



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)

PROPOSED OPEN OFFER OF NOT LESS THAN
1,050,770,000 OFFER SHARES
AND NOT MORE THAN 1,084,655,000 OFFER SHARES
AT HK\$0.3 PER OFFER SHARE ON
THE BASIS OF ONE OFFER SHARE FOR
EVERY TWO EXISTING SHARES
AND
RESUMPTION OF TRADING

Financial adviser to Daqing Petroleum and Chemical Group Limited



VC CAPITAL LIMITED
滙盈融資有限公司

Underwriter



VC BROKERAGE LIMITED
滙盈證券有限公司



HENG TAI CONSUMABLES GROUP LIMITED

亨泰消費品集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 0197)

PROPOSED OPEN OFFER BY
DAQING PETROLEUM AND CHEMICAL GROUP LIMITED
AND
RESUMPTION OF TRADING

Proposed Open Offer

The Company proposes to raise approximately HK\$315.23 million to HK\$325.40 million before expenses by way of open offer of not less than 1,050,770,000 Offer Shares and not more than 1,084,655,000 Offer Shares at a price of HK\$0.3 per Offer Share, on the basis of one Offer Share for every two existing Shares held on the Record Date.

As at the date of this announcement, save for the 67,770,000 outstanding Share Options, the Company did not have any pre-existing obligation to issue Shares or any outstanding share options, derivatives or securities which are convertible or exchangeable into Shares and has no intention to issue any share options, derivatives or securities which are convertible or exchangeable into Shares prior to the completion of the Open Offer.

As at the date of this announcement, Master Oriental, a wholly owned subsidiary of Heng Tai, is a substantial Shareholder holding 294,040,000 Shares, representing approximately 13.99% of the existing issued share capital of the Company. Master Oriental has irrevocably undertaken to subscribe for or procure subscription for 147,020,000 Offer Shares to which Master Oriental is entitled under the Open Offer. In addition, the Underwriter has agreed to fully underwrite the Underwritten Shares on the terms and subject to the conditions set out in the Underwriting Agreement.

The Open Offer is subject to the fulfillment of the conditions set out below under the paragraph headed “Conditions of the Open Offer”. The terms of the Open Offer are agreed after arm’s length negotiation between the Company and the Underwriter.

The Open Offer is conditional. In particular, it is subject to, among other matters, the Underwriter not terminating the Underwriting Agreement in accordance with its terms. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing with the Shares.

According to the expected timetable, the last day of dealing in the Shares on a cum-entitlement basis is 5 December 2006. Shareholders should note that the Shares will be dealt with on an ex-entitlement basis commencing from 6 December 2006 and that dealings in such Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any shareholder or other person dealing in such Shares up to the date on which all conditions to which the Open Offer is subject are fulfilled (which is expected to be on or before 4:00 p.m. on 5 January 2007), will bear the risk that the Open Offer cannot become unconditional and may not proceed. To qualify for the Open Offer, any transfer of the Shares (together with the relevant share certificates) must be lodged for registration with the Company’s share registrar and transfer office, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by no later than 4:00 p.m. on 7 December 2006.

The Latest Time for Acceptance is expected to be 4:00 p.m. on 3 January 2007. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

A Prospectus containing, amongst other things, further details of the Open Offer will be dispatched by the Company to the Shareholders within 21 days after publication of this announcement.

Suspension and resumption of trading

The trading of the Shares and shares of Heng Tai on the Stock Exchange were suspended at the request of the Company and Heng Tai, respectively from 9:30 a.m. on 20 November 2006 pending the publication of this announcement. The Company and Heng Tai have made an application to the Stock Exchange respectively for the resumption of trading of the Shares and the shares of Heng Tai on the Stock Exchange from 9:30 a.m. on 24 November 2006.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue:	2,101,540,000 Shares (as at the date of this announcement)
Number of Offer Shares:	Not less than 1,050,770,000 Offer Shares and not more than 1,084,655,000 Offer Shares
Underwriter:	VC Brokerage Limited
Subscription Price:	HK\$0.3 per Offer Share

Based on 2,101,540,000 Shares in issue as at the date of this announcement, the number of Offer Shares which may be issued pursuant to the Open Offer will be 1,050,770,000 Offer Shares, representing 50% of the existing share capital of the Company and approximately 33.33% of the issue share capital of the Company as enlarged by the issue of 1,050,770,000 Offer Shares.

