

During 2001, the Company conducted its business in accordance with the articles of association of the Company, the PRC Company Law, and relevant international and domestic regulations. The board of supervisors carried out its duties in accordance with the articles of association of the Company, supervised and advised the management of the Company on all relevant matters.

The board of supervisors held a meeting on January 11, 2001, at which a resolution approving the new board of supervisors was passed.

The board of supervisors held a meeting on February 28, 2001, at which Zou Haifeng was elected as chairman of the new board of supervisors, and the Procedural Rules of the Supervisory Committee was approved.

The board of supervisors held a meeting on March 29, 2001, at which the report of the board of supervisors, the profit appropriation statement, and the financial statements prepared in accordance with PRC GAAP and IAS for the year 2000 were approved.

The board of supervisors participated in all meetings of the directors held during 2001 to ensure that the directors acted in accordance with the relevant regulations of the PRC, to focus on the development of the Company, to increase the Company's profits and to promote the interests of the shareholders. The board of supervisors ensured that the directors carried out their duties strictly in accordance with the resolutions of the annual general meeting and the extraordinary general meetings, the appropriation of profits and significant decisions were also made in accordance with relevant regulations and the articles of association. The internal management system has improved gradually.

The supervisory committee has reviewed the resolution regarding accounting provisions for 2001, and considers the resolution beneficial for the future operations of the Company.

The directors, general manager and other senior management are not aware of any information relating to the Company's affairs that may contravene the laws and regulations of the PRC, the articles of association of the Company or which may be prejudicial to the interest of the Company.

The board of supervisors also reviewed the connected transactions between the Company and JCGC, the Company and CNPC to ensure that these connected transactions were entered into on a fair and reasonable basis. The board of supervisors is not aware of any information which may be contrary to the interest of shareholders of the Company nor is it aware of any of losses in respect of the Company's assets.

The auditors' reports prepared by PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian CPAs Company Limited in accordance with IAS and PRC GAAP, respectively, have been reviewed and certified to be truthful, objective, accurate and complete by the board of supervisors.

In 2002, the board of supervisors will continue to focus on the development of the Company and to protect the interest of shareholders pursuant to the articles of association of the Company.

On behalf of the board of supervisors

Zou Haifeng

Chairman

Jilin, the PRC
April 22, 2002