

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Sino Union Petroleum & Chemical International Limited, you should at once hand this circular to the purchaser or transferee or the bank, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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**PROPOSALS FOR GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF 2006 ANNUAL GENERAL MEETING**

A letter from the board of directors of the Company is set out on page 2 to 8 of this circular (the "Circular"). A notice convening the annual general meeting (the "AGM") of the Company to be held at Units 10-12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Thursday, 31 August 2006 at 10:30 a.m. is set out on pages 13 to 17 of this Circular. Whether or not you are able to attend the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's brand share registrar in Hong Kong, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

DEFINITIONS

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

“AGM”	the 2006 annual general meeting of the Company to be held at Units 10-12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Thursday, 31 August 2006 at 10:30 a.m. notice of which is set out on pages 13 to 17;
“Board”/“Directors”	the directors of the Company;
“Bye-laws”	the bye-laws of the Company as may be amended from time to time;
“Company”	Sino Union Petroleum & Chemical International Limited, a company incorporated in the Bermuda with limited liability, the shares of which are listed on the Stock Exchange;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Latest Practicable Date”	7 August 2006, being the latest practicable date prior to the printing of this circular for inclusion of certain information herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“SFO”	the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong);
“Share(s)”	share(s) of nominal value of HK\$0.02 each in the share capital of the Company;
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Stock Exchange of their own securities on the Stock Exchange;
“Shareholder(s)”	holder(s) of the Shares(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Hong Kong code on Takeovers and Mergers; and
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong.

LETTER FROM THE BOARD



Executive Directors

Dr. Hui Chin Ming
Mr. Chen Hua
Dr. Chui Say Hoe
Mr. Tsang Kwok Man
Mr. Cheung Shing
Mr. Wang Tao
Mr. Cui Yeng Xu

Non-Executive Director

Mr. Chow Charn Ki, Kenneth

Independent Non-Executive Directors

Dr. Yu Sun Say
Mr. Chan Wai Dune
Mr. Ng Wing Ka

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business

in Hong Kong
Units 10-12, 19th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

9 August 2006

To the Shareholders

Dear Sir/Madam,

**PROPOSALS FOR GENERAL MANDATES
TO ISSUE SHARES AND REPURCHASE SHARES
AND
RE-ELECTION OF DIRECTORS
AND
NOTICE OF 2006 ANNUAL GENERAL MEETING**

1. INTRODUCTION

The Company's existing general mandates to issue shares and to repurchase shares were approved by the Company's shareholders at the annual general meeting on 31 August 2006. Unless otherwise renewed, the existing general mandates to issue shares and to repurchase shares will lapse at the conclusion of the AGM.

* For identification purpose only

LETTER FROM THE BOARD

In order to ensure flexibility when it is desirable to allot additional shares or to repurchase shares, the Directors will seek the approval of shareholders to grant new general mandates to issue shares and to repurchase shares at the AGM.

The purpose of this circular is to, inter alia, provide you with information on information on (i) the proposed renewal of the general mandates to issue shares and to repurchase shares; (ii) the director to be re-elected at the AGM and (iii) notice of AGM, for consideration on the related resolutions to be put forward at the AGM.

2. GENERAL MANDATE TO ISSUE SHARE (THE “ISSUE MANDATE”)

Two ordinary resolutions, as set out in the notice of the AGM, will be proposed for the following purpose:-

Ordinary resolution no. 4 – to grant to the Directors a general mandate to issue new shares up to a maximum of 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution; and

Ordinary resolution no. 6 – to increase the aggregate nominal amount of share capital of the Company which the Directors may issue under the general mandate if given in the Ordinary Resolution no. 4 by the aggregate nominal amount of share capital of the Company repurchased under the general mandate if given in the ordinary resolution no. 5.

