

Directors, Supervisors and Senior Management

1. Change of Shareholding of Directors, Supervisors and Senior Management

During the reporting period, there was no change in the number of shares of the Company held by the Directors, Supervisors and senior management of the Company. It should be noted that during the reporting period, the Company appointed Li Honggen and Dai Jinbao as Directors and Gao Jinping as Supervisor. The actual number of shares in the issued share capital of the Company held by the Directors, Supervisors and senior management as at the end of the reporting period was as follows:

Name	Position	Number of shares held at the beginning of the reporting period	Number of shares held at the end of the reporting period	Change
Rong Guangdao	Chairman and President	3,600	3,600	No change
Du Chongjun	Vice Chairman and Vice President	1,000	1,000	No change
Han Zhihao	Director and Chief Financial Officer	Nil	Nil	No change
Shi Wei	Director and Vice President	Nil	Nil	No change
Li Honggen	Director and Vice President	Nil	Nil	No change
Dai Jinbao	Director	Nil	Nil	No change
Lei Dianwu	External Director	Nil	Nil	No change
Xiang Hanyin	External Director	Nil	Nil	No change
Chen Xinyuan	Independent Director	Nil	Nil	No change
Sun Chiping	Independent Director	Nil	Nil	No change
Jiang Zhiquan	Independent Director	Nil	Nil	No change
Zhou Yunnong	Independent Director	Nil	Nil	No change
Gao Jinping	Chairman of Supervisory Committee	Nil	Nil	No change
Zhang Chenghua	Supervisor	Nil	Nil	No change
Wang Yanjun	Supervisor	Nil	Nil	No change
Lu Xiangyang	External Supervisor	Nil	Nil	No change
Geng Limin	External Supervisor	Nil	Nil	No change
Liu Xiangdong	Independent Supervisor	Nil	Nil	No change
Yin Yongli	Independent Supervisor	Nil	Nil	No change
Yin Jihai	Vice President	Nil	Nil	No change
Zhang Jianping	Vice President	Nil	Nil	No change
Tang Chengjian	Vice President	Nil	Nil	No change
Zhang Jingming	Company Secretary	Nil	Nil	No change

Shares held by the above people are A shares and represented their personal interests in their capacity as beneficial owners.

2. Interests and Short Positions of Directors and Supervisors in Shares, underlying Shares and Debentures

Save as disclosed above, as at 30 June 2006, none of the Directors or Supervisors of the Company had any interests or short positions in any shares, underlying shares of equity derivatives or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (Chapter 571 of the Laws of Hong Kong)) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code").

2. Interests and Short Positions of Directors and Supervisors in Shares, underlying Shares and Debentures *(continued)*

As at 30 June 2006, none of the Directors or Supervisors of the Company or their respective spouses and children under 18 years of age had been granted by the Company or had exercised any rights to subscribe for shares or debentures of the Company or any of its associated corporations.

3. Appointments or Reliefs of the Company's directors, supervisors and senior management

Resignations of directors

Resignations of Mr. Wu Haijun, executive director and Mr. Gao Jinping, executive director were approved at the 2005 annual general meeting held on 15 June 2006. The resignations took effect on 15 June 2006.

Resignation of supervisor

In accordance with the articles of association of the Company, the staff of the Company have the right to nominate a supervisor representing the staff to participate in the supervisory committee of the Company. The appointment and resignation of such supervisor must be approved by the staff of the Company at the joint meeting of the staff representatives association.

At the fifth joint meeting of the fourth session of the staff representatives association, the Company's staff approved the resignation of Mr. Dai Shuming from the position of supervisor representing the staff. The resignation of Mr. Dai was effective from 15 June 2006.

Appointments of directors

Mr. Li Honggen and Mr. Dai Jinbao were elected as directors of the Company at the 2005 annual general meeting held on 15 June 2006. They were also elected as executive directors of the Company at the twelfth meeting of the fifth session of the Board held on 15 June 2006.

Appointment of supervisor

The appointment of Mr. Gao Jinping as supervisor representing the staff of the Company was approved by the staff of the Company at the fifth joint meeting of the fourth session of the staff representatives association held on 25 May 2006. The appointment of Mr. Gao was effective from 15 June 2006.

Movement in senior management

A resolution in respect of relieving Mr. Zhang Zhiliang and Mr. Wu Haijun from the positions of vice presidents was passed at the tenth meeting of the fifth session of the Board of the Company held on 24 March 2006. Mr. Li Honggen was appointed as vice president of the Company with effect from the same day.

The resolution in respect of relieving Mr. Yin Jihai from the position of vice president was passed at the thirteenth meeting of the fifth session of the Board of the Company held on 29 August 2006 with effect from the same day.

Audit Committee

The audit committee has reviewed jointly with the management of the Company and the Company's auditors (KPMG) the accounting principles and accounting standards adopted by the Group and discussed matters relating to auditing, internal control and financial reporting (including reviewing the unaudited interim financial report for the six-month period ended 30 June 2006).

Purchase, Sale or Redemption of Securities

During the reporting period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

Compliance with Code of Corporate Governance Practices

The Group has complied with all the principles and provisions set out in the Code of Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the following deviation:

Code Provision A.2.1: The roles of chairman and chief executive officer should be separate; responsibilities of chairman and chief executive officer should be clearly established and set out in writing.

Deviation: Mr. Rong Guangdao is both the chairman and president of the Company.

Reason: Mr. Rong Guangdao has extensive experience in large-scale petrochemical production enterprise and management. Mr. Rong is the most suitable candidate to serve in the positions of chairman and president of the Company. For the time being, the Company is unable to identify another suitable person who possesses abilities and talent better than or equivalent to Mr. Rong to serve in either of the positions. The same deviation was also reported in the Company's Corporate Governance Report contained in the annual report for 2005.

The Model Code

The Directors of the Company confirm that the Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. After making specific enquiries with the Directors and Supervisors of the Company, the Company is not aware of any information that would reasonably indicate that the Directors and Supervisors of the Company was not in compliance with the requirements of the Model Code during the reporting period.