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DAQING PETROLEUM AND CHEMICAL GROUP LIMITED

大慶石油化工有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 362)

MAJOR TRANSACTION

ACQUISITION OF BETTER DAY BIO-CHEM TECHNOLOGY LTD.

APPOINTMENT OF APPRAISERS

Reference is made to the announcement published by Daqing Petroleum and Chemical Group Limited (the “Company”) dated 19 May 2006 (the “Announcement”) and the circular published by the Company dated 7 July 2006 (the “Circular”) in relation to the acquisition of Better Day Bio-Chem Technology Ltd. Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement and the Circular.

The Board is pleased to announce that the Acquisition was completed on 16 August 2006. On 15 February 2007 and pursuant to the Share Purchase Agreement, the Vendor and the Purchaser have jointly appointed Castores Magi (Hong Kong) Limited (the “Appraisers”), an independent firm of appraisers, to determine the Appraised Capacity Value. The Appraisers will issue a report setting out the Appraised Capacity Value determined by them with reference to the six-month period after the date of Completion. The Company will make further announcement in respect of the major findings of the report made by the Appraisers and the Appraised Capacity Value in due course.

By order of the Board
Daqing Petroleum and Chemical Group Limited
Chiau Che Kong
Executive Director

Hong Kong, 15 February 2007

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