The Company had in issue an aggregate of 1,197,000,000 shares of HK\$0.02 each as at the Latest Practicable Date. Subject to the passing of the aforesaid ordinary resolution no. 4 and in accordance with the terms therein, the Company would be allowed to issue additional shares up to the aggregate nominal amount of a maximum of 239,400,000 shares on the basis that no further shares will be issued or repurchased prior to the AGM.

3. GENERAL MANDATE TO REPURCHASE SHARES (THE “REPURCHASE MANDATE”)

The ordinary resolution no. 5 as set out in the notice of the AGM will be proposed to grant to the Directors a general mandate to exercise the powers of the Company to repurchase the Company’s fully paid up shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution.

The Listing Rules contain provisions to regulate the repurchase by companies with primary listings on the Stock Exchange of their own securities on the Stock Exchange.

In accordance with the Listing Rules, the appendix to this Circular serves as the explanatory statement to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the ordinary resolutions for granting of the Repurchase Mandate.

LETTER FROM THE BOARD

4. ACTION TO BE TAKEN

The notice convening the AGM is set out on page 13 to 17 in the Circular.

A form of proxy for the AGM is also enclosed in the Circular. If you do not intend to attend the AGM, you are requested to complete the form of proxy and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from subsequently attending and voting at the AGM or any adjournment thereof if you so wish.

5. PROCEDURES FOR DEMANDING A POLL

For your further information as required by the Listing Rules, set forth below are the procedures for demanding a poll at general meeting of the Company. Pursuant to the Bye-laws 66 of the Company, every resolution put to the vote of a general meeting shall be decided on a show of hands unless (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three members present in person or in the case of a member being a corporation by its duly authorized 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 authorized 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 authorized 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.

A poll which is duly demanded shall be then held in such manner prescribed by the Bye-laws of the Company.

LETTER FROM THE BOARD

6. INFORMATION OF DIRECTOR TO BE RE-ELECTED AT THE 2006 ANNUAL GENERAL MEETING

In accordance with the Company's Bye-laws article 87, Mr. Chen Hua, Mr. Chow Charn Ki, Kenneth, Mr. Ng Wing Ka and Dr. Hui Chi Ming will retire by rotation and, being eligible, will offer themselves for re-election at the AGM. For your further information, we set out below the relevant details of the retiring director proposed to be re-elected at the AGM:-

- (i) Mr. CHEN Hua, aged 40, was appointed the Deputy Chairman and an executive Director on 2 November 2004. Mr. Chen Hua is the founder of 京基集團 (Kingkey group), a group of companies principally engaged in property and hotel development and management, operation of clubs and education investment in the PRC. Such business group is ranked first as 深圳房地產項目開發企業 (Development Enterprise of Shenzhen Real Estate Project) and 守法納稅大戶 (Significant Tax Payer with Law Compliance) Mr. Chen graduated from 中國人民解放軍信息工程大學 (Communication Engineering University of the People's Liberation Army) with a bachelor's degree in management engineering (管理工程) in 2004. He serves as a member of the Committee of the Chinese People's Political Consultative Conference of Shenzhen and standing member of the Committee of the Chinese People's Political Consultative Conference of Zhenjiang City. Mr. Chen has received a number of honours including the 十大傑出青年企業家 (Ten Outstanding Young Entrepreneur) by the People's Government of Shenzhen Municipality.

Mr. Chen did not hold any directorship in other listed public company in the last three years.

As at the Latest Practicable Date, Mr. Chen is a substantial shareholder of Wisdom On Holdings Limited which held approximately 62.66% of the issued share capital of the Company. The entire issued share capital of Wisdom On Holdings Limited is owned by Dr. Hui Chi Ming and Mr. Chen as to 55% and 45% respectively. Apart from the above, Mr. Chen does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Mr. Chen is not connected with any director, senior management substantial or controlling shareholders of the Company. Apart from being an executive director, Mr. Chen does not hold any position in other members of the Company.