The number of Offer Shares which may be issued pursuant to the Open Offer will be increased in proportion to the 67,770,000 Share Option Shares which may be allotted and issued on or before the Record Date. If the Share Option Shares are allotted and issued on or before the Record Date, the number of Shares in issue will be increased to 2,169,310,000 Shares, and the number of Offer Shares which may be issued pursuant to the Open Offer will increase to 1,084,655,000 Offer Shares representing 50% of the then issued share capital of the Company and approximately 33.33% of the issued share capital of the Company as enlarged by the issue of 1,084,655,000 Offer Shares.

Save for the Share Option Shares, the Company did not have any pre-existing obligation to issue any Shares or any outstanding share options, derivatives or securities which are convertible or exchangeable into Shares as at the date of this announcement and has no intention to issue any share options, derivatives or securities which are convertible or exchangeable into Shares prior to the completion of the Open Offer. The Underwriter and its ultimate beneficial owner are independent of and not connected with the Company and their connected person (as defined in the Listing Rules).

Qualifying Shareholders

To qualify for the Open Offer, a Shareholder must:

- be registered as a member of the Company on the Record Date; and
- have an address in Hong Kong which appears on the register of members of the Company on the Record Date.

In order to be registered as members on the Record Date, all transfers of Shares (together with the relevant share certificates) must be lodged with the Company’s share registrar and transfer office, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on 7 December 2006 pursuant to the expected timetable.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading in nil-paid entitlements of the Offer Shares on the Stock Exchange.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and, for information only, the Prospectus to the Excluded Shareholders.

Excluded Shareholders

If as at the close of business on the Record Date, a Shareholder’s address on the Company’s register of members is in a place outside Hong Kong, that Shareholder may not be eligible to take part in the Open Offer as documents to be issued in connection with the Open Offer will not be registered and/or file under the applicable securities or equivalent legislation of any jurisdictions other than Hong Kong and the Cayman Islands. If necessary, the Board will make enquiries as to whether the issue of the Offer Shares to that Shareholder would contravene the applicable securities legislation of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer to such Shareholder, such Shareholder will be considered as a Excluded Shareholder and no issue of the Offer Shares will be made to him. Accordingly, the Open Offer will not be extended to the Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send the Application Form to them. The basis of the exclusion of the Excluded Shareholders, if any, from the Open Offer will be disclosed in the Prospectus. Based on the information currently available to the Company, the Directors are not aware of any Shareholders whose register address is in a place outside Hong Kong.

Closure of register of members

The register of members of the Company will be closed from 8 December 2006 to 13 December 2006 (both dates inclusive) to determine the eligibility of Shareholders to the Open Offer. No transfers of Shares will be registered during this period.

Subscription price for the Offer Shares

The Subscription Price is HK\$0.3 per Offer Share payable in full upon acceptance of the provisional allotments under the Open Offer. The Subscription Price represents:

- a discount of approximately 27.71% of the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on 17 November 2006 (being the last trading day immediately prior to this announcement);

- a discount of approximately 30.07% of the average closing price of HK\$0.429 per Share based on the daily closing prices as quoted on the Stock Exchange over the last 5 consecutive trading days up to and including 17 November 2006 (being the last trading day immediately prior to this announcement);
- a discount of approximately 28.14% of the average closing price of HK\$0.4175 per Share based on the daily closing prices as quoted on the Stock Exchange over the last 10 consecutive trading days up to and including 17 November 2006 (being the last trading day immediately prior to this announcement);
- a discount of approximately 11.24% of the theoretical ex-entitlement price of approximately HK\$0.338 per Share based on the aforesaid closing price per Share; and
- a discount of approximately 44.13% of the audited consolidated net assets value per Share of HK\$0.537 as at 30 June 2006.

The Subscription Price was determined after arm’s length negotiations between the Company and the Underwriter, with reference to the market price of the Shares and also other factors such as liquidity and performance of the Shares and the prevailing market conditions. The Directors consider that the discount of the Subscription Price to the market price of the Shares is in line with that of other recent rights issues and/or open offers and such Subscription Price is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Status of the Offer Shares

The Offer Shares (when issued, allotted and fully-paid) will rank *pari passu* in all respects with the then existing Shares in issue. Holders of the fully-paid Offer Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by reference to a record date falling after the date of issue and allotment of the Offer Shares. Offer Shares are expected to be traded in board lots of 10,000 Shares. Dealings in the Offer Shares will be subject to the payment of the applicable stamp duty, Stock Exchange trading fee, the SFC transaction levy and any other applicable fees and charges in Hong Kong.

