

1. PROPOSED INTERIM DISTRIBUTION

The board of Directors has resolved not to declare any interim dividend and did not make any transfer from the common reserves to the Company's share capital during the six months ended 30th June, 2001.

2. PREVIOUS YEAR'S PROFIT DISTRIBUTION

No final dividend was declared and no transfer was made from the common reserves to the Company's share capital according to the Company's 2000 annual general meeting.

3. MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the six months ended 30th June, 2001.

4. MERGERS AND ACQUISITIONS

During the six months ended 30th June, 2001, there were no mergers, acquisitions or restructuring involving the Company.

5. CONNECTED TRANSACTIONS

The fees paid by the Company for welfare and supporting services rendered by JCGC, which is now a subsidiary of CNPC, were based on the State prices, market prices or actual cost as provided for in the service agreement entered into between the Company and JCGC. The other connected transactions between the Company and JCGC were based on normal commercial terms or on terms that were fair and reasonable so far as the shareholders of the Company are concerned. The connected transactions between the Company, CNPC and PetroChina as well as their subsidiaries were based on the terms approved by shareholders at extraordinary shareholders meetings held on 1st March and 29th July, 1999, respectively. The Directors believe that connected transactions are necessary for the Company's business. Details of these connected transactions are set out in note (3) to the financial statements prepared in accordance with PRC accounting standards.

6. INDEPENDENCE OF EMPLOYEES, ASSETS AND FINANCE

The Company and PetroChina, the controlling shareholder of the Company, are independent of each other in terms of employees, assets and finance.

7. TRUST ARRANGEMENT, CONTRACT OR LEASE

During the six months ended 30th June, 2001, the Company did not enter into any trust arrangement, contract or lease with any third party in terms of their assets.

8. AUDITORS

At the annual general meeting held on 19th June, 2001, the resolution to re-appoint Ernst & Young and Ernst & Young Hua Ming as the Company's international and domestic auditors was not passed respectively. After consideration, from 19th June, 2001 to the end of next extraordinary general meeting, the board of Directors has temporarily appointed PricewaterhouseCoopers (certified public accountants in Hong Kong) and PricewaterhouseCoopers Zhong Tian CPAs Company Limited (registered accountants in the PRC) as the Company's international and domestic auditors, respectively, and the board of Directors was authorised to determine the remuneration of the auditors. The above auditors' annual appointment will be considered for approval at the next extraordinary general meeting. From the end of the next extraordinary general meeting to the end of annual general meeting for 2001, the board of Directors will propose to appoint PricewaterhouseCoopers (certified public accountants in Hong Kong) and PricewaterhouseCoopers Zhong Tian CPAs Company Limited (registered accountants in the PRC) as the Company's international and domestic auditors, respectively, and the board of Directors will seek authorisation to determine the remuneration of the auditors.

9. MATERIAL CONTRACTS

The Company did not enter into any material contracts during the six months ended 30th June, 2001.

10. WARRANTY

The Company was not involved in any warranty during the six months ended 30th June, 2001.

11. CHANGE OF COMPANY'S NAME OR ITS ABBREVIATION

The Company did not change its name or its stock abbreviation during the six months ended 30th June, 2001.

12. PURCHASE, SALE AND REDEMPTION OF SHARES

During the six months ended 30th June, 2001, there was no purchase, sale, redemption or cancellation by any member of the Group of the Company's listed shares.

13. CODE OF BEST PRACTICE

To the knowledge of the board of Directors, the Company had complied with the requirement of the Code of Best Practice as set out in Appendix 14 to the Listing Rules during the six months ended 30th June, 2001.

14. TRUST DEPOSITS

As at 30th June, 2001, the Company did not have any trust deposits with any financial institutions and did not encounter any difficulty in making withdrawals.

15. HOUSING REFORMS

The Company has previously disclosed details of its employee housing reform programme in its 1998 annual report. Since 1998, the Company incurred a loss of RMB84.09 million due to the reimbursement offered to its employees to purchase staff accommodations. The staff cost associated with the Company's employee housing reform programme will be amortised on a straight-line basis to the profit and loss account over a 20 year period which is the remaining expected average employment period of the relevant employee in accordance with IAS. Because of the newly signed contracts with the employees, their employment period has been increased to three to ten years. During the reporting period, the remaining average employment period will also be changed to three to ten years accordingly in the accounting period.

Since 1st January, 1998 to 30th June, 2001, the total amount amortised was RMB17.27 million. The amount amortised in the first six months of 2001 was RMB4.66 million. As of 30th June, 2001, the above remaining deferred staff cost was approximately RMB66.82 million. In the opinion of the board of Directors, if the aforesaid deferred staff cost were completely written off in the first six months of 2001, the net assets of the Company as at 30th June, 2001 would be reduced by approximately RMB66.82 million. Other than the employees' housing reform programme mentioned above, the Company did not implement any other employees' housing plan.

16. There is no disclosure in the designated newspapers or web site regarding information confirmed by the Company or its shareholders holding 5 per cent or more of the total number of issued shares of the Company.