## NOTICE OF ANNUAL GENERAL MEETING

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# 中國石化鎮海煉油化工有限公司 SINOPEC ZHENHAI REFINING & CHEMICAL COMPANY LIMITED

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

## 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 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,

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## NOTICE OF ANNUAL GENERAL MEETING

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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.

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## NOTICE OF ANNUAL GENERAL MEETING

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#### 4. Registration of share transfers

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.