Mr. Chen has a service contract with the Company which does not have a specific term and can be terminated by the either party giving three month's notice in writing to the other party. Between 1 April 2005 and 31 March 2006, Mr. Chen did not receive emoluments from the Company. Mr. Chen's emoluments are determined by the Board with reference to the Company's performance.

LETTER FROM THE BOARD

- (ii) Mr. NG Wing Ka, aged 36, was appointed as an independent non-executive Director on 7 January 2005 in Hong Kong and is the partner of George Tung, Jimmy Ng & Valent Tse, Solicitors. He is now the legal adviser as to Hong Kong laws of the Foreign Economics and Trade Committee of the People's Government of Chongqing City (重慶市對外經濟貿易委員會) and 中豪律師事務所 in Chongqing City, the PRC. Mr. Ng is also the general committee member of The Chinese Manufacturers' Association of Hong Kong and Hong Kong Chinese Importers' & Exporter's Association and a member of the Chinese People's Political Consultative Conference of Chongqing City, the PRC. Mr. Ng graduated with a Bachelor of Laws degree and a Postgraduate Certified in Laws Degree from The University of Hong Kong.

Mr. Ng did not hold any directorship in other listed public company in the last three years.

As at the Latest Practicable Date, Mr. Ng does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Mr. Ng is not connected with any director, senior management, substantial or controlling shareholders of the Company. Apart from being an independent non-executive director, Mr. Ng does not hold any position in other members of the Company.

Mr. Ng has a service contract with the Company which does not have a specific term and can be terminated by the either party giving three month's notice in writing to the other party. Between 1 April 2005 and 31 March 2006, Mr. Ng has received a total sum of HK\$120,000 director's fee from the Company. Mr. Ng's emoluments are determined by the Board with reference to the Company's performance.

- (iii) Mr. CHOW Charn Ki, Kenneth, aged 52, LL.B. (Honours) (London), LL.M. (London) in 1976, was appointed as a non-executive Director on 2 November 2004. Mr. Chow is a professional in the legal field. He was a Honorary Lecturer in law of University of Hong Kong, an Advisor to All China Law Association (Institute for Research on Hong Kong Law), a Convenor to Research Group on Trans-1997 Hong Kong Laws. Mr. Chow is a member of the National Committee of the Chinese People's Political Consultative Conference.

Mr. Chow did not hold any directorship in other listed public company in the last three years.

As at the Latest Practicable Date, Mr. Chow does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Mr. Chow is not connected with any director, senior management, substantial or controlling shareholders of the Company. Apart from being a non-executive director, Mr. Chow does not hold any position in other members of the Company.

LETTER FROM THE BOARD

Mr. Chow has a service contract with the Company which does not have a specific term and can be terminated by the either party giving three month's notice in writing to the other party. Between 1 April 2005 and 31 March 2006, Mr. Chow has received a total sum of HK\$120,000 director's fee from the Company. Mr. Chow's emoluments are determined by the Board with reference to the Company's performance.

- (iv) Dr. HUI Chi Ming, G.B.S., PhD, J.P., aged 42, was appointed as the Chairman and an executive Director on 2 November 2004. Dr. Hui is the founder of Gahood group of companies and Join Wisdom group of companies which are principally engaged in property development, and golf club, resort and hotel development and management in the PRC. Dr. Hui graduated from Shenzhen University with a professional diploma in Administrative Management in 1989 and was a visiting scholar of the John F. Kennedy Government School of Harvard University in the United States of America from 2002 to 2003. Dr. Hui has received Doctorates in Philosophy and Sciences from the Open International University for Complementary Medicines and Medicina Alternativa Institute in 2000 and a Doctor Honoris Causa in Economics and IFES Doctoris Honoris Causa from Institute of Far Eastern Studies, The Russian Academy of Sciences in 2002. The Russian Academy of Sciences also conferred the Honorary Doctorate and "Lo Mo" Medal to Dr. Hui in 2005. Dr. Hui serves as a member of the National Committee of the Chinese People's Political Consultative Conference, and is currently the vice president of China Society for Promotion of the Guangcai Program, standing member of All China Federation of Industry & Commerce, honourable president of Beijing Federation, president of Hong Kong Association of International Investment and president of Hong Kong Guangdong Community Organisation. Dr. Hui is also a keen supporter of community service and charity organisations. He has been awarded the 推動人類和平進步獎 (Humanity & Peace Promotion Award) by the United Nations and accredited as 全國十大扶貧狀元 (Top Ten Poverty Alleviation Contributor) by the government of the PRC. In honor of Dr. Hui's contributions to humanity, the International Minor Planet Nomenclature Committee permanently named the minor planet no. 5390 as "Hui, Chi-Ming Planet".

