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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)

RESULTS OF THE OPEN OFFER AND ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

The Directors are pleased to announce that as at 4:00 p.m. on Wednesday, 3 January 2007, being the Latest Time for Acceptance of and payment for the Offer Shares, 21 valid acceptances have been received for an aggregate of 945,505,847 Offer Shares. Such acceptances represent approximately 89.98% of the total number of 1,050,770,000 Offer Shares offered under the Open Offer and approximately 29.99% of the enlarged issued share capital of the Company of 3,152,310,000 Shares immediately after completion of the Open Offer.

The Open Offer became unconditional at 4:00 p.m. on Friday, 5 January 2007. As a result of the Offer Shares not being fully subscribed for, the remaining 105,264,153 Offer Shares were underwritten and taken up by the Underwriter in accordance with the terms of the Underwriting Agreement. Such underwritten Shares represents approximately 10.02% of the total number of 1,050,770,000 Offer Shares offered under the Open Offer and approximately 3.34% of the enlarged issued share capital of the Company of 3,152,310,000 Shares immediately after completion of the Open Offer.

Share certificates of the Offer Shares are expected to be despatched by ordinary post on Tuesday, 9 January 2007. Dealings in the Offer Shares will commence at 9:30 a.m. on Thursday, 11 January 2007.

The exercise price of and the number of Shares to be issued upon exercise of the Share Options have been adjusted in accordance with Rule 17.03(13) of the Listing Rules and the Supplementary Guidance issued by the Stock Exchange on 5 September 2005.

Reference is made to the Prospectus of Daqing Petroleum and Chemical Group Limited dated 14 December 2006 in relation to the Open Offer. Capitalised terms used herein shall have the same meanings as those defined in the Prospectus unless otherwise stated.

RESULTS OF THE OPEN OFFER

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All subscription monies for the Open Offer have been received by the Company as at the date of this announcement.

SHAREHOLDING STRUCTURE

The following is the shareholding structure of the Company immediately before and after the completion of the Open Offer:

	Immediately before the completion of the Open Offer		Immediately after the completion of the Open Offer	
	No. of shares	%	No. of shares	%
Master Oriental	294,040,000	13.99	441,060,000	13.99
Metage Capital Limited [#]	239,650,000	11.40	359,475,000	11.40
Mr. Chan Yuen Tung [#]	214,535,488	10.21	321,803,232	10.21
The Underwriter	—	—	105,264,153	3.34
Other public Shareholders	1,353,314,512	64.40	1,924,707,615	61.06
Total	2,101,540,000	100	3,152,310,000	100

Note:

[#] The Company has obtained the shareholding interests of Metage Capital Limited and Mr. Chan Yuen Tung before the completion of the Open Offer from the Stock Exchange's website and the Company had tried its best endeavor to obtain their shareholding interests after the completion of the Open Offer by contacting such shareholders, the Registrar and checking the latest notices filed by such shareholders pursuant to Part XV of the Securities and Futures Ordinance. However, as at the date of this announcement, the Company could not ascertain the actual number of Offer Shares subscribed for by Metage Capital Limited and Mr. Chan Yuen Tung and as a result, the Company has assumed that Metage Capital Limited and Mr. Chan Yuen Tung have taken up their entitlements in full. The Company will check whether any notices pursuant to Part XV of the Securities and Futures Ordinance are filed on the first day of the dealings in the Offer Shares and will make a separate announcement on the revised shareholding structure as appeared on the Stock Exchange's website as soon as practicable. To the best knowledge of the Directors, each of Metage Capital Limited and Mr. Chan Yuen Tung is an independent third party and is not a connected person as defined under the Listing Rules.

DESPATCH OF SHARE CERTIFICATES AND COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Share certificates for the Offer Shares to the Qualifying Shareholders who have validly applied for the Offer Shares are expected to be despatched by ordinary post on Tuesday, 9 January 2007 at their own risks. For any application considered to be invalid, any cheque(s) attached with the invalid application are expected to be returned to the applicant by ordinary post on Tuesday, 9 January 2007 at their own risks. Dealings in the Offer Shares will commence at 9:30 a.m. on Thursday, 11 January 2007.

ADJUSTMENTS TO OUTSTANDING SHARE OPTIONS

The Company adopted the Share Option Scheme on 18 November 2002. As at the date of this announcement, there were 67,770,000 outstanding Share Options entitling the holders to subscribe up to an aggregate of 67,770,000 Shares. The issue of the Offer Shares has caused adjustments to the subscription price and the number of Shares to be issued under the Share Options. Based on the written confirmation dated 9 January 2007 from the auditor of the Company, the exercise price of 13,770,000 outstanding Share Options granted on 3 January 2006 under the Share Option Scheme has been adjusted from HK\$0.363 per Share to HK\$0.339 per Share and the number of Shares to be issued upon full exercise of the 13,770,000 outstanding Share Options has been adjusted from 13,770,000 Shares to 14,753,571 Shares. The exercise price of the remaining 54,000,000 outstanding Share Options granted on 4 May 2006 under the Share Option Scheme has been adjusted from HK\$0.552 per Share to HK\$0.515 per Share and the number of Shares to be issued upon full exercise of the 54,000,000 outstanding Share Options has been adjusted from 54,000,000 Shares to 57,857,143 Shares. As confirmed by the auditor of the Company, such adjustments to the outstanding Share Options were made in accordance with Rule 17.03(13) of the Listing Rules and the supplementary guidance issued by the Stock Exchange on 5 September 2005 and the holders of the Share Options have been informed of such adjustments accordingly.

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

Hong Kong, 8 January 2007

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