Fractions of Offer Shares

According to the basis of the Open Offer, there will not be any allotment of fractions of the Offer Shares. The Offer Shares to which the Excluded Shareholders would otherwise have been entitled to under the Open Offer will be taken up by the Underwriter.

No trading in nil-paid allotments

Under the Open Offer, there will not be trading in nil-paid allotments of Offer Shares. Any Offer Shares not taken up by the Qualifying Shareholders will be taken up by the Underwriter pursuant to the Underwriting Agreement at the Subscription Price. As a result, the shareholding interest of those Qualifying Shareholders not taking up the Offer Shares in the Company will be diluted.

No application for excess Offer Shares

Under the Open Offer, no application will be available to the Qualifying Shareholders for any Offer Shares not taken up by the Qualifying Shareholders or for entitlements of the Excluded Shareholders. Any Offer Shares not taken up by the Qualifying Shareholders and any Offer Shares which represent the entitlements of the Excluded Shareholders will be taken up by the Underwriter pursuant to the Underwriting Agreement at the Subscription Price.

Share Certificates

Subject to the fulfillment of the conditions of the Open Offer, certificates for all the fully-paid Offer Shares are expected to be posted to those Qualifying Shareholders who have accepted and paid for the Offer Shares at their own risks on or before 9 January 2007.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Underwriting Agreement

Date:	23 November 2006
Underwriter:	VC Brokerage Limited
Total number of Offer Shares Underwritten:	Not less than 903,750,000 Offer Shares and not more than 937,635,000 Offer Shares
Underwriting commission:	2.5% of the aggregate Subscription Price of the number of Offer Shares underwritten by the Underwriter, which is determined after arm’s length negotiation between the Company and the Underwriter. The Board considers that the underwriting commission accords with the market rate and is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Undertaking by the substantial shareholder

As at the date of this announcement, Master Oriental, a wholly owned subsidiary of Heng Tai, is a substantial shareholder holding 294,040,000 Shares, representing approximately 13.99% of the existing issued share capital of the Company. Master Oriental has irrevocably undertaken to subscribe for or procure subscription for 147,020,000 Offer Shares to which Master Oriental is entitled under the Open Offer.

Shareholding structure

The possible changes in the shareholding structure of the Company immediately upon completion of the Open Offer are as follows:

Scenario 1

Assuming the Share Option Shares are allotted and issued after both the Record Date and completion of the Open Offer:

	As at the date of this announcement		Immediately upon completion of the Open Offer on the assumption as set out in Note 1		Immediately upon completion of the Open Offer on the assumption as set out in Note 2	
	No. of shares	%	No. of shares	%	No. of shares	%
Master Oriental	294,040,000	13.99	441,060,000	13.99	441,060,000	13.99
The Underwriter	–	–	–	–	903,750,000	28.67
Other public shareholders	1,807,500,000	86.01	2,711,250,000	86.01	1,807,500,000	57.34
Total	2,101,540,000	100	3,152,310,000	100	3,152,310,000	100

Scenario 2

Assuming the Share Option Shares are allotted and issued on or before the Record Date:

	As at the date of this announcement		Immediately upon completion of the Open Offer on the assumption as set out in Note 1		Immediately upon completion of the Open Offer on the assumption as set out in Note 2	
	No. of shares	%	No. of shares	%	No. of shares	%
Master Oriental	294,040,000	13.55	441,060,000	13.55	441,060,000	13.55
The Underwriter	–	–	–	–	937,635,000	28.82
Other public shareholders	1,875,270,000	86.45	2,812,905,000	86.45	1,875,270,000	57.63
Total	2,169,310,000	100	3,253,965,000	100	3,253,965,000	100

- Notes:
- Assuming all Shareholders take up their respective entitlements of the Offer Shares in full.
 - Assuming (i) none of the Shareholders (save for Master Oriental who take up an aggregate of 147,020,000 Offer Shares, being its entitlements in full under the Open Offer) takes up any of the Offer Shares; and (ii) the Underwritten Shares taken up by the Underwriter pursuant to the Underwriting Agreement.
 - As at the date of this announcement, none of the directors and chief executive of the Company had any interest in the shares of the Company.

