

## **BEAR STEARNS ASIA LIMITED**

### **CORRECTION OF THE DISCLOSURE OF INTERESTS IN SINOPEC BEIJING YANHUA PETROCHEMICAL COMPANY LIMITED AS REQUIRED BY THE HONG KONG CODE ON TAKEOVERS AND MERGERS**

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 as defined in the Takeovers Code.

Reference is made to Annex J of the Company's Circular to Shareholders of 17 January 2005 (**Circular**) in which BSAL disclosed its holding of interests in the Company. Due to an inadvertent error on behalf of BSAL, the Circular disclosed that BSAL and its affiliates held a total of 20,000 ADSs (representing 1,000,000 H Shares in the Company) when the correct amount was in fact 20,000 ADSs (representing 1,000,000 H Shares in the Company) and 500,000 H Shares in the Company. The 500,000 H Shares (representing approximately 0.05% of the issued H Shares in the Company) were acquired in November 2004, prior to the offer period and the date on which BSAL and its affiliates first became aware of the merger proposal.

Under Schedule II of the Takeovers Code, shareholdings in an offeree company by an adviser or an associate to the offeree company are required to be disclosed. In addition, Rule 9.1 of the Takeovers Code requires that each document issued or statement made in relation to an offer or possible offer or during an offer period must satisfy the highest standards of accuracy. The omission of the disclosure of the 500,000 H Shares in the Company resulted in a breach of Schedule II and Rule 9 of the Takeovers Code.

The Executive of the Securities and Futures Commission of Hong Kong (**SFC**) has criticized BSAL for its failure to prevent the breaches of Takeovers Code. BSAL accepts the SFC's criticism and apologizes for the breaches. BSAL has taken and will continue to take appropriate steps to prevent further breaches of the Takeovers Code.

**Donald Tang**  
*Director*  
**Bear Stearns Asia Limited**

10 March 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"