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中國石化北京燕化石油化工有限公司

SINOPEC BEIJING YANHUA PETROCHEMICAL COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 325)

ANNOUNCEMENT

The board (the “**Board**”) of directors of Sinopec Beijing Yanhua Petrochemical Company Limited (the “**Company**”) notes an increase in the trading volume of the H shares of the Company on 9 December 2004. It wishes to state that it is not aware of any reason for such increase. It also wishes to confirm that preliminary discussion is currently taking place in relation to a possible restructuring of the Company.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited.

The Board notes an increase in the trading volume of the H shares of the Company on 9 December 2004. It wishes to state that it is not aware of any reason for such increase.

It also wishes to confirm that discussion is currently taking place in relation to a possible restructuring of the Company (the “**Discussion**”). The Discussion is at a preliminary stage and a restructure may or may not be proceeded with. The Board will issue further announcement(s) if and when there is any major development.

Save as disclosed above, the Board confirms that there are no negotiations or agreements which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), neither is the Board aware of any matters discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Shareholders of the Company and potential investors should exercise caution when dealing in the H shares of the Company.

By order of the Board
Zhou Quansheng
Company Secretary

9 December 2004
Beijing, the People's Republic of China

*As at the date of the announcement, the Board comprises of Mr. Wang Yongjian (Chairman), Mr. Yang Qingyu (Vice-chairman) and Mr. Xu Hongxing (General Manager) as executive directors, Ms. Wang Yuying, Mr. Wang Ruihua, Mr. Cui Guoqi and Mr. Xiang Hanyin as non-executive directors, and Mr. Zhang Yanning, Mr. Liu Haiyan and Mr. Yang Xuefeng as independent non-executive directors.

Please also refer to the published version of this announcement in South China Morning Post.