Dr. Hui did not hold any directorship in other listed public company in the last three years.

As at the Latest Practicable Date, Dr. Hui is a substantial shareholder of Wisdom On Holdings Limited which held approximately 62.66% of the issued share capital of the Company. The entire issued share capital of Wisdom On Holdings Limited is owned by Dr. Hui and Mr. Chen Hua as to 55% and 45% respectively. Apart from the above, Dr. Hui does not have any interest in shares of the Company within the meaning of Part XV of the SFO. Dr. Hui is not connected with any director, senior management substantial or controlling shareholders of the Company. Apart from being an executive director, Dr. Hui does not hold any position in other members of the Company.

LETTER FROM THE BOARD

Dr. Hui has a service contract with the Company which does not have a specific term and can be terminated by the either party giving three month's notice in writing to the other party. Between 1 April 2005 and 31 March 2006, Dr. Hui did not receive emoluments from the Company. Dr. Hui's emoluments are determined by the Board with reference to the Company's performance.

Save as disclosed herein, the Board of Directors is not aware of any matters which are required to be disclosed pursuant to paragraphs (h) to (v) of Rules 13.51(2) of the Listing Rules, or any other matters that need to be brought to the attention of the Shareholders.

7. RECOMMENDATION

As information required by the Listing Rules, the Company, to the extent it is aware having made all reasonable enquires, is not aware that any shareholder is required to abstain from voting in the proposals to be put forward at the AGM.

The Directors believe that the granting of the Issue Mandate, the extension of Issue Mandate referred to in ordinary resolution no. 6 in the Notice of AGM and the Repurchase Mandate are in the best interests of the Company and its shareholders as a whole. Moreover, the necessary information for seeking shareholders' approval on the aforesaid matters are already set out herein for consideration. The Directors recommend that all shareholders should vote in favour of the related ordinary and special resolutions to be proposed at the AGM.

Yours faithfully,

By Order of the Board

Sino Union Petroleum & Chemical International Limited

Chui Say Hoe

Executive Director

This appendix serves an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to shareholders of the Company for their consideration as to whether to vote for or against the ordinary resolution to be proposed at the AGM for granting the Repurchase Mandate.

This explanatory statement contains all the information required pursuant to rule 10.06 of the Listing Rules which is set out as follows:–

SHARE CAPITAL

As at the Latest Practicable Date, the Company had in issue an aggregate of 1,197,000,000 shares of HK\$0.02 each which are fully paid.

Subject to the passing of the ordinary resolution no.5 as set out in the notice of AGM and in accordance with the terms therein, the Company would be allowed under the Repurchase Mandate to repurchase fully paid shares up to the aggregate nominal amount of a maximum of 119,700,000 shares on the basis that no further shares will be issued or repurchased prior to the AGM.

REASONS FOR SHARE REPURCHASE

Although the Directors have no present intention of repurchasing any Shares of the Company, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile. At any time in the future when Shares trading at a discount to their underlying value, the ability of the Company to repurchase Shares will be beneficial to those shareholders who retain their investment in the Company since their interests in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company and thereby resulting in an increase in net asset value and/or earnings per share of the Company. Such repurchases will only be made when the Directors believe that the repurchases will benefit the Company and its shareholders as a whole.

FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Bye-laws of the Company and the applicable laws and regulations of the Bermuda. Shares may only be repurchased out of the profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose of repurchase. The premium, if any, payable on repurchase must have been provided for out of the profits of the Company or out of the Company's share premium account before or at the time the Shares are repurchased. The Company may not purchase Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

SHARE PRICES

During each of the twelve months preceding the Latest Practicable Date, the highest and lowest prices at which shares have been traded were as follows:–

	Price per share of the Company	
	Highest HK\$	Lowest HK\$
2005		
July	0.230	0.183
August	0.194	0.167
September	0.175	0.161
October	0.173	0.137
November	0.149	0.130
December	0.144	0.120
2006		
January	0.209	0.150
February	0.155	0.138
March	0.186	0.145
April	0.175	0.150
May	0.164	0.140
June	0.180	0.138
July	0.305	0.157
August (up to the Latest Practicable Date)	0.222	0.219

REPURCHASES MADE BY THE COMPANY

Neither the Company nor any of its subsidiaries has purchased any of the Company's shares during the six months immediately preceding the Latest Practicable Date.

POSSIBLE MATERIAL ADVERSE IMPACT

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 31 March 2006) in the event that the Repurchase Mandate was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels. The number of shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make repurchase under the Repurchase Mandate in accordance with the Listing Rules and laws of Bermuda and in accordance with the regulations set out in the Bye-laws of the Company.

EFFECT OF THE TAKEOVERS CODE

If as a result of share repurchase by the Company, a substantial shareholder's proportionate interest in voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could, depending on the level of increase of the shareholding, obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and to the best of knowledge and belief of the Company, the following persons were directly or indirectly interested in 5% or more of the nominal value of the issued ordinary shares that carry a right to vote in all circumstances at general meetings of the Company:–

Name	Number of issued shares held	Approximate Percentage of Shareholding
Wisdom On Holdings Limited ("Nerine Trust")	750,080,000 (Note)	62.66%

Note: The entire issued share capital of Wisdom On Holding Limited is owned by Dr. Hui Chi Ming and Mr. Chen Hua as to 55% and 45% respectively.

Assuming that none of the outstanding options are exercised prior to the AGM, in the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, the shareholding of Wisdom On Holdings Limited would be increased to approximately 69.63% of the issued share capital of the Company. The Directors consider that such increase would not be give rise to an obligation on the part of Wisdom On Holdings Limited to make a mandatory offer under Rule 26 of the Code and reduce the amount of Shares held by the public to less than 25%. The Directors will exercise the powers conferred by the Repurchase Mandate to repurchase Shares in circumstances which they deemed appropriate for the benefits of the Company and the Shareholders as a whole. However, the Directors have no intention to repurchase Shares to such an extent which will result in the amount of Shares held by the public being reduced to less than 25%.

DIRECTORS' DEALINGS

None of the Directors nor, to the best of their knowledge having made all reasonable enquires, any of their associates presently intends to sell Shares to the Company under the Repurchase Mandate in the event that such mandate as proposed in the ordinary resolution no. 5 is approved by the Shareholders of the Company.

CONNECTED PERSONS

The Company has not been notified by any connected persons of the Company (as defined in the Listing Rules) that they have a present intention to sell any shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the Repurchase Mandate as proposed in the ordinary resolution no. 5 is approved by the Shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that the AGM of members of Sino Union Petroleum & Chemical International Limited (the "Company") will be held at Units 10-12, 19th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong on Thursday, 31 August 2006 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and of the auditors for the year ended 31 March 2006;
2. To re-elect the following director and to authorise the board of directors to fix directors' remuneration of the Directors;
 - 2.1 Mr. Chen Hua
 - 2.2 Mr. Ng Wing Ka
 - 2.3 Mr. Chow Charn Ki, Kenneth
 - 2.4 Dr. Hui Chi Ming
3. To appoint auditors and to authorise the board of directors to fix their remuneration.
4. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