Underwriting fee

In addition to the underwriting commission, the Company shall pay to the Underwriter such out-of-pocket expenses such as photocopying, courier services that are reasonably and properly incurred by the Underwriter in connection with the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company, served prior to 4:00 p.m. on the two business day after the Latest Time for Acceptance, i.e. 5 January 2007 or such other time as may be agreed between the Underwriter and the Company if:

- in the reasonable opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
 - the introduction of new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- any suspension in the trading of securities generally or the Company’s securities on the Stock Exchange for a period of more than five consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Open Offer.

If the Underwriter exercises such rights, the Open Offer will not proceed and no party to the Underwriting Agreement will have any claim against any other party for costs, damages, compensation or otherwise.

Conditions of the Open Offer

The Open Offer is conditional upon:

- the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the Posting Date;
- the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date; and
- the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Offer Shares.

If the above conditions are not satisfied by 4:00 p.m. on 5 January 2007 (two business day after the proposed Latest Time for Acceptance), or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise, and the Open Offer will not proceed.

Expected Timetable

The expected timetable for the Open Offer is set out below:

Last day of dealings in Shares on a cum-entitlement basis	Tuesday, 5 December 2006
First day of dealings in Shares on an ex-entitlement basis	Wednesday, 6 December 2006
Latest time for lodging transfers of Shares in order to qualify for the Open Offer	4:00 p.m. on Thursday, 7 December 2006
Register of members closed (both dates inclusive)	Friday, 8 December 2006 to Wednesday, 13 December 2006
Record Date for the Open Offer	Wednesday, 13 December 2006
Despatch of Prospectus Document	Thursday, 14 December 2006
Register of members re-opens	Thursday, 14 December 2006
Latest time for Acceptance	4:00 p.m. on Wednesday, 3 January 2007
Announcement of results of the Open Offer	Tuesday, 9 January 2007
Share certificates for Offer Shares to be posted	Tuesday, 9 January 2007
Dealing in Offer Shares commences	Thursday, 11 January 2007

Dates or deadlines specified in this announcement for events in the timetable are indicative only and may be extended or varied by agreement between the Company and the Underwriter. Any consequential changes to the anticipated timetable for the Open Offer will be published by way of public announcements as appropriate.

Reasons for the Open Offer and the use of proceeds

The Group is principally engaged in the manufacture and sale of petroleum refined products, coal-related chemical products and bio-chemical products. Petroleum refined products of the Group include lubricants and anti-corrosive coating products. Coal-related chemical products comprise vinyl acetate (“VA”) products and polyvinyl-chloride (“PVC”) products. The recently acquired bio-chemical products division is involved in the production of corn-based starch and glucose products.

The Group has devoted a lot of resources and efforts in the development of coal-related chemical products since 2004. The Group has established its first VA plant in Mudanjiang and acquired the Mudananjiang PVC factory during the development period. Although the investment on the coal-related chemical division was merely 2 years but the Group’s sales of VA and PVC have been growing enormously and contributing a significant amount to the Group’s turnover. In contrast, the Group’s petroleum products division including lubricants and anti-corrosive coating are experiencing unfavorable operating environment with the recent surge in crude oil price which leads to high production cost. The promising results from the coal-related chemical division have strengthen the Group’s confidence and the directors anticipate that the coal-related chemical division will continue to be areas of strategic focus for the Group.

The VA and PVC consume large amount of calcium carbide as major raw material. The Group is planning to build its own calcium carbide production facilities for internal consumption and secure the key raw material and lower the cost for the coal-related chemical division.

The estimated net proceeds of the Open Offer is approximately HK\$305 million (assuming the Share Option Shares are issued after the Record Date and the completion of the Open Offer) or approximately HK\$315 million (assuming the Share Option Shares are issued on or before the Record Date) and is intended to be used in the following manner:

- as to approximately HK\$200 million will be applied for the establishment of a calcium carbide production facilities;
- as to approximately HK\$50 million for PVC expansion;
- the remaining balance of approximately HK\$55 million to approximately HK\$65 million for additional working capital of the Group.

The Open Offer offers existing Shareholders an opportunity to participate in the fund raising exercise in proportion to their shareholdings in the Company. Further, the Open Offer allows the Company to expand its capital base. In addition, the Open Offer allows Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and to participate in the future growth and development of the Company.

