

Introduction

Sinopec Zhenhai Refining & Chemical Company Limited (the “Company”) became listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) 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 petrochemical products such as paraxylene (“PX”), polypropylene (“PP”).

The Company is the largest refinery in China, with the scale of operation at international level. It is also one of the 10 largest refineries in the Asia Pacific region. At present, the Company has a comprehensive processing capacity of 16

million tonnes per annum (“tpa”) and a processing capacity of sour crude oil of 12 million tpa. Hydro-treating capacity surpasses 14 million tpa, which is above international average. The Company is also the largest processing base of imported crude oil and sour crude oil and the largest export base for petroleum products. Moreover, the Company is expanding into the chemical sector, with the commissioning of its newly-completed petrochemical facilities including 450,000 tpa PX unit and 200,000 tpa PP unit. According to the magazine Fortune China, the Company ranked 12th on the list of China’s 100 largest listed companies in 2003.

The Company is one of the most competitive refineries in Asia Pacific. The Company has fully equipped facilities and strong intensified processing capacity, and a competitive advantage in the integration of refining and chemical businesses. Besides, the Company has a prestigious brand name and good reputation. The Company is highly competitive in respect of cost control, product quality, processing technology, environmental protection, human resources, etc. Moreover, advanced information technology and streamlined organisational structure also enhance the Company’s corporate management level. Net cash revenue and returns on assets are among the highest in the Asia Pacific region. The unit refining cash operating cost and the unit complete expense surpass the average levels in the region.

Located at the Yangtze River Delta, being the most developed economic region of China and with Shanghai as the centre, the Company is to capitalise on an enormous market capacity. At Beilun Harbour, Ningbo, the Company owns a port with a handling capacity of 30 million tpa. With an advantageous geographical location and favourable market conditions, the Company faces great development prospects.

The Company follows the philosophy of “harmonious development, sharing the future”, and is committed to achieving the largest benefits and sustainable development. It strives to develop into a “world-class, high-tech, integrated” refining and chemical enterprise with international competitiveness and will continue to create greater value and returns for shareholders.

The number of employees of the Group as at 31 December 2003 was 9,178.

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The general flow chart of the Company's production

