

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Daqing Petroleum and Chemical Group Limited (the “Company”) will be held at Chater Room III, Function Room Level, B1, The Ritz-Carlton Hong Kong, No. 3 Connaught Road Central, Hong Kong on Thursday, 20 November 2003 at 3:30 p.m. for the following purposes:

- (1) to receive and consider the audited consolidated financial statements and the reports of the directors and of the auditors for the year ended 30 June 2003;
- (2) to declare a final dividend for the year ended 30 June 2003;
- (3) to re-elect directors and to authorise the board of directors to fix the directors’ remuneration;
- (4) to appoint auditors for the ensuing year and to authorise the board of directors to fix their remuneration;

and, as special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

- (5) **“THAT** conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting listing of, and permission to deal in, the shares of HK\$0.01 each in the capital of the Company (the “Shares”) to be allotted and issued by the Company pursuant to this resolution:
 - (a) upon the recommendation of the directors of the Company (the “Directors”), the Company do capitalise HK\$444,000 of the share premium of the Company (or such larger sum as is required for such purpose as a result of the allotment and issue of new Shares upon the exercise of any options granted under the share option scheme adopted by the Company on 25 April 2001 or any options granted or to be granted under the share option scheme adopted by the Company on 18 November 2002) and, accordingly, the Directors be and they are hereby authorised and instructed to appropriate the said sum in paying up in full at par 44,400,000 new Shares (the “Bonus Shares”) (or such larger number of Shares as is required for the purpose mentioned above), such Bonus Shares to be allotted, issued and distributed, credited as fully paid, to and among holders of Shares whose names appear on the register of members of the Company on 20 November 2003 (the “Record Date”) on the basis of one Bonus Share for 20 existing issued Shares held at 4:00 p.m. on the Record Date, and generally subject to a circular to the shareholders of the Company relating to, among other matters, the issue of the Bonus Shares (a copy of which marked “A” has been produced to the meeting and signed for the purposes of identification by the Chairman of the meeting) and that such Bonus Shares shall rank, for all purposes, *pari passu* with the Shares in issue on the date of allotment of the Bonus Shares except to the extent that the holders of the Bonus Shares shall not be entitled to the final dividend recommended by the Directors on 16 October 2003 for the year ended 30 June 2003; and

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- (b) the Directors be and they are authorised to do all acts and things as may be necessary, desirable and expedient in connection with the issue of Bonus Shares notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholders of the Company provided that in the case of shareholders of the Company whose addresses as shown on the register of members of the Company at 4:00 p.m. on the Record Date are in any jurisdiction outside Hong Kong (the "Overseas Shareholders"), the Bonus Shares may not be allotted and issued to them under certain circumstance as determined by the Directors as appropriate. The Bonus Shares otherwise falling to be allotted to them shall be sold in the market as soon as practicable after dealings in the Bonus Shares commence and the net proceeds of sale of such Bonus Shares, after deducting the related expenses therefrom, shall be distributed to such Overseas Shareholders pro rata to their respective shareholdings unless the amount falling to be distributed to any Overseas Shareholder shall be less than HK\$50 in which event such amount shall be retained for the benefit of the Company, and the Directors are further authorised to adjust the amount to be capitalised out of the share premium account and the number of unissued Shares to be allotted, issued and distributed in the manner referred to in paragraph (a) of this resolution as a result of the issue of any additional Shares after 16 October 2003 and up to 20 November 2003."

(6) **"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.01 each in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such powers, after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a), otherwise than pursuant to:
- (i) a Rights Issue (as hereinafter defined); or
 - (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; or
 - (iii) the exercise of any share option scheme of the Company,

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shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution and the said approval shall be limited accordingly; and

(d) for the purpose of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
- (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register of members on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”;

(7) **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares of HK\$0.01 each in the capital of the Company be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:
 - (i) the conclusion of the next annual general meeting of the Company;



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- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable law to be held; or
 - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders in general meeting.”; and
- (8) “**THAT** the general mandate granted to the Directors pursuant to resolution no. 6 as above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the total nominal amount of shares in the capital of the Company repurchased by the Company since the granting of such general mandate pursuant to the exercise by the directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the total nominal amount of the share capital of the Company in issue on the date of this resolution.”

By order of the Board
Kwok Yuen Ying, Riki
Secretary

Hong Kong, 16 October 2003

Notes:

- (a) The register of members of the Company will be closed from Monday, 17 November 2003 to Thursday, 20 November 2003, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend and the bonus issue of shares and to attend and vote at the annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 14 November 2003.
- (b) A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
- (c) 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 or authority, must be lodged with the Company's Branch Share Registrar in Hong Kong, Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (d) A circular containing further information regarding the bonus issue of shares and an explanatory statement containing further details regarding items (6) to (8) above will be sent to members together with the 2003 Annual Report.