

BEAR STEARNS ASIA LIMITED

NO PRIOR CONSENT FOR DEALINGS IN RELEVANT SECURITIES OF SINOPEC BEIJING YANHUA PETROCHEMICAL COMPANY LIMITED AS REQUIRED BY THE HONG KONG CODE ON TAKEOVERS AND MERGERS AND SUBSEQUENT REPORTING DELAYS

Bear Stearns Asia Limited (BSAL) is a financial advisor to Sinopec Beijing Yanhua Petrochemical Company Limited (Company) regarding a proposed privatization of the Company by way of merger by absorption which was announced on 30 December 2004. BSAL is thus considered an associate of the Company under class (2) of the definition of associate under the Hong Kong Code on Takeovers and Mergers (Takeovers Code). However, BSAL's role as financial advisor to the Company does not include its acting as an Independent Financial Advisor (IFA) as defined in the Takeovers Code.

Reference is made to the Takeovers Executive's press release on 6 January 2005 regarding dealings on a proprietary basis in American Depositary Shares (ADS) in the Company by Bear, Stearns & Co. Inc., an affiliate of BSAL, on 30 and 31 December 2004. In summary, an aggregate of 20,000 ADSs (which represent 1,000,000 H shares of the Company) were purchased at a price range between USD23.28 and USD23.47 per ADS (for a total market value of USD468,139). These dealings represented approximately 0.1% of the issued H shares of the Company.

Under Rule 21.5 of the Takeovers Code, associates of an offeree company which is subject to a takeover offer are not normally permitted to purchase shares in the offeree company during the offer period. As no prior consent was obtained from the Takeovers Executive by BSAL for these dealings by its affiliate, this resulted in a breach of Rule 21.5. Under Rule 22 of the Takeovers Code, a financial advisor is required to make dealing disclosures not later than 10 a.m. on the business day after the day on which dealings in the relevant securities took place. As BSAL made these disclosures after such deadline, this resulted in a breach of Rule 22.

BSAL regrets the above dealings and subsequent delays in making the disclosure of the same.

Donald Tang
Director
Bear Stearns Asia Limited

12 January 2005

The directors of Bear Stearns Asia Limited jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, the opinions expressed in this announcement have been arrived at after due and careful consideration and that there are no other facts not contained in this announcement, the omission of which would make any statement in the announcement misleading.

“Please also refer to the published version of this announcement in The Standard”