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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 with limited liability)

(Stock code: 1128)

**APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER
IN RELATION TO THE
PROPOSED PRIVATISATION OF ZRCC THROUGH
NINGBO YONGLIAN
BY WAY OF MERGER BY ABSORPTION OF ZRCC
UNDER ARTICLE 184 OF THE PRC COMPANY LAW
AT THE CANCELLATION PRICE OF HK\$ 10.60 PER ZRCC H SHARE**

Financial Adviser to ZRCC

LEHMAN BROTHERS

LEHMAN BROTHERS ASIA LIMITED

Independent Financial Adviser to the Independent Board Committee of ZRCC

 **ROTHSCHILD**

On 12 November 2005, ZRCC appointed an independent board committee of the ZRCC Board comprising all of the independent non-executive ZRCC Directors, being Mr. Sun Yongsan, Mr. Cen Kefa, Mr. Li Linghong and Ms. Qiu Yun, to make recommendations to the Independent ZRCC Shareholders in relation to the Proposal. The independent board committee of ZRCC has appointed N M Rothschild & Sons (Hong Kong) Limited as the Independent Financial Adviser to the independent board committee of the ZRCC Board in connection with the Proposal on 12 November 2005.

Shareholders and potential investors of ZRCC should be aware that the implementation of the Proposal is subject to the Conditions as set out in the Announcement being fulfilled (or waived, as applicable). Thus, the Proposal may or may not become effective. They are advised to exercise caution when dealing in the shares of ZRCC.

INTRODUCTION

Reference is made to the joint announcement dated 12 November 2005 and made by Sinopec Corp. and ZRCC (the “Announcement”) in relation to the proposed privatization of ZRCC through Ningbo Yonglian by way of merger by absorption under article 184 of the PRC Company Law at the cancellation price of H\$10.60 per ZRCC H Share.

Terms used in the Announcement shall have the same meanings when used in this announcement unless otherwise defined herein.

INDEPENDENT FINANCIAL ADVISER AND INDEPENDENT BOARD COMMITTEE

On 12 November 2005, ZRCC appointed an independent board committee of the ZRCC Board comprising all of the independent non-executive ZRCC Directors, being Mr. Sun Yongsan, Mr. Cen Kefa, Mr. Li Linghong and Ms. Qiu Yun, to make recommendations to the Independent ZRCC Shareholders in relation to the Proposal. The non-executive ZRCC Directors, Ms. Wang Lisheng and Mr. Hu Weiqing, were excluded from the independent board committee of the ZRCC Board because they are employees of Sinopec Corp. The independent board committee of ZRCC has appointed N M Rothschild & Sons (Hong Kong) Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong), as the Independent Financial Adviser to the independent board committee of the ZRCC Board in connection with the Proposal on 12 November 2005.

Shareholders and potential investors of ZRCC should be aware that the implementation of the Proposal is subject to the Conditions as set out in the Announcement being fulfilled (or waived, as applicable), and thus the Proposal may or may not become effective. They are advised to exercise caution when dealing in the shares of ZRCC.

On behalf of the board of
Sinopec Zhenhai Refining and Chemical Company Limited
Su Dewen
Secretary to the Board of Directors

Ningbo, PRC, 14 November, 2005

The ZRCC Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date hereof, the ZRCC Board comprises: Sun Weijun, Zhan Juping, Xu Liqiao, Sun Jianli and Yu Renming as executive directors, Wang Lisheng and Hu Weiqing as non-executive directors, and Sun Yongsan, Cen Kefa, Li Linghong and Qiu Yun as independent non-executive directors.

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