

## Future Plans and Prospects

Looking forward, the Company will continue to maintain and develop its core business, maintain its advantageous position in its upstream business, endeavour to increase the profitability of the downstream business, and enhance the value of the Company.

For the exploration and production segment, the Company will expand its areas of exploration, implement more effective means of exploration, and realise a positive cycle of resource substitution. The Company will strive to maintain a stable increase in crude oil production, a substantial growth in natural gas production and continued growth in the integrated production of oil and natural gas so as to retain the Company's leading position in the domestic oil and gas industry.

For the refining and marketing segment, the Company will adjust the layout of oil refining, establish and improve the four large oil refining bases in Dalian, Lanzhou, Fushun, Jinzhou and Jinxi, and centralise production centres for the three quality products lubricants, paraffin and road asphalt. The Company will also accelerate the build-up of its sales and distribution network and increase the sales of refined products. The Company's target is to gain approximately 40% of the retail market share for refined products and to raise its proportion of gasoline and diesel oil sold to retail market to 60%.

For the chemicals and marketing segment, the Company will focus on the development of quality products like polyethylene, polypropylene, ABS resin, alkyl benzene and ethylene-propylene rubber by adhering to the guiding policy of 'large-scale, low-cost, short-process and differentiated production'.

For the natural gas and pipelines segment, the Company will accelerate the construction of the West-East gas pipeline project which is the key project in the Company's construction of long-distance transmission pipeline infrastructure facilities. Foreign resources will be introduced. The natural gas market will be actively developed, turning our advantage in resources into an economic advantage in terms of production, thereby creating new economic growth.