

If you are in any doubt about any of the contents of this circular, you should obtain independent professional advice.

If you have sold or transferred all your shares in Daqing Petroleum and Chemical Group Limited, you should at once hand this circular and the enclosed form of proxy to the purchaser or other transferee or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



## **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: 0362)**

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

A letter from the Board of Daqing Petroleum and Chemical Group Limited is set out on pages 2 to 4 of this circular. A notice convening the extraordinary general meeting of Daqing Petroleum and Chemical Group Limited to be held at Room 1818, 18th Floor, Hutchison House, 10 Harcourt Road, Hong Kong on Friday, 28 April, 2006 at 4:30 p.m. is contained in this circular. A form of proxy is also enclosed.

Whether or not you are able to attend the said meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the said meeting or any adjourned meeting thereof. Completion and return of the form of proxy shall not preclude you from attending and voting at the said meeting or any adjourned meeting should you so desire.

CONTENTS

|                                                      | <i>Page</i> |
|------------------------------------------------------|-------------|
| <b>Definitions .....</b>                             | <b>1</b>    |
| <b>Letter from the Board</b>                         |             |
| Introduction .....                                   | 2           |
| Proposed Increase in Authorised Share Capital .....  | 3           |
| Extraordinary General Meeting .....                  | 3           |
| Procedures to Demand a Poll by Members .....         | 3           |
| Recommendation .....                                 | 4           |
| <b>Notice of Extraordinary General Meeting .....</b> | <b>5</b>    |

## DEFINITIONS

*In this circular, the following expressions have the following meanings unless the context otherwise requires:—*

|                                 |                                                                                                                                                                                                                          |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Articles of Association”       | the articles of association of the Company;                                                                                                                                                                              |
| “Board” or “Director(s)”        | the board of directors of the Company;                                                                                                                                                                                   |
| “Company”                       | Daqing Petroleum and Chemical Group Limited, a company incorporated in the Cayman Islands with limited liability, the securities of which are listed on the Stock Exchange (Stock code: 0362);                           |
| “Extraordinary General Meeting” | the extraordinary general meeting of the Company to be held at Room 1818, 18th Floor, Hutchison House, 10 Harcourt Road, Hong Kong on Friday 28 April, 2006 at 4:30 p.m., notice of which is contained in this circular; |
| “Group”                         | the Company and its subsidiaries from time to time;                                                                                                                                                                      |
| “Hong Kong”                     | the Hong Kong Special Administrative Region of the People’s Republic of China;                                                                                                                                           |
| “Latest Practicable Date”       | 12 April, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;                                                                          |
| “Listing Rules”                 | the Rules Governing the Listing of Securities on the Stock Exchange;                                                                                                                                                     |
| “Member(s)” or “Shareholder(s)” | holder(s) of Share(s);                                                                                                                                                                                                   |
| “Share(s)”                      | ordinary share(s) of HK\$0.01 each in the share capital of the Company;                                                                                                                                                  |
| “Stock Exchange”                | The Stock Exchange of Hong Kong Limited;                                                                                                                                                                                 |
| “HK\$”                          | Hong Kong dollars, the lawful currency of Hong Kong; and                                                                                                                                                                 |
| “%”                             | per cent.                                                                                                                                                                                                                |

## LETTER FROM THE BOARD



# 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: 0362)**

*Executive Directors:*

Chan Yuk Foebe  
Peng Zhanrong  
Chiau Che Kong

*Independent Non-Executive Directors:*

Ma Wing Yun Bryan  
Meng Fanxi  
Yau Chung Hong

*Registered Office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Principal Office in Hong Kong:*

Room 1818, 18th Floor  
Hutchison House  
10 Harcourt Road  
Hong Kong

13 April, 2006

*To the Shareholders*

Dear Sirs or Madam,

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL AND NOTICE OF EXTRAORDINARY GENERAL MEETING**

#### **1. INTRODUCTION**

The purpose of this circular is to provide you with details in relation to the proposed increase in authorised share capital of the Company as well as a notice for convening the Extraordinary General Meeting to enable you to make an informed decision on whether to vote for or against the proposed resolution at the Extraordinary General Meeting.

At the Extraordinary General Meeting, an ordinary resolution relating to the proposed increase in authorised share capital of the Company will be proposed for Shareholders' approval.

## LETTER FROM THE BOARD

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of such information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

### **2. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board wishes to propose an increase in the authorised share capital of the Company from HK\$20,000,000, divided into 2,000,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each and such new Shares, upon issue, shall rank *pari passu* in all respects with the existing Shares of the Company.

Such increase shall be conditional upon the approval of an ordinary resolution by the Shareholders at the Extraordinary General Meeting. The Directors have no present intention to raise fund by issuing any part of that capital.

As at the Latest Practicable Date, the issued share capital of the Company is HK\$20,000,000 comprising 2,000,000,000 Shares. The purpose of the proposed increase in the authorised share capital of the Company is to provide flexibility and assist the Company in its future expansion by means of issuing new Shares and fund-raising activities as the Directors may consider appropriate from time to time.

### **3. EXTRAORDINARY GENERAL MEETING**

The notice of Extraordinary General Meeting, which contains an ordinary resolution to approve the proposed increase in authorised share capital of the Company, is set out in this circular.

A form of proxy is enclosed with this circular for use at the Extraordinary General Meeting. Whether or not you are able to attend the meeting, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time fixed for holding the Extraordinary General Meeting. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the Extraordinary General Meeting should you so desire.

### **4. PROCEDURES TO DEMAND A POLL BY MEMBERS**

Pursuant to Article 72 of the Articles of Association, a resolution put to the vote of the Extraordinary General Meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the Chairman of the meeting; or

## LETTER FROM THE BOARD

- (b) by at least 3 Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Member or Members present in person or in the case of a Member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
- (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

### 5. RECOMMENDATION

The Board considers that the proposed increase in authorised share capital of the Company is to be fair and reasonable to and in the best interests of the Company as well as its Shareholders as a whole. The Board therefore recommends all Shareholders to vote in favour of the relevant resolutions set out in the notice of the Extraordinary General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**Daqing Petroleum and Chemical Group Limited**  
**Chan Yuk Foebe**  
*Chairman*

# NOTICE OF EXTRAORDINARY GENERAL MEETING



## 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: 0362)**

**NOTICE IS HEREBY GIVEN** that the Extraordinary General Meeting of Daqing Petroleum and Chemical Group Limited (the “Company”) will be held at Room 1818, 18th Floor, Hutchison House, 10 Harcourt Road, Hong Kong on Friday 28 April, 2006 at 4:30 p.m. for the following purpose:

To consider and, if thought fit, pass the following resolution:–

### ORDINARY RESOLUTION

“THAT the authorised share capital of the Company be and is hereby increased from HK\$20,000,000 to HK\$100,000,000 by the creation of 8,000,000,000 shares of HK\$0.01 each and that such new shares, upon issue, shall rank *pari passu* in all respects with the existing shares of the Company.”

By order of the Board

**Daqing Petroleum and Chemical Group Limited**

**Chan Yuk, Foebe**

*Chairman*

Hong Kong, 13 April, 2006

*Notes:*

1. The members of the Company whose names appear on the register of members held by the Company’s branch share registrar in Hong Kong, Tengis Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong at 4:00 p.m. on 27 April, 2006 shall qualify for attending and voting at the Extraordinary General Meeting.
2. Any shareholder of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or more separate proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney or other authority, must be lodged with the Company’s branch share registrar in Hong Kong, Tengis Limited at 26/F Tesbury Centre, 28 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the meeting or at any adjournment thereof.