

### 1. MATERIAL LITIGATION

The Group was not involved in any material litigation or disputes for the year ended 31st December, 2000.

### 2. MATERIAL CONTRACTS

The Group did not enter into any material contracts for the year ended 31st December, 2000.

### 3. MERGERS AND ACQUISITIONS

There was no merger, acquisition or restructuring involving the Company for the year ended 31st December, 2000

### 4. RELATED PARTY TRANSACTIONS

Upon confirmation from The Stock Exchange of Hong Kong on 5th September, 2000, the original waivers on certain connected transactions granted to the Company by the Exchange on 11th May, 1995, 20th April, 1999 and 29th July, 1999 continue to remain valid. The total amount of related party transactions between the Company and Jilin Chemical Group Company for the year ended 31st December, 2000 was RMB736,509,586. The total amount of related party transactions between the Company and subsidiaries of China National Petroleum Company was RMB15,807,161,000. The fees paid by the Company for the welfare and support services rendered by Jilin Chemical Group Company were based on the state regulated prices, market prices or cost prices as provided for in a service agreement entered into between the Company and Jilin Chemical Group Company. The fees paid for the other related party transactions between the Company and Jilin Chemical Group Company were based on normal commercial terms or on terms that were fair and reasonable so far as the shareholders of the Company are concerned. Transactions entered into with subsidiaries of China National Petroleum Company were based on conditions approved at the extraordinary general meetings held on 1st March and 29th July, 1999. The above-mentioned connected transactions are essential for the normal operation of the Company. Details of these connected transactions are set out in note V to the financial statements prepared under PRC accounting standards.

5. None of the directors, supervisors and senior management of the Company was reprimanded by any regulatory authority during the report period.

6. The Company and its ultimate holding company are independent from each other in terms of employees, assets and finance. In respect of independent personnel administration, the chairman of the Company is not the legal representative of PetroChina Company Limited. Except for Mr. Zou Haifeng who is a director of PetroChina Company Limited, none of the Company's general manager, deputy managers and senior management held any position in PetroChina Company Limited. Further, none of the Company's financial staff held any positions in connected companies. The Company has its own independent personnel administration. In respect of assets administration, all of the assets relating to the Company's production system, auxiliary production system, and facilities, industrial properties and non-patent technologies, are owned by the Company. The Company has its own independent production, supply and marketing systems. There exists competition between the Company and PetroChina Company Limited

## Disclosure of Significant Events

due to the restructuring of China National Petroleum Company. PetroChina has given an equal treatment undertaking to the Company to treat the Company no less favourably than its other subsidiaries. In respect of independent financial management, the Company has established an independent financial department with its own independent accounting system. There are independent and standard financial accounting system and financial administration system for the Company and its subsidiaries. The Company has its own separate bank account and pays its own tax according to the relevant laws in the PRC. The Company did not share any joint bank account with its controlling shareholder.

7. During the report period, the Company did not enter into any trust arrangement or contract with any third party to reduce costs of the Company or of the third parties.
8. There was no change in the Company's name or stock abbreviation during the report period.
9. There was no change in the auditors appointed by the Company during the report period.