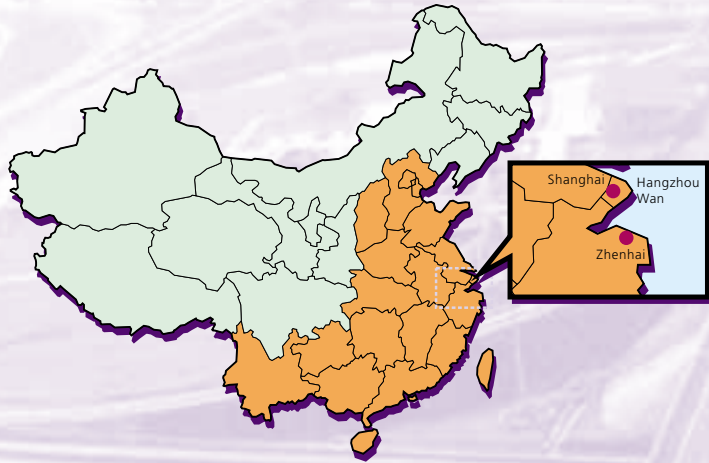


Introduction

The predecessor of Sinopec Zhenhai Refining & Chemical Company Limited (the "Company") was Zhejiang Refinery Plant, which was established in 1974. Incorporated on 28 June 1994, the Company became listed on the Stock Exchange of Hong Kong Limited on 2 December 1994. (stock code: 1128)



The Company is principally engaged in the production and sale of petroleum products (including gasoline, diesel, kerosene, naphtha, liquefied petroleum gas ("LPG"), solvent oil, fuel oil), intermediate petrochemical products, asphalt, urea and other petrochemical products. The Company is one of the largest producers of premium gasoline, diesel, jet fuel, urea, paving asphalt and BTX in China.

The Company is the largest refinery in China. It has a comprehensive processing capacity of 16 million tonnes per annum ("tpa"), a processing capacity of sour crude

oil of 12 million tpa, being the largest sour crude oil processing base in China. The handling capacity of the Company's berth exceeds 25 million DWT, while the Company's crude oil and petroleum products storage capacity reaches 2.5 million cubic metres.

The Company is the most advanced refinery in China in terms of overall technological level. The Company has fully equipped facilities and strong intensified processing capacity. With a hydro-treating capacity of over 10 million tpa, facility for clean production and leading capacity in clean fuel production in China, the Company is an important export base for petroleum products in China.

The Company is the refinery with the best earning power in China. The unit refining cash operating cost and the unit complete expense surpass the industry levels in the country, while the total profit continues to top other domestic refineries.

Focusing on Eastern China regions with Shanghai as the base, the Company is to capitalize on an enormous market capacity and, therefore, has the highest growth potential in the refining industry. Good facilities for sea transport, inland water transport and pipeline transport help enhance the Company's ability to extend its market reach.

The Company will further develop its downstream business in accordance with the development trend for the world oil refining industry, and will strive to establish a "world-class, high-tech, integrated" petrochemical enterprise with international competitiveness.

The number of employees of the Group as at 31 December 2002 was 9,382.

The general flow chart of the Company's production

