

To the shareholders:

Pursuant to the Company Law of the People's Republic of China, the Listing Rules of The Stock Exchange of Hong Kong Limited ("Listing Rules") and the articles of association of the Company, the Supervisory Committee of Sinopec Zhenhai Refining & Chemical Company Limited (the "Company") has performed faithfully its duties as prescribed by the articles of association of the Company during the year ended 31st December, 2000. By adhering to the principle of good faith, we have contributed our efforts in our work to safeguard the interests of the Company and the shareholders.

In this year, crude oil price in international market fluctuated within a high level, and the price increase of petroleum products in the domestic market lagged behind that of the crude oil price increase from January to April, both of which influenced the result of the Company. As the prices of petroleum products in the domestic market corresponded with these in the international market from June 2000, the management group of the Company seized the chance of powerful demand from market to raise the throughput volume of feedstock oil, reduce production costs, and expand market sales. During this year, the Company succeeded in striding across the 10 million tonnes' level of throughput volume, fully embodied the large-scale production, fulfilled the annual profit quota, and preserved and increased the value of asset.

During this year, the Supervisory Committee convened three meetings, summarized the work of 1999, submitted the working plan of 2000, worked out the Procedure Rule of the Supervisory Committee, reviewed the audited accounts and the dividend distribution scheme. The members attended all the meetings of the Board or its executive committee, surveyed and studied the relevant transactions and long-term investments by reviewing the accounts and other accounting information of the Company. We don't notice anything that is in contravention of relevant laws and regulations. There were neither raised money nor any acquisition, all the business activities were conducted in its ordinary and normal manners, and the terms of which were fair and reasonable to our shareholders. There have been neither disputes between any supervisors representing the Company and any of the directors nor litigation instituted against any of the directors during 2000.

The Supervisory Committee has examined the Director's Report, 2000 financial reports and the profit allocation proposed, which are for consideration and approval at the Fourth Meeting of the Third Board of director for proposing in the Annual General Meeting for consideration. In our opinion, these reports have reflected the 2000 results and the assets position of the Company on a true and fair basis. We also consider that the directors, general managers and other senior managerial staff have adhered to the articles of association of the Company, Listing Rules and senior managerial staff have adhered to the articles of association of the Company, Listing Rules and principle of good faith in a prudent manner when they performed their duties. They have been no any violation of the law and regulations and no harmful act against the benefit of the Company or the interests of the shareholders and staff.

The Supervisory Committee consents to the report of the Board of Directors for the year 2000 and has confidence in the future prospects of the Company.

By Order of the Supervisory Committee

Yu Yaoquan

Chairman

11th April, 2001, Ningbo, the PRC