

The Company incorporated the motto of caring for its staff into its overall development mission

People-Oriented



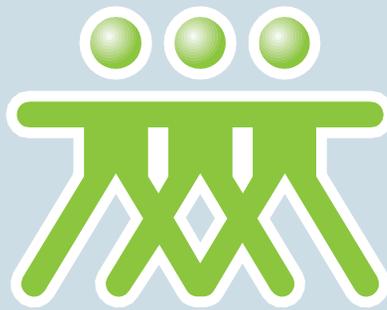
With human resources as first priority and people-oriented and employee focused in mind, we focused on the overall development of our staff, whilst the Company was under its rapid and efficient development, and created a win-win position for the staff and the Company.

TRAINING FOR THE CORPORATE

The Company identifies employees as the most valuable assets. They are the cores of the Company's current and future development. In 2004, the Company further committed to the concept of reliance on the people.

In 2004, the Company established and implemented human resources strategies appropriate for its development, thus providing a strong support for international development and competitiveness.

Regarding its medium to long-term development objectives, the Company introduced work relocation measures within the organization during the reporting period. It has also dedicated to improve the quality of the two teams namely the management and technicians in order to ensure sustainable development of human resources.



Professionals

In 2004, the Company persisted in committing to the goals of its development strategies that are based on such principles as "human resources as the first asset" and "people-oriented and employee focus". The Company has established and introduced human resources strategies appropriate for its development. The human resources management system and its related measures were further improved.

The reforms on wage and salary system were strengthened. The business and operating process were modified. Further studies and trials were made to increase the competitiveness of human resources. These help to further harmonize the Company's management system and structure with those of the international energy companies and provide a strong support for international development and competitiveness.

ENHANCING HUMAN RESOURCES MANAGEMENT SYSTEM AND ITS SUPPORTING SYSTEMS

Effective and appropriate performance appraisal system was further implemented in the Company to ensure that the employees' own personal goals would be closely connected with those of the Company's business development.

Measures were taken to introduce a performance appraisal system for its branches. The introduction of this system helps to connect the overall objectives of the Company with the operating goals of different units in an effective manner. While ensuring the smooth implementation of its goals, the Company also boosted the operating result of its branches in an appropriate way.

The Company proactively promoted the implementation of the performance appraisal system. With the comprehensive understanding by the employees towards its significance, the system will be pursued for as planned in an orderly manner.

IMPROVING THE REMUNERATION SYSTEM AND REWARD POLICIES

During the year, the Company reinforced the remuneration scheme of the offshore workers under the current framework of salary and benefit plan that harmonized with the market. A new salary scheme for offshore workers was also introduced.

The Company also adopted a series of reward policies by rewarding employees with outstanding contribution such as "minimizing exploration cost and best drilling awards" during the reporting period.



STRENGTHENING THE REFORM OF WAGE AND SALARY SYSTEM AND MODIFYING THE OPERATING PROCESS

Based on the reforms in the previous year, the Company has conducted reviews in respect of organization structure, headcounts and operating process of the entire system with regard to the new situation and requirements of its development. The Company has modified its organization structure and headcounts. It has also increased the number of employees of different branches and the number of research officers of its research center.

In view of the rapid development of its overseas markets, the Company prepared supplementary human resources-related service policies for different regions in a timely manner.



RESHAPING THE FUTURE OF EMPLOYEES

The Company has continued to enforce its well-established training system in 2004.

During the year, after taking into account the personal development of its employees and the practical needs of human resources management, the Company provided the employees with two types of training namely the regular and specific training. Regular training was coordinated primarily by the human resources department, which focused on the mutual needs of the same type and same level of employees. Specific training is organized by the Company's various departments in order to meet their specific needs and those of the employees.

With the implementation of personal development system, the Company has organized and implemented different types of professional and comprehensive management training to meet its specific needs. The Company has organized a total of 641 training classes throughout the year with 8,816 participants and a total of 42,506 training hours.