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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)

MAJOR TRANSACTION ACQUISITION OF BETTER DAY BIO-CHEM TECHNOLOGY LTD. APPRAISERS' REPORT

Reference is made to the announcements published by Daqing Petroleum and Chemical Group Limited (the "Company") dated 19 May 2006 and 15 February 2007, respectively (the "Announcements"), 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 and the appointment of Appraisers. Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcements and the Circular.

The Board would like to announce that it has received a report dated 28 February 2007 from the Appraisers regarding its assessment of the Appraised Capacity Value (the "Report"). The major findings of the Report are set out as follows:—

As at 28 February 2007, the annualised designed production capacities of corn starch and crystalline dextrose based on the assets held by EJV are 200,000 tonnes and 50,000 tonnes, respectively.

Based on the assessment of the Appraised Capacity Value by the Appraisers as set out in the Report and pursuant to the Share Purchase Agreement, no adjustment is required to be made to the capacity payment amount and the amount of capacity payment shall remain at HK\$168 million.

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

Hong Kong, 28 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.