OIL REFINERIES SUBSIDIARY GADIV SIGNED LOI TO PURCHASE 50% OF CHINESE COMPANY

Haifa, Israel, November 20, 2007 - Oil Refineries Ltd. (TASE: ORL) (the "Company"), Israel's largest oil refiner, announced today that its wholly owned subsidiary, Gadiv Petrochemical Industries Ltd has signed a letter of intent for the purchase of 50% of the registered capital of a Chinese Company.

Please find below a convenience translation of the full immediate report filed today with the Israel Securities Authority, and Tel Aviv Stock Exchange.

Subject: Immediate Report – Signing of LOI by Gadiv Petrochemical Industries Ltd

The Company hereby announces that Gadiv Petrochemical Industries Ltd, a wholly owned subsidiary (hereinafter: "Gadiv"), signed, on September 25, 2007, a letter of intent (hereinafter – the "LOI") for the purchase of 50% of the registered capital of a Chinese company (hereinafter – the "acquired company") which benefits from the status of a Wholly Foreign Owned Enterprise ("WFOE") in China. The acquired company will engage in the manufacturing of Tri-Maleic Anhydride ("TMA"), a product that is used mainly as a softener in the polymer industry and as a component in powder colors, and Para Diethyl Benzene ("PDEB"), a product used mainly in the manufacturing of Paraexylene.

The shares of the acquired company will be purchased by Gadiv from a foreign company registered in Hong Kong, which is not a related party to either Gadiv or the controlling shareholders of Gadiv (hereinafter – the "Seller"), and which is the owner of all of the issued share capital of the acquired company.

According to the LOI, a company under the control of the Seller will transfer to the ownership of the acquired company, without consideration, an existing plant in China (excluding property of the plant that will be leased to the acquiring company without consideration) that manufactures TMA and PDEB (the "existing plant") and all of the intellectual property, know-how and technology pertaining to the existing plant. In addition, the acquired company has been taking steps to set up an additional plant with facilities for the manufacture of TMA and PDEB through the know-how and technology that were transferred to its ownership. The additional plant will be set up in China on property on which the acquired company has usage rights.

Based on the estimates of the Seller and the acquired company that were given to Gadiv, the new PDEB facility is expected to commence commercial production activity by the end of November 2007 and the new TMA facility is expected to commence commercial production activity by the end of 2008.

The LOI replaced the previous LOI that was signed regarding this transaction outlined in section 7.8.19 of the Company's prospectus from February 13, 2007.

The principal terms of the LOI are as follows:

1. The LOI is subject to the completion of a due diligence to the complete satisfaction of Gadiv and to the signing of a detailed agreement, the wording of which must be approved by the boards of directors of the Seller and Gadiv (the "Detailed Agreement") by October 31, 2007 or by some later date to be agreed to by the parties. On November 15, 2007, the parties agreed to extend the LOI until November 25, 2007.

2. On the date of the closing, Gadiv will purchase from the Seller 50% of its shares in the acquired company for a total amount of $33,500,000 (the “purchase price”).

3. The purchase price will be paid in three installments, as follows: (a) 60% of the purchase price will be paid on the closing date of the Detailed Agreement; (b) 20% of the purchase price will be paid within 14 days after the new PDEB facility passes its test run successfully; (c) 20% of the purchase price will be paid within 14 days after the new TMA facility passes its test run successfully.

4. The closing of the Detailed Agreement is subject to pre-conditions, including the receipt of the necessary approvals from the Chinese authorities; the signing of accompanying agreements (including an agreement for the transfer of the existing plant to the acquired company, employment agreements with key employees and a non-competition agreement); receipt of an undertaking from Chinese banks to grant a loan to the acquired company in an amount of at least $13 million for the completion of the construction of the new TMA plant and the new PDEB plant, without the shareholders having to furnish guarantees.

5. The LOI includes arrangements pertaining to the joint management of the acquired company and to the arrangement of the relations between the shareholders which will be part of the Detailed Agreement, including a BMBY clause that will apply commencing seven years after the closing date of the agreement.

Based on announcement received from Gadiv, publishing details with regard to the signing of an LOI, prior to the signing of a Detailed Agreement, may impede the completion of the agreement, or substantially increase its price for Gadiv. Therefore, the Company has delayed till now the publication of this announcement. This immediate report is being now published, since information with regard to the signing of the LOI was included in the Company’s financial statements and draft Hebrew prospectus the Company is publishing today.

About Oil Refineries Ltd.

Oil Refineries Ltd. (ORL), located in the bay area of the city of Haifa, is Israel's largest oil refinery. ORL operates sophisticated and state-of-the-art industrial facilities with refining capacity of 9 million tons of crude oil per year, with a Nelson complexity index of 7.4, providing a variety of quality products used in industrial operation, transportation, private consumption, agriculture and infrastructure. The Company is also active in the area of Aromatics and Polymers through wholly-owned Gadiv Petrochemical Industries Ltd. and 50% owned Carmel Olefins Ltd. ORL is traded on the Tel Aviv Stock Exchange under the ticker ORL. For additional information please visit the Company's website: www.orl.co.il

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