CAPITAL RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The following table depicts the capital raising activities of the Group during the past 12 months immediately before the date of this announcement:

Date of announcement	Event	Approximate net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
6 April 2006	Top up placing of 249.26 million Shares at HK\$0.48 each	HK\$118.1 million	(i) as to approximately HK\$100 million will be utilized for the purposes of potential acquisitions which the Directors intend to expand in respect of coal related chemical sector; and (ii) as to approximately HK\$18.1 million will be used as general working capital for the Group	(i) as to approximately HK\$72 million and HK\$20 million was utilized for the purposes of acquire the Better Day Bio-Chem Technology Ltd. And Better Day Power Ltd. Respectively. The net proceeds of approximately HK\$8 million is yet to be utilized (ii) as to approximately HK\$18.1 million was utilized as general working capital for the Group
3 May 2006	Top up placing of 83.54 million Shares at HK\$0.52 each	HK\$43 million	as to approximately HK\$43 million will be used as general working capital for the Group	as to approximately HK\$19 million was utilized as general working capital for the Group and approximately HK\$24 million is yet to be utilized

SUSPENSION AND RESUMPTION OF TRADING

Trading in the Shares and the shares of Heng Tai on the main board of The Stock Exchange were suspended with effect from 9:30 a.m. on 20 November 2006 at the request of the Company and Heng Tai pending the publication of this announcement.

Application has been made to the Stock Exchange for the resumption of trading of Shares and the shares of Heng Tai with effect from 9:30 a.m. on 24 November 2006.

TERMS USED IN THIS ANNOUNCEMENT

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“Board”	the board of Directors
“Business Day”	a day, other than Saturday, on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Daqing Petroleum and Chemical Group Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Directors”	the directors of the Company
“Excluded Shareholders”	Shareholders whose names appear on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong where the Directors would consider it necessary or expedient not to offer the Offer Shares to such Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Heng Tai”	Heng Tai Consumables Group Limited (亨泰消費品集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Stock Exchange, and being the substantial shareholder of the Company
“Independent Third Party”	a party who is independent of and not connected with any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries, or their respective associates (as defined in the Listing Rules)
“Latest Time for Acceptance”	4:00 p.m. on 3 January 2007 or such other time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Oriental”	a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of Heng Tai
“Open Offer”	the proposed offer by the Company of the Offer Shares at the Subscription Price pursuant to the Prospectus Documents and summarised in this announcement
“Offer Share(s)”	new Share(s) to be issued under the Open Offer
“Posting Date”	14 December 2006 or such other date as may be agreed in writing between the Company and the Underwriter, being the date of posting of the Prospectus Documents by the Company to the Qualifying Shareholders
“Prospectus”	a prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form(s) relating to the Open Offer
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	13 December 2006, being the date by reference to which entitlements under the Open Offer will be determined
“Shares”	Share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Options”	The share options to subscribe for Shares granted by the Company under the Share Option Scheme
“Share Option Scheme”	The share option scheme of the Company adopted on 18 November 2002
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	The subscription price of HK\$0.3 per Offer Share
“Underwriting Agreement”	the underwriting agreement dated 23 November 2006 between the Company and the Underwriter in relation to the Open Offer
“Underwritten Shares”	not less than 903,750,000 Offer Shares and not more than 937,635,000 Offer Shares, being all Offer Shares less such number of Offer Shares agreed to be taken up or procured to be taken up by Master Oriental
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board Daqing Petroleum and Chemical Group Limited Chan Yuk Foebo <i>Executive Director</i>	By Order of the Board Heng Tai Consumables Group Limited Lam Kwok Hing <i>Executive Director</i>
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Hong Kong, 23 November 2006

As at the date of this announcement, Mr. Chan Yuk Foebe, Mr. Peng Zhanrong, Mr. Chiau Che Kong are the executive Directors of the Company and Mr. Ma Wing Yun Bryan, Mr. Meng Fanxi and Mr. Yau Chung Hong are the independent non-executive Directors of the Company.

As at the date of this announcement, Mr. Lam Kwok Hing, Mr. Chu Ki, Mr. Fong Yiu Ming, Anson, Ms. Lee Choi Lin, Joecy, Mr. Peng Zhanrong and Mr. Chiau Che Kong are the executive directors of Heng Tai; Ms. Chan Yuk, Foebe is the non-executive directors of Heng Tai; and Mr. John Handley, Mr. Poon Yiu Cheung, Newman and Ms. Mak Yun Chu are the independent non-executive directors of Heng Tai.