"THAT

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and otherwise deal with additional shares ("Shares") in the capital of the Company or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make, grant, sign or execute offers, agreements or options, deeds and other documents which would or might require the exercise of such powers, subject to and in accordance with all applicable laws, be and it is hereby generally and unconditionally approved;

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make, grant, sign or execute offers, agreements or options, deeds and other documents 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) and issued by the Directors pursuant to the approval in this resolution, otherwise than pursuant to:
- (i) a rights issue (as defined below); or
 - (ii) the exercise of rights of subscription or conversion attaching to any warrants of the Company or any securities which are convertible into Shares; or
 - (iii) the exercise of any option under the share option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares of the Company; or
 - (iv) scrip dividends or under similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Bye-laws of the Company in force from time to time; and
 - (v) a specific authority granted by the shareholders of the Company,
- shall not exceed 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the said approval shall be limited accordingly;
- (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 Bye-laws of the Company or the applicable laws of Bermuda to be held; or
 - (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting; and

NOTICE OF ANNUAL GENERAL MEETING

“rights issue” means the allotment, issue or grant of Shares pursuant to an offer of shares open for a period fixed by the Directors to the holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares as at that date (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 applicable to the Company).”

5. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“ THAT

- (a) subject to paragraphs (b) and (c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as defined below) of all powers of the Company to purchase shares (“Shares”) in the capital of the Company on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) or on any other exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose (“Recognised Stock Exchange”), subject to and in accordance with the applicable laws of Bermuda and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or those of any other Recognised Stock Exchange as amended from time to time, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution as at the date of passing of this resolution and the approval pursuant to paragraph (a) of this resolution be limited accordingly;
- (c) for the purpose of this resolution, “Relevant Period” means the period from the date of 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 Bye-laws of the Company or the applicable laws of Bermuda to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”
6. To consider as special business and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the passing of the resolutions numbered 4 and 5 as set out in the notice (the “Notice”) convening this meeting, the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with shares (“Shares”) in the capital of the Company pursuant to the resolution numbered 4 as set out in the Notice be and the same is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased by the Company under the authority granted pursuant to the resolution numbered 5 as set out in the Notice provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution.”

Yours faithfully,
By Order of the Board
Sino Union Petroleum & Chemical International Limited
Chui Say Hoe
Executive Director

Hong Kong, 9 August 2006

NOTICE OF ANNUAL GENERAL MEETING

As at the date of this Circular, the board of directors comprise of the following:

Executive Directors:

Dr. Hui Chi Ming
Mr. Chen Hua
Dr. Chui Say Hoe
Mr. Tsang Kwok Man
Mr. Cheung Shing
Dr. Wang Tao
Mr. Cui Yeng Xu

Non-Executive Director:

Mr. Chow Charn Ki, Kenneth

Independent Non-Executive Director:

Dr. Yu Sun Say
Mr. Chan Wai Dune
Mr. Ng Wing Ka

Head office and principal place of business in Hong Kong:

Units 10-12, 19th Floor
China Merchants Tower
Shun Tak Centre
168-200 Connaught Road Central
Sheung Wan, Hong Kong

Notes:

- (1) A member of the Company entitled to attend and vote at the aforesaid meeting is entitled to appoint one or (if holding two or more shares) more proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) To be valid, the form of proxy together with any power of attorney or other authority under which it is signed or a certified copy of that power of attorney or authority must be deposited with the Hong Kong branch share registrars of the Company, Tengis at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.
- (3) Completion and return of the form of proxy will not preclude members from attending and voting at the aforesaid meeting.
- (4) The Chinese translation of this notice (including the contents of the proposed resolutions set out therein) is for reference only. In case of inconsistency, the English version shall prevail.