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DAQING PETROLEUM AND CHEMICAL GROUP LIMITED

大慶石油化工集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 362)

ANNOUNCEMENT

STATUS OF THE LITIGATION

Pursuant to the announcement dated 9 November 2004, a Writ of Summons with Statement of Claim naming Rich & Healthy Company Limited as Plaintiff and the Company, Earlsmead Enterprises Limited (“Earlsmead”), Chan Yuk Foebe, Wang Dan Hui, Ng Ming Wah, Wu Chieho (also known as Chieho Joseph Wu) and Wang Hailou as Defendants was issued on 13 July 2004 (the “Action”).

The Company, Earlsmead and Chan Yuk Foebe issued a Summons applying for staying, or alternatively striking out, the Action on 12 August 2004. The hearing of the part of the Summons on stay application was heard at the High Court of the Hong Kong Special Administrative Region from 15th to 17th December 2004. The hearing is being adjourned to 5th and 6th January 2005.

Shareholders and potential investors of the Company are advised to exercise with caution when dealing in the shares of the Company.

GENERAL

The Company will make further announcement(s) to inform the shareholders of further developments as and when appropriate. So far as the directors of the Company are aware, save as disclosed herein, there is no other information that warrants disclosure pursuant to Rule 13.09 of the Listing Rules.

By order of the Board of
Daqing Petroleum and Chemical Group Limited
Chan Yuk Foebe
Executive Director

Hong Kong, 17 December 2004

As at the date of this announcement, the board of the Company comprises Ms. Chan Yuk Foebe, Mr. Wang Hailou, Mr. Chu Ki and Mr. Peng Zhanrong, all being executive directors and Mr. Ma Wing Yun Bryan, Mr. Meng Fanxi and Mr. Wong Kai Tat, all being independent non-executive directors.