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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)

COMPLETION OF THE TOP-UP PLACING

Placing Agent



VC BROKERAGE LIMITED

滙盈證券有限公司

Financial Adviser



VC CAPITAL LIMITED

滙盈融資有限公司

The Top-Up Placing has been completed on 12 April 2006 and 249,260,000 Top-Up Placing Shares have been placed.

Immediately following completion of the Top-Up Placing, Metage became a substantial shareholder of the Company (as defined in the Listing Rules) and interested in 219,650,000 Shares, represents approximately 12.55% of the existing issued share capital of the Company and approximately 10.98% of the issued share capital of the Company as enlarged by the Top-Up Subscription Shares.

The Top-Up Subscription is expected to be completed on or before 19 April 2006.

Reference is made to the joint announcement of the Company and Heng Tai Consumables Group Limited dated 6 April 2006. Terms used herein shall have the same meanings as those defined in the said announcement unless otherwise stated.

The Top-Up Placing has been completed on 12 April 2006 and 249,260,000 Top-Up Placing Shares have been placed.

The Company has been informed by the Placing Agent that 60,000,000 Top-Up Placing Shares have been placed to Metage Capital Limited ("Metage"), an existing Shareholder held 159,650,000 Shares, represents approximately 9.12% of the issued share capital of the Company and was therefore not a connected person of the Company (as defined in the Listing Rules) before completion of the Top-Up Placing. Immediately following completion of the Top-Up Placing, Metage became a substantial shareholder of the Company (as defined in the Listing Rules) and interested in 219,650,000 Shares, represents approximately 12.55% of the existing issued share capital of the Company and approximately 10.98% of the issued share capital of the Company as enlarged by the Top-Up Subscription Shares. The shareholding structure before and after the Top-Up Placing and the Top-Up Subscription are summarised as follows:

Name of Shareholder	Immediately before completion of the Top-Up Placing		Immediately after completion of the Top-Up Placing but before completion of the Top-Up Subscription		After completion of the Top-Up Placing and the Top-Up Subscription	
	Approximate		Approximate		Approximate	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor (Notes 1 and 3)	263,340,000	15.04	14,080,000	0.80	263,340,000	13.17
Chan Yuen Tung (Note 2)	197,055,488	11.26	197,055,488	11.26	197,055,488	9.85
Pope Asset Management, LLC (Note 4)	183,645,000	10.49	183,645,000	10.49	183,645,000	9.18
Metage (Notes 5 and 6)	159,650,000	9.12	219,650,000	12.55	219,650,000	10.98
UBS (Notes 7)	174,090,408	9.94	186,590,408	10.66	186,590,408	9.33
The Placees other than Metage (Public)	–	–	189,260,000	10.81	189,260,000	9.46
Other public Shareholders	772,959,104	44.15	760,459,104	43.43	760,459,104	38.03
	<u>1,750,740,000</u>	<u>100.00</u>	<u>1,750,740,000</u>	<u>100.00</u>	<u>2,000,000,000</u>	<u>100.00</u>

Notes:

- The Vendor is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of Heng Tai Consumables Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. In accordance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the interests of the Vendor are deemed to be, and have therefore been included in the interests of Heng Tai Consumables Group Limited.
- To the best knowledge of the Directors, Mr. Chan Yuen Tung, other than being a substantial Shareholder, is not connected with the Company and its subsidiaries or any of the Directors, chief executive and other substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).
- Shareholders are reminded that the Vendor may or may not remain, as the single largest shareholder of the Company should there be any subsequent share transfer(s) between the Shareholders other than the Vendor after completion of the Top-Up Placing and the Top-Up Subscription.
- To the best knowledge of the Directors, Pope Asset Management, LLC, other than being a substantial Shareholder, is not connected with the Company and its subsidiaries or any of the Directors, chief executive and other substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).
- To the best knowledge of the Directors, Metage, other than being a substantial Shareholder immediately following completion of the Top-Up Placing, is not connected with the Company and its subsidiaries or any of the Directors, chief executive and other substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).
- The Directors confirm that there would not be any changes in the board composition or business operation subsequent to Metage becoming a substantial Shareholder.
- On 12 April 2006, the Company received from UBS AG the Corporate Substantial Shareholder Notice pursuant to section 324 of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) that they purchased 12,500,000 Shares from the market on 12 April 2006 and the shareholding of UBS AG in the Company as at 12 April 2006 were 186,590,408 Shares, represents approximately 10.66% of the issued share capital of the Company immediately after completion of the Top-Up Placing but before completion of the Top-Up Subscription and is therefore a substantial shareholder of the Company (as defined under the Listing Rules). After completion of the Top-Up Subscription, the interest of UBS AG in the Company of 186,590,408 Shares will represent approximately 9.33% of the issued share capital of the Company as enlarged by the Top-Up Subscription Shares.
- The Company, the Vendor and the Placing Agent confirm that there will be sufficient public float as required under Rule 8.08 of the Listing Rules after completion of the Top-Up Placing and the Top-Up Subscription.

The Top-Up Subscription is expected to be completed on or before 19 April 2006.

Save as disclosed above, the Company is not aware of any other Placees becoming substantial shareholder of the Company (as defined in the Listing Rules) immediately after the Top-Up Placing.

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

Hong Kong, 12 April 2006

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other fact contained in this announcement, the omission of which would make any such statement contained in this announcement misleading.